

APPENDIX A – 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.	As of the date of this Information Circular and, if following the Meeting on May 6, 2021, the nominees proposed by the Company are elected, Dennis DesRosiers, Stephen Green, Barry James, Maryann Keller, Lee Matheson and Elias Olmeta are, and will continue to be, the independent Directors based on the definition of independence in National Instrument 52-110 – <i>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 Paul Antony and Michael Rawluk are not independent, as independence is defined in National Instrument 52-110 – <i>Audit Committees</i> , as they are officers of AutoCanada.																		
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.	As of the date of this Information and if, following the Meeting on May 6, 2021, the nominees proposed by the Company are elected, the Board is, and will continue to be, comprised of a majority of independent directors, in that six of the eight Directors will be independent directors.																		
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.	<p>Directors who are presently a director of another reporting issuer are as follows:</p> <table border="1" data-bbox="831 1062 1500 1377"> <thead> <tr> <th data-bbox="831 1062 1156 1096">Director</th> <th data-bbox="1156 1062 1500 1096">Name of Reporting Issuer</th> </tr> </thead> <tbody> <tr> <td data-bbox="831 1096 1156 1129">Paul Antony</td> <td data-bbox="1156 1096 1500 1129">none</td> </tr> <tr> <td data-bbox="831 1129 1156 1163">Dennis DesRosiers</td> <td data-bbox="1156 1129 1500 1163">none</td> </tr> <tr> <td data-bbox="831 1163 1156 1197">Stephen Green</td> <td data-bbox="1156 1163 1500 1197">none</td> </tr> <tr> <td data-bbox="831 1197 1156 1230">Barry James</td> <td data-bbox="1156 1197 1500 1230">Corus Entertainment Inc.</td> </tr> <tr> <td data-bbox="831 1230 1156 1264">Maryann Keller</td> <td data-bbox="1156 1230 1500 1264">none</td> </tr> <tr> <td data-bbox="831 1264 1156 1297">Lee Matheson</td> <td data-bbox="1156 1264 1500 1297">exactEarth Ltd.; Optiva Inc.</td> </tr> <tr> <td data-bbox="831 1297 1156 1331">Elias Olmeta</td> <td data-bbox="1156 1297 1500 1331">none</td> </tr> <tr> <td data-bbox="831 1331 1156 1365">Michael Rawluk</td> <td data-bbox="1156 1331 1500 1365">none</td> </tr> </tbody> </table>	Director	Name of Reporting Issuer	Paul Antony	none	Dennis DesRosiers	none	Stephen Green	none	Barry James	Corus Entertainment Inc.	Maryann Keller	none	Lee Matheson	exactEarth Ltd.; Optiva Inc.	Elias Olmeta	none	Michael Rawluk	none
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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.	The independent Directors hold regularly scheduled meetings at which members of management are not in attendance. Although in 2020, the independent Directors held no standalone meetings, at each meeting of the full Board, the independent Directors are provided with the opportunity to hold an <i>in camera</i> session without members of management present.																		

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<p>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.</p>	<p>Paul Antony is the Executive Chair and is not independent. Accordingly, Maryann Keller, who is independent, is the Lead Director of the Board. The Lead Director's roles and responsibilities are outlined in our Lead Director Position Description.</p>
<p>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.</p>	<p>Meeting attendance is disclosed for each Director under "Information Concerning Director Nominees" above.</p>
2. Board Mandate	
<p>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.</p>	<p>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".</p>
3. Position Descriptions	
<p>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.</p>	<p>A written position description is included in Lead Director Position Description.</p> <p>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 applicable committee so as to meet its obligations pursuant to the mandates or charters of such committee.</p>
<p>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.</p>	<p>The Board has developed terms of reference for the Executive Chair, which include a written position description for the Executive Chair.</p>
4. Orientation and Continuing Education	
<p>a. Briefly describe what measures the Board takes to orient new directors regarding</p> <ol style="list-style-type: none"> i. the role of the Board, its committees and its directors, and ii. the nature and operations of the issuer's business 	<p>New directors are provided with the mandates and charters of the Board and each of its committees, the Company's written code of ethical business conduct, the Company's policies, the Company's most recent annual and quarterly reports and all other relevant information.</p> <p>The members of senior management review with the Board at each meeting the nature and operations of our business.</p>

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<p>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.</p>	<p>Directors do not receive a formal continuing education program. However, to ensure that the members of the Board remain fully informed about AutoCanada’s operations on a continuing basis, management reports on AutoCanada’s and its subsidiaries’ activities and on various aspects relevant to the business on an on-going basis. Directors also receive a comprehensive package of information prior to each Board and committee meeting. The Board and the committees also received a number of presentations in 2020 that focused on performance, strategy and opportunities for the business. Some of these presentations included an environmental, social and governance review, corporate governance updates, an information technology and cybersecurity update including key mitigation efforts and system improvements with respect to business continuity planning. Directors also have access to the Company’s senior management and employees on an ongoing basis throughout their mandate.</p> <p>The Board relies on professional assistance when judged necessary in order to be educated or updated on a particular topic. The Board encourages directors of the Company to participate in continuous improvement programs from time to time, as considered appropriate.</p> <p>The Governance and Compensation Committee periodically reviews, monitors and makes recommendation with respect to the sufficiency of director continuing education opportunities available to the Company’s directors.</p>
<p>5. Ethical Business Conduct</p>	
<p>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:</p>	<p>We have adopted a written code of ethical business conduct applicable to our directors, officers, employees and consultants, including the officers, employees and consultants of our related dealerships.</p>
<p>i. disclose how a person or company may obtain a copy of the code;</p>	<p>The code is available at the Canadian Securities Administrator’s System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on our website at www.autocan.ca. It is entitled AutoCanada Inc. Code of Conduct.</p>
<p>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</p>	<p>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.</p>
<p>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.</p>	<p>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.</p>

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<p>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.</p>	<p>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 or herself from the portion of any meeting at which such transaction or agreement is discussed.</p> <p>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.</p>
<p>c. Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board encourages and promotes a culture of ethical business conduct by requiring the Executive Chair, the President and all other senior officers to conduct themselves 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 Board monitors compliance with the code of conduct, and the Board is responsible for considering any waivers of the code of conduct. The Governance and Compensation Committee is responsible for reviewing and evaluating the code of conduct from time to time and making recommendations for any necessary or appropriate changes to the Board.</p>
<p>6. Nomination of Directors</p>	
<p>a. Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The Board has delegated to the Governance and Compensation Committee responsibility to identify and recommend qualified individuals to be recruited to the Board, as and when required. In fulfilling this responsibility, the Governance and Compensation Committee identifies current gaps, if any, and expected future gaps. In addition to seeking candidates who have the necessary skill sets disclosed by the skills matrix, new candidates are expected to have sound business acumen, along with high level of financial experience. New candidates for Board nomination, also need to possess strong leadership skills, integrity, and the time availability required of a director to fulfill Board responsibilities. Industry specific skills that would be of benefit to the Company, along with experience would be weighed, in addition to diversity, ethnicity, gender, cultural and personality fit, in order to ensure that the Board considers all avenues possible to bring forward an informal list of potential nominees.</p>
<p>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.</p>	<p>The Governance and Compensation Committee is composed of four independent directors.</p> <p>Because the Governance and Compensation Committee is independent and functions in accordance with a detailed mandate, the Board believes its nomination process is objective.</p>

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<p>c. If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>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.</p>
<p>7. Director Term Limits</p>	
<p>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.</p>	<p>The Governance and Compensation Committee is responsible for periodically examining and making recommendations to the Board in relation to mechanisms of Board renewal. The Company currently 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 in the best interests of the Company at this time. It is the Board's intention to strive to achieve a balance between the desirability to have a depth of institutional experience from its members on the one hand, and the need for renewal and new perspectives on the other hand.</p>
<p>8. Policies Regarding the Representation of Designated Groups on the Board</p>	
<p>a. Disclose whether the issuer has adopted a written policy relating to the identification and nomination of members of "designated groups" (as such term is defined in the <i>Canada Business Corporations Regulations, 2001</i> being women, Aboriginal peoples, persons with disabilities and members of visible minorities) for directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p>	<p>At AutoCanada, diversity is a principle which is supported both by the Board and senior management. In 2015, the Company adopted a written diversity policy (the "Diversity Policy") which recognizes and embraces the many benefits arising from employee and Board diversity, including a broader pool of high-quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.</p> <p>Our Diversity Policy specifically seeks to advance diversity at the Board and throughout the Company, having regard to the following criteria, including, but not limited to, gender, age, race, religion, national origin, ethnicity, cultural background, marital status, sexual orientation, or disability. While the language of our Diversity Policy does not specifically call out Aboriginal peoples and members of visible minorities, the above criteria is intended to be non-exhaustive and to capture all designated groups.</p>
<p>b. Disclose the following in respect of the Diversity Policy:</p> <ol style="list-style-type: none"> i. short summary of its objectives and key provisions, ii. 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. 	<p>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, age, ethnicity, sexual orientation and geographic background 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 members of designated groups. Given the infrequent turnover of directors, the Board has not set specific targets as to the number of designated group board members it will maintain, however the Board has made a commitment to the recruitment of diverse individuals by making the identification of diverse candidates as a key search criterion. The Diversity Policy was adopted on March 19, 2015 and two female Directors (one in 2015 and one in 2017) and one Director who identifies as an ethnic minority (in 2018) have since joined the Board. The Board currently has one female director and one director who identifies as an ethnic minority. 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.</p>

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<p>c. Disclosure whether or not the Board or nominating committee considers the level of representation of designated groups, on the board in identifying and nominating candidates for election or re-election.</p>	<p>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. Diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.</p>
<p>9. Policies Regarding the Representation of Designated Groups in Executive Officer Appointments</p>	
<p>Disclose whether and, if so, how the issuer considers the level of representation of designated groups in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of designated groups in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>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. Diversity is one of many criteria that is considered, however, a candidate's skills and experience will be the primary search criteria.</p>
<p>10. Targets Regarding the Representation of Designated Groups on the Board and in Executive Officer Positions</p>	
<p>Disclose whether the issuer has adopted a target regarding designated groups 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.</p>	<p>Given the infrequent turnover of directors the Board has not set specific targets as to the number of designated group 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 one diversity metric, 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 specific targets regarding the representation of designated groups 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 one diversity metric, which also prevents situations where an individual could be perceived as not having been nominated solely on the basis of such individual's merits.</p>
<p>11. Number of Designated Groups on the Board and in Executive Officer Positions</p>	
<p>a. Disclose for each group referred to in the definition designated groups, the number and proportion, expressed as a percentage, of members of each group who hold positions on the board of directors.</p>	<p>The Company currently has, and if, following the Meeting on May 6, 2021, the nominees proposed by the Company are elected, will continue to have: (i) one female director, Maryann Keller, which represents 12.5% of total directors and 16.5% of independent directors and (ii) one director who identifies as a member of a visible minority, Elias Olmeta, which represents 12.5% of total directors and 16.5% of independent directors.</p> <p>The Company does not have any directors who are Aboriginal or persons with disabilities.</p>
<p>b. Disclose for each group referred to in the definition designated groups, the number and proportion, expressed as a percentage, of members of each group who are executive officers of the issuer, including all of its major subsidiaries.</p>	<p>The Company currently has one female executive officer, Tamara Darvish, which represents 20% of executive officers.</p> <p>The Company currently has two executive officers who identify as visible minorities, Tamara Darvish and Peter Hong, which represent 40% of executive officers.</p> <p>The Company does not have any executive officers who are Aboriginal or persons with disabilities.</p>

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12. Compensation	
<p>a. Describe the process by which the Board determines the compensation for the issuer's directors and officers.</p>	<p>Compensation of Directors is determined by the Board, taking into consideration recommendations of the Governance and Compensation Committee. The Governance and Compensation Committee periodically reviews the design and competitiveness of Board compensation against peer groups, with a view to align interests of Directors and shareholders and provide market competitive compensation. Directors who are also officers of the Company receive no remuneration for serving as Directors. As the Company's Board member compensation levels had remained the same since 2016, the Governance and Compensation Committee conducted a director compensation benchmarking review in the first quarter of 2021. The Governance and Compensation Committee decided to defer any decision on changes in director compensation. Compensation for the Executive Chair, the President, the Chief Financial Officer and other key officers of AutoCanada is to be approved by the Board, taking into consideration any recommendations by the Governance and Compensation Committee.</p>
<p>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.</p>	<p>The Governance and Compensation Committee is composed entirely of independent directors.</p>
<p>c. If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The charter of the Governance and Compensation Committee 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.</p>
13. Other Board Committees	
<p>If the Board has standing committees other than the audit, governance and compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board does not maintain any other standing committees.</p>

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<p>14. Assessments</p> <p>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.</p>	<p>The Governance and Compensation Committee is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board, the Board committees and individual Directors, with a view to ensuring that they are fulfilling their respective responsibilities and duties and working effectively together as a unit.</p> <p>In 2020, the Board undertook a formal assessment process developed and designed by the Governance and Compensation Committee, consisting of the completion of two written questionnaires by each Director, (i) a board assessment and (ii) a director self-evaluation, in order to assess such matters as Board roles and structure, Board processes, Board composition and development, and Board dynamics and effectiveness. The results of such questionnaires were summarized in a report to identify strengths, opportunities and suggestions with respect to each area of discussion. The Governance and Compensation reported on such summary to the Board. Following the Governance and Compensation Committee and the Board's analysis of the above-mentioned report, a list of recommendations and an associated action plan were developed and approved by the Board with a view to further improving Board performance.</p> <p>The Governance and Compensation Committee also informally monitors Director performance throughout the year to ensure that the Board, the Board committees and individual Directors are performing effectively.</p>