

CANADIAN TIRE CORPORATION, LIMITED

AUDIT COMMITTEE MANDATE

1. Purpose of the Committee

The Board of Directors (the "Board") of Canadian Tire Corporation, Limited (the "Corporation") has established the Audit Committee (the "Committee") to assist the Board with its oversight responsibilities with respect to:

- (i) the integrity of the financial statements and related disclosures;
- (ii) compliance with legal, regulatory and other requirements relating to the Corporation's financial statements and disclosures;
- (iii) management's responsibility for assessing and reporting on the effectiveness of internal control over financial reporting and disclosure controls and procedures;
- (iv) the qualifications, independence and appointment of the external auditors;
- (v) the performance of the external auditors and Internal Audit Services;
- (vi) the Corporation's enterprise risk management processes; and
- (vii) such other matters as delegated by the Board.

2. Responsibilities of the Committee

The Committee shall perform the functions customarily performed by audit committees and any other functions delegated by the Board. These will include the following:

(a) Financial Reporting

Review and discuss with management and the external auditors:

- (i) major issues regarding the appropriateness of the Corporation's accounting policies, principles, and financial statement presentation and disclosures and any significant changes;
- (ii) key estimates, judgments and reserves, including key changes and variations;
- (iii) the effect of regulatory and accounting developments on financial statement presentation and reporting;
- (iv) the annual and interim financial statements, having regard for whether such statements have been prepared in accordance with International Financial Reporting Standards ("IFRS");
- (v) the annual and interim Management's Discussion and Analysis ("MD&A");
- (vi) earnings press releases;
- (vii) whether taken together, the financial statements and MD&A constitute a fair presentation of the Corporation's financial position and performance and if appropriate, recommend the financial statements, MD&A and earnings press release to the Board for approval; and

- (viii) the external auditors' report on the annual financial statements and their review of the interim financial statements, as well as any issues raised and management's responses.

(b) Other Financial Information

- (i) review any other news releases and investor presentations containing previously undisclosed material financial information or forward-looking financial information, and report thereon to the Board. Where Board or Audit Committee review is impractical prior to release, authority to review and approve such news releases may be exercised by the Chairman of the Audit Committee and the Chairman of the Board, acting together;
- (ii) review any material financial information, including financial statements, contained in any prospectus or other offering or publicly filed disclosure documents and report thereon to the Board; and
- (iii) review the Annual Information Form of the Corporation, and, if appropriate, recommend to the Board for approval.

(c) Oversight of Internal Control over Financial Reporting and Disclosure Controls and Procedures

- (i) review regular reports from management, Internal Audit Services and the external auditors, in order to be satisfied that the Corporation has designed and maintains an effective system of internal control over financial reporting ("ICFR") that provides reasonable assurance over the reliability of financial reporting, with such reports to include any indication of fraud and any corresponding corrective activity undertaken;
- (ii) review regular reports from management, Internal Audit Services and the external auditors, in order to be satisfied that the Corporation has designed and maintains an effective system of disclosure controls and procedures ("DC&P") that provides reasonable assurance that information required to be disclosed by the Corporation is recorded, processed, summarized and reported appropriately;
- (iii) review and discuss with the CEO and the CFO the process for the certifications to be provided in the Corporation's public disclosure documents and the basis for the CEO and CFO's conclusions; and
- (iv) annually assess that adequate procedures are in place for the review of the disclosure of financial information extracted or derived from the Corporation's financial statements to ensure that such information is fairly presented.

(d) Oversight of Risk Management

Enterprise Risk

- (i) oversee the Corporation's enterprise risk management processes for identifying, assessing, mitigating and, where required, reporting on key and emerging risk exposures;

- (ii) review and recommend to the Board for approval the Corporation's Enterprise Risk Management Policy, including the Enterprise Risk Management Framework and Risk Appetite Statement;

Key Risks

- (iii) review enterprise risk management reports and discuss with the Chief Risk Officer and other management all key enterprise risk exposures including emerging risks (with the exception of risks for which the Management Resources and Compensation Committee and the Brand and Community Committee have been delegated responsibility by the Board) and the steps management has taken to monitor, control and mitigate those exposures;
- (iv) at least annually, report to the Board on the key risk exposures and any major issues arising from the management of these risks;

Financial and Credit Risk

- (v) review and discuss the Corporation's significant financial and credit risk exposures and the steps that management has taken to monitor, control and report such risks;

Cyber, Information Security and Data Protection Risk

- (vi) review and discuss the Corporation's cyber, information security and data protection risk exposures and the steps that management has taken to monitor, control and report such risks;

Other Risk Reports

- (vii) review and discuss the Corporation's legal risk exposures and the steps that management has taken to monitor, control and report such risks;
- (viii) review other reports from management in connection with any other risk related matters or policies, oversight of which has been delegated to the Committee;

Changes to Risk Policies

- (ix) review and recommend to the Board for approval proposed changes to all risk-related Board policies, oversight of which has been delegated to the Committee, including the Cyber Risk Management Policy, the Financial Risk Management Board Policy and the Legal Risk Management Board Policy;

Ethical Business Conduct

- (x) review regular reports from management pursuant to the Ethical Business Conduct Policy (including with respect to the Code of Conduct and Supplier Code of Conduct), including an annual review of the process for monitoring compliance with and communication of the Code of Conduct to the Corporation's employees and directors and gain reasonable assurance that such process is operating effectively;

- (xi) review and recommend to the Board for approval proposed changes to the Ethical Business Conduct Policy, Code of Conduct and Supplier Code of Conduct;
- (xii) consider, and if appropriate, grant waivers of compliance to the Code of Conduct for the benefit of any executive officer;
- (xiii) periodically monitor the Corporation's procedures for (A) the confidential receipt, retention and treatment of complaints received by the Corporation with respect to the Corporation's accounting, internal accounting controls, or auditing matters, and (B) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, and require that all such matters be reported to the Committee together with a description of the resolution of the complaints or concerns; and

Insurance

- (xiv) review the adequacy of insurance coverages maintained by the Corporation and approve new insurance coverage and renewals thereof, as applicable.

(e) Legal Matters, including Tax and Litigation

- (i) regularly review with management any litigation matters, claims or other contingencies, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- (ii) discuss with the General Counsel any issues with the Corporation's compliance with laws and regulations having a material impact on the Corporation's financial statements and financial condition;
- (iii) review with management inquiries received from regulators or governmental agencies or published reports that raise issues regarding the Corporation's financial statements, continuous disclosure or accounting policies;
- (iv) review with management the status of material tax matters for the Corporation and its subsidiaries;
- (v) receive an annual confirmation from the General Counsel with respect to the filing of all material corporate and securities filings required to be made by the Corporation and its subsidiaries; and
- (vi) receive an annual confirmation from the Chief Financial Officer (A) with respect to the filing of material income and sales tax returns by the Corporation and its subsidiaries and the payment of amounts owing in a timely manner and (B) that withheld employee source deductions have been remitted in a timely manner by the Corporation and its subsidiaries.

(f) External Auditors

- (i) recommend to the Board the nomination of the external auditors;

- (ii) approve the terms of engagement of the external auditors and, subject to the approval of the shareholders authorizing the Board to do so, recommend to the Board for approval the remuneration to be paid by the Corporation to the external auditors with respect to the conduct of the annual audit;
- (iii) if necessary, recommend the removal by the shareholders of the current external auditors and replacement with new external auditors;
- (iv) review the performance of the external auditors annually or more frequently as required;
- (v) augment the annual performance assessment of the external auditors by performing a comprehensive review of such auditors every five years or more frequently as required, resulting in a recommendation to either retain or replace the external auditors;
- (vi) receive a letter annually from the external auditors with respect to their independence, such letter to include disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (vii) establish and maintain a policy with respect to the hiring of partners, employees and former partners and employees of the current and former external auditors;
- (viii) review material written communications between the external auditors and management (including management representation letters);
- (ix) as required, review the timing and the process for implementing the rotation of the lead audit partner and any other audit engagement team partner and confirm their selection;
- (x) review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the external audit can be coordinated with Internal Audit Services' activities and the materiality levels which the external auditors propose to employ;
- (xi) meet regularly with the external auditors in the absence of management to discuss any restrictions that may have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (xii) establish effective communication processes with management and the external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee;
- (xiii) oversee the work of the external auditors, including the resolution of disagreements between management and the external auditors with respect to financial reporting; and
- (xiv) receive, at least annually, an oral and/or written report from the external auditors describing their internal quality assurance policies and procedures as well as any material issues raised in the most recent internal quality assurance reviews, quality

reviews conducted by the Canadian Public Accountability Board, or any inquiry or investigation conducted by government or regulatory authorities.

(g) Internal Audit Services

- (i) review and approve the mandate, reporting relationship and resources of Internal Audit Services to determine its independence and that it has sufficient resources and qualified personnel to carry out its mandate;
- (ii) confirm with the head of Internal Audit Services that he or she is aware of his or her obligation to report directly to the Committee on matters affecting the Committee's duties, irrespective of his or her other reporting relationships;
- (iii) review and approve the annual plan of Internal Audit Services, including the planned scope of its activities, objectives, budget and resources to meet those objectives;
- (iv) review Internal Audit Services' reports with respect to those controls that mitigate strategic, financial and operational risks and any other matters appropriate to the Committee's duties and, where appropriate, review the adequacy and appropriateness of management's response, including the implementation thereof;
- (v) approve the appointment, replacement, reassignment or dismissal of the head of Internal Audit Services, and annually review the terms of his or her compensation; and
- (vi) meet regularly with the head of Internal Audit Services in the absence of management and the external auditors to understand, *inter alia*, any restrictions that may have been placed on them or other difficulties encountered in the course of their work including instructions on the scope of their work and access to requested information and the level of co-operation received from management during the performance of their work.

(h) Other Key Responsibilities

- (i) except with respect to transactions with Directors who are Associate Dealers of the Corporation occurring in the ordinary course in their capacity as Associate Dealers, review all proposed related party transactions that are not in the ordinary course and are not dealt with by a special committee of independent Directors pursuant to securities law rules and, if appropriate, recommend to the Board for approval;
- (ii) review annually the discretionary expenses of the Chairman of the Board and the Chief Executive Officer for the purpose of gaining assurance as to the appropriateness of such expenses and the presence of any unusual items;
- (iii) periodically review and, where appropriate, recommend to the Board for approval changes to other policies of which oversight has been delegated to the Committee, including the Financial Reporting Board Policy;
- (iv) after consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the

Corporation's accounting and financial personnel and other resources, including consultants and systems;

- (v) review in advance the appointment of the Corporation's Chief Financial Officer and the Treasurer of the Corporation;
- (vi) in consultation with management and the external auditors, schedule continuing education opportunities related to the Committee's responsibilities;
- (vii) annually review and approve a report of the Committee's activities for inclusion in the Corporation's management information circular; and
- (viii) perform such other responsibilities and duties that are delegated by the Board to the Committee.

3. Pre-Approval of Non-Audit Services

The Committee shall establish and maintain a policy under which all requests for permitted non-audit services to be provided by the external auditors for the Corporation and its subsidiaries shall be brought to the attention of the Chairman of the Committee before such work is commenced. The Chairman is authorized to approve all such requests, but if any such service exceeds or is expected to exceed \$350,000 in fees, or the service is of a sensitive or unusual nature, the Chairman shall consult with the Committee before approving the service. The Chairman has the responsibility to inform the Committee of all pre-approved services at its next meeting.

4. Composition of the Committee

- (a) The Committee shall be comprised of at least five Directors, each of whom shall be an independent director as defined under the applicable requirements of the securities regulatory authorities. Directors who are employees of the Corporation may not serve as members of the Committee.
- (b) One of the Committee members shall be designated by the Governance Committee as the Committee Chairman.

5. Member Qualifications

All members of the Committee shall be financially literate which requires that all Committee members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

6. Member Appointment and Removal

Committee members shall be appointed annually by the Governance Committee and from time to time thereafter to fill vacancies on the Committee. A Committee member may be removed or replaced at any time in the discretion of the Governance Committee.

7. Operating Procedures

- (a) The Committee shall meet four times annually and as many additional times as necessary to carry out its duties effectively. Unscheduled Committee meetings shall be held at the call of the Committee Chairman, upon the request of two Committee members or at the request of the external auditors, and a majority of the members of the Committee shall form a quorum. Notice of the meetings of the Committee shall be provided in accordance with the Corporation's By-Laws.
- (b) The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty, the Chairman does not have a second or casting vote.
- (c) The Committee Chairman and the Chief Financial Officer shall develop the agenda for all meetings of the Committee as well as an annual work plan that are responsive to the Committee's responsibilities as set out in this Mandate as well as the Committee's strategic priorities, all in consultation with Committee members, management and the external auditors, as appropriate.
- (d) Unless the Committee otherwise specifies, the Corporate Secretary of the Corporation (or his or her designate) shall act as secretary of the meetings of the Committee, and minutes shall be kept for each Committee meeting.
- (e) The Committee Chairman shall conduct all meetings of the Committee at which he or she is present. In the absence of the Committee Chairman, the Committee members shall appoint an acting Chairman.
- (f) At each regularly scheduled meeting of the Committee, the members of the Committee shall meet in separate private sessions with the external auditors, management and the Committee members only. The Committee shall meet in private session with the head of Internal Audit Services and with the Chief Risk Officer as often as it deems necessary.
- (g) The Chairman of the Committee may invite any officer or employee of the Corporation or any other person to attend any Committee meetings to participate in the discussion and review of the matters considered by the Committee.
- (h) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

8. Reporting to the Board

The deliberations, decisions and recommendations of the Committee, including with respect to the most significant matters discussed by the Committee, shall be reported to the Board at the Board's next regular meeting.

9. Evaluation and Assessment of this Mandate, the Committee and its Compliance with this Mandate

- (a) At least every three years, the Committee shall review and assess the appropriateness of this Mandate taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Mandate to the Board for its approval, except for minor technical amendments to this Mandate, authority for which is delegated to the Corporate Secretary or Assistant Corporate Secretary of the Corporation, who will report any such amendments to the Committee and the Board at their next regular meetings.
- (b) The performance of the Committee shall be evaluated at least every two years in accordance with the evaluation process developed and approved by the Governance Committee, and the results of such evaluation shall be reviewed by the Committee.
- (c) The Committee shall develop and recommend to the Governance Committee a position description for the Chairman of the Committee. At least every three years, the Committee shall review and update as necessary the Chairman's position description and recommend any changes thereto to the Governance Committee for its approval.

10. Advisors

The Committee shall have the authority to retain, at the expense of the Corporation, outside counsel and other advisors as it deems necessary.

11. Responsibilities

Nothing in this Mandate is intended to expand applicable standards of liability under statutory regulatory requirements for the directors or the members of the Committee nor to assign to the Committee the Board's responsibility regarding the Corporation's compliance with applicable laws or regulations.

It is not the duty of the Committee to plan or conduct audits, or to determine that the Corporation's financial statements are complete and accurate and are in accordance with IFRS. Such matters are the responsibility of management and the external auditors, as applicable.

Members of the Committee are entitled to rely in good faith, absent knowledge to the contrary, upon:

- (i) the integrity of the persons and organizations from whom they receive information; and
- (ii) the accuracy and completeness of the information provided.

"Good faith reliance" means that the Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by management or the expert is reasonable.