



Co-op investing in Western Canada by making largest retail acquisition in its history with purchase of 181 retail locations

Federated Co-operatives Limited (FCL), on behalf of local Co-ops in the Co-operative Retailing System (CRS), is investing \$264 million to purchase 181 Husky retail fuel sites from certain wholly-owned subsidiaries of Cenovus Energy Inc. The purchase is subject to a customary regulatory review by the Canadian Competition Bureau and is not expected to close until mid-2022. This represents the largest retail acquisition in Co-op's history.

The Acquisition

- FCL partnered with Parkland Corporation to prepare a proposal for the acquisition. Given our complementary operations, we were able to put forward a competitive and compelling offer to Cenovus.
- The nature of the CRS allows us to purchase assets on behalf of our members, which in turn, means we can be very competitive and cost-effective.
- The retail locations are located across Western Canada and include a mix of gas bars, on-site car washes and convenience stores. These new locations, most of which will be transferred to several independent local Co-ops across Western Canada, will strengthen Co-op's presence in Western Canada and bring our unmatched service and support to customers in new areas.
- Some sites will be operated by local Co-ops while others will be operated by dealers, like our Tempo-branded service stations.
- There may be some corporate-level jobs transferred from Cenovus to FCL as a result of the acquisition; details of this will be determined in the future.
- Some of the sites may require remediation as they are reaching the end of their life cycle. FCL has excellent remediation processes and procedures in place. The need for site remediation was factored into the analysis and decision to purchase the sites.
- Local Co-ops may begin operations immediately after the acquisition is completed, however the rebranding process from Husky to Co-op is expected to take about 18 months to complete.

Acquisition Benefits

FCL, local Co-ops, and the communities and members they serve will benefit in the following ways:

- Local Co-ops have the opportunity to grow and expand into new geographic areas and to increase their service offerings to their customers including access to fuel, and in some cases car washes and convenience stores.
- In the past number of months, FCL has announced initiatives to reduce its greenhouse gas emissions by 40 per cent below 2015 levels by 2030. FCL is also aspiring to achieve net-zero emissions by 2050. This investment puts FCL in a position to move forward with initiatives that take



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a leadership role in the transition to a low-carbon economy, including carbon capture and renewable diesel production.

- The expansion of Co-op’s retail network also advances the production at the Co-op Refinery Complex and the Co-op Ethanol Complex, along with the important economic contribution these facilities provide to the CRS and local communities across Western Canada.
- Local Co-op associations are owned by their members. Over the past five years, Co-op returned more than \$2.3 billion in patronage allocations to its members. This is money that goes back into our communities. That is, and will continue to be, the strength of the Co-operative Retailing System.

Federated Co-operatives Limited and the Co-operative Retailing System

- Federated Co-operatives Limited (FCL), based in Saskatoon, is focused on providing more than 160 local Co-ops across Western Canada with strategy and leadership, wholesaling, manufacturing, logistics, operational support, business-enabling services and marketing support.
- Together, FCL and those local retail co-operatives form the Co-operative Retailing System (CRS).
- The CRS serves our members and communities with products and services that help build, feed and fuel individuals and communities from Vancouver Island to northwestern Ontario.
- Our total workforce of 24,000 employees serves 1.9 million active individual members and many more non-member customers at 1,500 locations in more than 620 communities.
- We are a different kind of business – we are locally invested, community-minded and offer lifetime membership benefits, including patronage refunds, quality products, quality service and fair prices.

To learn more about Federated Co-operatives Limited, visit www.fcl.crs.