

Statement of Corporate Governance Practices

The Board considers good governance to be central to AutoCanada and our subsidiaries' effective and efficient operation and we are committed to reviewing and adapting our governance practices so that they meet AutoCanada, and our subsidiaries', changing needs and to ensure compliance with regulatory requirements.

CORPORATE GOVERNANCE DISCLOSURE REQUIREMENT	OUR CORPORATE GOVERNANCE PRACTICES																		
1. Board of Directors																			
(a) Disclose the identity of Directors who are independent.	Gordon Barefoot, Dennis DesRosiers, Michael Ross, Barry James, Maryann Keller, Arlene Dickinson, and Paul Antony (Nominee) are all independent Directors of AutoCanada based on the definition of independence in <i>Multilateral Instrument 52-110 – Audit Committees</i> .																		
(b) Disclose the identity of Directors who are not independent, and describe the basis for that determination.	The Board has determined that Steven Landry is not an independent director, as independence is defined in <i>Multilateral Instrument 52-110 – Audit Committees</i> , as he is an officer of AutoCanada Inc.																		
(c) Disclose whether or not a majority of Directors are independent. If a majority of Directors are not independent, describe what the Board does to facilitate its exercise of independent judgement in carrying out its responsibilities.	A majority of the Directors are independent.																		
(d) If a Director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the Director and the other issuer.	Directors who are presently a director of another reporting issuer are as follows:																		
	<table border="1"> <thead> <tr> <th data-bbox="785 1135 1077 1166">Director</th> <th data-bbox="1082 1135 1437 1166">Name of Reporting Issuer</th> </tr> </thead> <tbody> <tr> <td data-bbox="785 1172 1077 1203">Gordon Barefoot</td> <td data-bbox="1082 1172 1437 1203">none</td> </tr> <tr> <td data-bbox="785 1203 1077 1234">Dennis DesRosiers</td> <td data-bbox="1082 1203 1437 1234">none</td> </tr> <tr> <td data-bbox="785 1234 1077 1265">Barry James</td> <td data-bbox="1082 1234 1437 1265">Corus Entertainment</td> </tr> <tr> <td data-bbox="785 1265 1077 1297">Maryann Keller</td> <td data-bbox="1082 1265 1437 1297">none</td> </tr> <tr> <td data-bbox="785 1297 1077 1328">Michael Ross</td> <td data-bbox="1082 1297 1437 1328">none</td> </tr> <tr> <td data-bbox="785 1328 1077 1359">Arlene Dickinson</td> <td data-bbox="1082 1328 1437 1359">none</td> </tr> <tr> <td data-bbox="785 1359 1077 1390">Paul Antony (Nominee)</td> <td data-bbox="1082 1359 1437 1390">none</td> </tr> <tr> <td data-bbox="785 1390 1077 1421">Steven Landry</td> <td data-bbox="1082 1390 1437 1421">none</td> </tr> </tbody> </table>	Director	Name of Reporting Issuer	Gordon Barefoot	none	Dennis DesRosiers	none	Barry James	Corus Entertainment	Maryann Keller	none	Michael Ross	none	Arlene Dickinson	none	Paul Antony (Nominee)	none	Steven Landry	none
Director	Name of Reporting Issuer																		
Gordon Barefoot	none																		
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Maryann Keller	none																		
Michael Ross	none																		
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Paul Antony (Nominee)	none																		
Steven Landry	none																		
(e) Disclose whether or not the independent Directors hold regularly scheduled meetings at which non-independent Directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	Mr. Landry, who is a member of management and is a non-independent director, is excluded from a portion of each regularly scheduled meeting of the Board. The Board held ten (10) regularly scheduled meetings in 2017.																		

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- (f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.
- (g) Disclose the attendance record of each Director for all board meetings held since the beginning of the issuer's most recently completed financial year.

2. Board Mandate

Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

3. Position Descriptions

- (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.
- (b) Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.

4. Orientation and Continuing Education

- (a) Briefly describe what measures the Board takes to orient new directors regarding

Gordon Barefoot is the independent Chair of the Board of AutoCanada. The Chair's roles and responsibilities are outlined in our Terms of Reference for the Chair of the Board of Directors of AutoCanada and include working with the subsidiaries and various limited partnerships, monitoring investments of AutoCanada, including AutoCanada's investment in its subsidiaries and various limited partnerships, and managing relations with Shareholders, other stakeholders and the public.

The Directors held ten regular meetings in 2017. Meeting attendance is disclosed for each Director under the "Election of Directors" section.

The text of the mandate of the Board of Directors of AutoCanada (entitled "Mandate for the Board of Directors of AutoCanada"), is attached to this Information Circular as Appendix "B".

A written position description is included in the applicable Terms of Reference for the Chair of the Board of AutoCanada.

No written position descriptions for chairs of our committees have been developed; however each such chair is aware that they are obliged to conduct the affairs of the Board or the committee, as the case may be, so as to meet their respective obligations pursuant to each of their separate mandates or charters.

The Board and the Chief Executive Officer have developed terms of reference for the Chief Executive Officer, which include a written position description for the Chief Executive Officer.

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(i) the role of the Board, its committees and its directors, and

The Board has adopted a Directors Information Manual which contains, among other things, the mandates of the Board and committee charters for each of the committees of the Board. This manual has been reviewed by the directors, and a copy of the manual has been provided to each of the directors. New Board directors also attend a Board orientation session and an existing Board member will assist with the orientation process as an assigned first point of contact.

(ii) the nature and operation of the issuer's business.

The Chief Executive Officer reviews with the Board at each meeting the nature and operations of our business. The Board meets with other members of our senior management periodically to review each of their specific operations.

(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Members of the Board are encouraged to participate in seminars and other continuing education programs for directors. The auditors periodically review at meetings of the audit committee the emerging standards for corporate governance, and when required the Board meets with our independent counsel to review the governance practices of the directors and the obligations of the Board.

5. Ethical Business Conduct

(a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:

We have adopted a written code of ethical business conduct applicable to our directors, officers and employees, including the officers and employees of our related dealerships.

(i) disclose how a person or company may obtain a copy of the code;

The code is available at the Canadian Securities Administrator's System for Electronic Dissemination and Retrieval (SEDAR) at www.sedar.com and on our website at www.autocan.ca. It is entitled Code of Conduct, AutoCanada Inc.

(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and

A copy of the code of conduct is provided to each of our directors, officers and employees, including the officers and employees of our related dealerships, and each is requested to certify that he/she has read the code. A copy of the code is provided to each new director, officer or employee, including the new officers and employees of our related dealerships.

(iii) provide a cross-reference to any material change report(s) filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

No material change reports have been filed by us since the beginning of our most recently completed financial year that pertains to the conduct of a director or executive officer that constitutes a departure from the code.

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(b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

A director is required to disclose to the Board information regarding any transaction or agreement in respect of which a director or executive officer has a material interest and to abstain from voting on any matter in respect of such transaction or agreement in which the director has an interest. The Board may request the director to recuse himself from the portion of any meeting at which such transaction or agreement is discussed.

All non-management directors are subject to the Company's policy with respect to non-management director's interests in auto dealerships, whereby non-management directors shall not invest directly or indirectly in any automotive dealership enterprise without prior express approval of the Board. Any conflicts are declared prior to all meetings as they relate to the topics of discussion of the meeting.

(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

The Board encourages and promotes a culture of ethical business conduct by requiring the Chief Executive Officer to conduct himself in a manner that exemplifies ethical business conduct.

In addition, our directors, officers and employees, including the officers and employees of our related dealerships are required to certify that they have read the code of conduct.

The members of our committees are entitled to engage an outside advisor at our expense in appropriate circumstances.

6. Nomination of Directors

(a) Describe the process by which the Board identifies new candidates for Board nomination.

The Governance and Compensation Committee of AutoCanada surveys existing directors regarding new candidates as part of an annual assessment of the constitution of the Board. The Chair of the Governance and Compensation Committee meets with candidates in person or by phone and management meets in person with the candidates. Candidates are evaluated by the Governance and Compensation Committee and management based on the perceived needs of the current Board members. A skills matrix is utilized to ensure potential candidates complement the current Directors' skill sets.

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- (b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.
- (c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Governance and Compensation Committee is composed of four independent directors.

The charter of the Governance and Compensation Committee delineates the responsibilities, powers and operation of the committee when discharging its duties as a nominating committee. The committee meets regularly.

7. Director Term Limits

- (a) Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The Company does not have a policy that limits the term of the directors on its board and has not provided other mechanisms of board renewal. The Board has determined that the term limit of the director's mandate or the mandatory retirement age is not essential. The Board is of the opinion however that the directors must understand the business in which the Company operates and that a balance between long-term directors with in-depth knowledge of the Company and new directors who bring a different experience and new ideas is paramount.

8. Policies Regarding the Representation of Women on the Board

- (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Company has adopted a written diversity policy (the "Diversity Policy") relating to the identification and nomination of female directors and executive officers among other things.

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(b) Disclose the following in respect of the Diversity Policy: a) short summary of its objectives and key provisions, b) the measures taken to ensure that the policy has been effectively implemented, iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and iv) whether and, if so, how the Board or its committees measure the effectiveness of the Diversity Policy.

The Diversity Policy aims to ensure there are a broad range of approaches, backgrounds, skills and experience represented on the Board to make appointments on merit and against objective criteria, including but not limited to, gender diversity. Board and committee members engaged in nominations are to conduct searches for potential board nominees so as to put forward a diverse range of candidates, including women candidates. Given the infrequent turnover of directors the Board has not set specific targets as to the number of women board members it will maintain, however the Board has made a commitment to the recruitment of women by making the identification of women candidates as a key search criterion. The Diversity Policy was adopted on March 19, 2015 and two women Directors have since joined the Board (one in 2015 and one in 2017). The Governance and Compensation Committee may be required to annually report on and evaluate the effectiveness of the Diversity Policy in the boardroom and at the executive level.

(c) Disclosure whether or not the Board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election.

Board and committee members are to conduct searches for potential board nominees so as to put forward candidates with a broad range of approaches, backgrounds, skills and experience and to make nominations based on merit and against objective criteria. Gender diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.

9. Policies Regarding the Representation of Women in Executive Officer Appointments

(a) Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

The Company plans to identify candidates for executive positions with a broad range of skills and experience and to make nominations based on merit and against objective criteria. Gender diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.

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10. Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

- (a) Disclose whether the issuer has adopted a target regarding women on the issuer's Board and in Executive Officer Appointments. If the issuer has not adopted a target, disclose why it has not done so.

Given the infrequent turnover of directors the Board has not set specific targets as to the number of women board members it will maintain. The Company believes that the Board needs to be able to assess a potential nominee's qualities and competencies as a whole instead of emphasizing on gender, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits. The Company has not adopted a specific target regarding the representation of women in executive officer positions of the Company. The Company believes that recruiting for executive level positions should involve an assessment of a candidate's qualities and competencies as a whole instead of emphasizing on gender, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits.

11. Number of Women on the Board and in Executive Officer Positions

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's Board who are women.
- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

The Company currently has two women directors, Maryann Keller and Arlene Dickinson, which represents 29% of total directors and 33% of independents.

The Company currently has two executive officers that are women. The Company added one woman executive officer in 2017.

12. Compensation

- (a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.

The Board determined the compensation for the directors with reference to market rates for such services. The charter of the Governance and Compensation Committee includes responsibility to review and recommend adjustments for compensation to directors as warranted in the future. Compensation for the CEO and officers of AutoCanada is to be approved by the Board, taking into consideration any recommendations by the Governance and Compensation Committee.

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- (b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.
- (c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Governance and Compensation Committee of the Board is composed entirely of independent directors.

The charter of the Governance and Compensation Committee of the Board delineates the responsibilities, powers and operation of the committee when discharging its duties as a compensation committee, and the committee has followed this charter in discharging its responsibilities, powers and operations. The committee meets regularly.

13. Other Board Committees

If the Board has standing committees other than the audit, governance and compensation and nominating committees, identify the committees and describe their function.

AutoCanada has a disclosure committee, comprised of Steven Landry, Chris Burrows and Erin Oor. The function of the disclosure committee is to ensure that all written and oral communications to the public or to regulators are timely and accurate and to assist AutoCanada with its disclosure controls and procedures.

14. Assessments

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

Each individual director provides an annual self-assessment to the Chair of the Governance and Compensation Committee. The Chair then reviews the assessments and provides to each individual specific recommendation for improvement. Implementation of such recommendations is overseen by the Chair.