Engine Capital LP
1345 Avenue of the Americas, 33rd Floor
New York, NY 10105
(212) 321-0048

May 18, 2024

Parkland Corporation
240 4th Avenue SW Suite 1800
Calgary, AB T2P 4H4
Attention: The Board of Directors

Dear Members of the Board of Directors (the "Board"):

Engine Capital LP (together with its affiliates, "Engine" or "we") is a significant and long-term shareholder of Parkland Corporation (TSX: PKI) ("Parkland" or the "Company"), holding approximately 2.6% of the Company's outstanding shares.

As some of you may know, we have made numerous requests over the last eighteen months to meet with independent directors to provide feedback concerning operations, capital allocation and governance. More recently, Mr. Richardson communicated to us that there would be some Board engagement with shareholders after the release of the Q1 results and we would be included in that outreach. Following the release of those results, we again reached out to Mr. Richardson with multiple emails requesting an opportunity to meet with a subset of the Board. Mr. Richardson never responded to those emails. We were therefore surprised and disappointed when we heard from a few shareholders that they were offered the chance to meet Mr. Richardson and Mr. Espey this last week (with some shareholders actually meeting them this last week).

We feel there is a directed effort to ignore Engine, one of the Company's largest shareholders. This is not a new situation. This has been a pattern since the beginning of our involvement with the Company. We have repeatedly asked to meet with independent board members. Those requests have been unanswered or flatly denied by Mr. Richardson. We don't believe this is an appropriate way to handle communication with an investor and another example of poor governance – shareholders should be treated equally. Brushing off Engine is neither a constructive nor an appropriate way to handle a large and long-term shareholder. We would also note that Engine is not the only shareholder who seems to have trouble feeling heard or having access to the Board. In the spirit of being constructive and moving forward, we have asked to meet (in person or virtually) with James Neate and Michael Jennings (ideally individually). We were told that this would happen. We hope that this time, this will indeed be the case.

Regarding the meetings that just took place this last week with some shareholders, we would note that if the Board is interested in getting unfiltered feedback, these meetings should take place without the CEO being present. One of the shareholders specifically told us it was awkward and difficult to have a candid conversation with Mr. Espey present.

In the meantime, and in the interest of time, here is some feedback for the entire Board. We will have more to communicate with Mr. Neate and Mr. Jennings, but this is important and timely and felt it would be best to communicate now in writing to each of you.

We will post this letter on our website so that it is public, which will then allow us to share with other shareholders.

1. Credibility

The recent quarter's performance has raised doubts among investors regarding the achievability of the $2 billion EBITDA target for this year. By extension, the trajectory to the five-year plan is now also in question. Moreover, we understand that the $500 million of non-core asset sales will include an estimate of the value of a supply arrangement for the Propane business and therefore will not be 100% cash. This is shocking. When a company announces asset sales and states it will raise $500 million, the expectation is that this number will be realized in cash. To include the value of a contract is simply devastating to management's credibility. While entering into a supply agreement may be the right operational decision, it should not be considered as part of the proceeds from asset sales when messaging to the Street. **Monetizing a non-core asset means getting cash, not playing financial wizardry.** We believe at this point the best way to salvage this unfortunate situation is to announce additional non-core asset sales so that you can confirm that there will at least be $500 million in cash proceeds by the end of 2025, as you have communicated to investors.

Separately, we also believe it was a mistake to announce that Parkland was close to a transaction for the Propane business during the recent earnings call because you have lost significant leverage with the buyer, who now knows that management has to reach an agreement or lose further credibility if it can't reach a deal.

2. Governance / Strategic Alternative Process

The current situation is untenable. Parkland is trading at a very low forward multiple because of its own making. Two of your top shareholders have now publicly called for the sale of the company to maximize value and your response to this request – that Parkland's Board and management believe in the standalone plan – is not a satisfactory explanation because running a strategic alternatives process is not incongruent with believing in the standalone plan. The pursuit of such an alternative process simply helps inform the Board of all avenues to create value so it can choose the optimal path – there may be ways to accelerate the value creation process beyond the standalone plan.

Separately, the Board takes the self-serving position that the Simpson governance agreement is in effect and therefore prevents the largest shareholder (with around 20% ownership) from voting against the Board which insulates the Board and prevents accountability. What type of governance is this? In 20 years in this business, we have seen only one other situation where shareholders effectively couldn't keep a board accountable because of a similar setup (that company eventually got sold). This situation is simply not sustainable. **This doesn't serve or protect minority shareholders. This only entrench the current Board.** We believe the way to deal with all these issues is to immediately undertake a full strategic review and have an investment bank contact buyers for all or parts of the Company, because we think it would lead to an outcome that would be favorable to all shareholders. Based on our discussions, no shareholder is opposed to the Board exploring alternatives to create shareholder value.

The only people that seem opposed to a process seem to be the very people that should be representing shareholders – namely the Board and management – who believe the stock is so undervalued that a process should not be initiated. We understand that Mr. Espey has said to some shareholders that the $64 price we mentioned in our prior public letter would undervalue the company. And yet, Mr. Espey has sold close to 100,000 shares in the last couple of months in the low forties and most board members have not stepped up to buy shares at the current valuation (despite our recent letter suggesting they do). **<u>It's ironic that the people who oppose a value maximization process because the stock is so undervalued are the very same people who sell or are unwilling to buy a meaningful number of shares.</u>**

We acknowledge that the stock is undervalued and trades below intrinsic value. Rather than being a reason not to explore strategic alternatives, this public market discount (which has been persistent for a long time) should be the reason to engage in an <u>exploratory</u> process to find out the private market value of the business. In a competitive process, strategic buyers will be forced to pay full and fair value for the Company, independently of the stock price. Given its diverse set of businesses in some industries that are no longer favored by public market participants, it is likely that Parkland will never be properly valued in the public market. **<u>The point of a strategic process is not to sell the Company below its intrinsic value, but to explore whether shareholders could monetize their shares at or above intrinsic value today without having to take any execution risks.</u>**

If you ran an effective process, we believe the Board would surface significant value because strategic buyers could extract significant synergies. The Board's position that there is a "for sale" sign because Simpson made its announcement is not valid due to the complexity of the business. As a result, it may take more than one party to maximize value and that will only happen when the Board proactively runs a strategic process. Additionally, many buyers will not be interested unless they are approached by a company and their interest is solicited.

Based on numerous conversations, we believe a majority of shareholders would be in favor of exploring strategic alternatives and exploring the value that could be surfaced.

Sincerely,

Arnaud Ajdler Managing Partner	Brad Favreau Partner