

APRIL 2013

**TERMS OF REFERENCE FOR THE CHAIR
OF THE BOARD OF AUTOCANADA INC.**

The term “**Board**” refers to the board of directors of AutoCanada Inc. (the “**Company**”).

I. INTRODUCTION

- A. The Chair (the “**Chair**”) of the Board is appointed annually by the Board and reports to the Board.
- B. The Chair's primary role is managing the affairs of the Board including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities.
- C. The Chair works with the Chief Executive Officer (the “**CEO**”) of the Company to ensure effective relations with Board members, shareholders, other stakeholders and the public.
- D. The Chair maintains on-going communications with the Secretary and with such other officers of the Company as s/he determines appropriate.

II. DUTIES AND RESPONSIBILITIES

A. Working With the CEO

The Chair has the responsibility to:

- (a) Provide advice in conjunction with the other members of the Board to the CEO on major policy issues affecting the Company;
- (b) assist the CEO in representing the Company in a general industry and community context;
- (c) ensure the CEO are aware of concerns of the Board, shareholders, other stakeholders and the public;
- (d) lead the Board in monitoring and evaluating the performance of the CEO and ensuring the accountability of the CEO;
- (e) work with the CEO in conjunction with the other members of the Board to ensure the CEO's strategies and plans are appropriately represented to the Board;
- (f) provide assistance to the CEO on major policy issues affecting the Company such as acquisitions, divestitures and new strategic initiatives; and
- (g) assist the CEO in representing the Company at senior levels of industry or government to promote specific Company objectives.

B. Managing the Board

The Chair has the responsibility to:

- (h) ensure the Board is alert to its obligations to the Company, shareholders, other stakeholders and pursuant to law;
- (i) chair Board meetings;
- (j) establish the frequency of Board meetings and review such frequency from time to time, as considered appropriate or as requested by the Board;
- (k) assist the Nominating and Governance Committee in drawing up an annual slate of directors to be elected to the Board;
- (l) assist the Nominating and Governance Committee in its recommendation of the committee members and committee chair appointments to the Board for approval and its review of the need for, and the performance and suitability of, those committees;
- (m) ensure the co-ordination of the agenda, information packages and related events for Board meetings in conjunction with the CEO and the Secretary;
- (n) ensure the Board receives adequate and regular updates from the CEO on all issues important to the welfare and future of the Company;
- (o) maintain a liaison and communication with all Board members and committee Chairs to co-ordinate input from Board members, and optimize the effectiveness of the Board and its committees;
- (p) in collaboration with the CEO, ensure information requested by directors or committees of the Board is provided and meets their needs; and
- (q) review and assess director attendance, performance and compensation and the size and composition of the Board, all in conjunction with the Board or relevant committees of the Board.

III. MONITORING INVESTMENTS AND OBLIGATIONS

The Chair has the responsibility to:

- (r) lead the Board in monitoring and reviewing the business and operations of the Company by supervising the activities of the board of directors of the general partners of the dealership limited partnerships; and
- (s) lead the Board in considering appropriate measures it may take if the performance of the Company falls short of its goals or other special circumstances warrant or if the Company does not fulfill its obligations under any other agreement to which the Company or any of its dealerships or subsidiaries may be party.

IV. RELATIONS WITH SHAREHOLDERS, OTHER STAKEHOLDERS AND THE PUBLIC

The Chair has the responsibility to:

- (u) in conjunction with the CEO, ensure the Company and, where applicable, the Board are appropriately represented at official functions and meetings with major shareholder groups, and other stakeholder groups; and

- (v) undertake public service activities, as reasonably requested by the CEO and relevant committees, in connection with the Company's charitable educational and cultural activities and objectives.

V. APPOINTMENT OF LEAD DIRECTOR

For as long as the Chair of the Board is not independent (as independence is defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*) the Board shall have a Lead Director. The Lead Director shall be appointed by the Board from among the independent members of the Board and shall observe the Terms of Reference for the Lead Director adopted by the Board.

The purpose of the Lead Director shall be to provide independent leadership to the Board and to facilitate the functioning of the Board independently of the Company's management. As such, and consistent with the duties and responsibilities set forth in the Lead Director Mandate, the Lead Director will undertake all of the duties and responsibilities of the Chair outlined herein, save for the duties and responsibilities provided for in subsections (i), (u) and (v), which will remain the responsibility of the Chair.