

## **CANADIAN TIRE CORPORATION, LIMITED GOVERNANCE COMMITTEE MANDATE**

### **1. Purpose of the Committee**

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

- (a) the Corporation’s corporate governance practices and principles;
- (b) the selection and the nomination of qualified and suitable Directors;
- (c) the evaluation of the effectiveness of the Board, its committees and individual Directors;
- (d) Director education and orientation; and
- (e) the remuneration for Board and committee service.

### **2. Responsibilities of the Committee**

#### **(a) The Corporation’s Corporate Governance Practices and Principles**

The Committee shall be responsible for:

- (i) developing, reviewing and evaluating on a periodic basis the Board’s approach to corporate governance and the Corporation’s corporate governance practices and principles, and reporting and making recommendations thereon, as appropriate, to the Board with a view to maintaining the Board’s corporate governance standards for the Corporation;
- (ii) reviewing on a periodic basis the latest regulatory requirements, developments and best practices in corporate governance with a view to continuously improving the Board’s corporate governance standards, recognizing that a “one size fits all” approach to corporate governance is often inappropriate for the unique circumstances of individual corporations, and updating the Board on corporate governance issues as necessary; and
- (iii) reviewing the disclosure of the Corporation’s corporate governance practices and principles and the operation thereof required by applicable regulatory authorities or stock exchanges before such disclosure is submitted to the Board for its approval.

#### **(b) Board Renewal and Director Selection**

The Committee shall be responsible for:

- (i) identifying and recommending to the Board qualified individuals as nominees for election to the Board by the holders of Common Shares and Class A Non-Voting Shares of the Corporation at a meeting of shareholders of the Corporation, or for appointment by the Board to fill any vacancies on the Board, having regard for:

- (A) the needs of the Corporation, including changes to the Corporation's strategies and risks, as well as current and anticipated priorities;
- (B) the competencies, experience and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- (C) the appropriate composition and size of the Board;
- (D) the competencies and skills that the Board considers each existing Director to possess based on, among other things, the Board's Director performance assessment process;
- (E) the competencies, skills and qualities each new nominee will bring to the boardroom; and
- (F) whether or not each nominee can devote sufficient time and attention to his or her duties as a Board member;

following consultation with such persons as it determines appropriate, including current Directors, the Chief Executive Officer, the controlling shareholder and C.T.C. Dealer Holdings Limited (in respect of its prospective nominees for election or appointment to the Board by the holders of Common Shares);

- (ii) evaluating the independence of individual Directors in accordance with the applicable requirements of the securities regulatory authorities as adopted or amended and in force from time to time, and such other criteria established by the Committee, for the purposes of:
  - (A) determining those Directors to be identified as independent or not independent in the Corporation's annual continuous disclosure documents;
  - (B) gaining and maintaining reasonable assurance that a majority of Directors, the Chairman of the Board and every member of the Audit Committee, the Management Resources and Compensation Committee (the "MRCC") and the Governance Committee are independent; and
  - (C) determining whether any relationship which a Director has with the Corporation could reasonably be expected to interfere with the exercise of such Director's independent judgment, and addressing any applicable changes to Board and committee composition as a result thereof;
- (iii) identifying and maintaining an evergreen list of candidates qualified to become new Directors;
- (iv) appointing the persons, or removing the persons appointed, to serve as members and Chairmen of the Audit Committee, the MRCC and the Brand and Community Committee and special committees of the Board, having regard for the appropriate composition, size and required competencies of each such committee; and
- (v) recommending to the Board the appointment of persons, or the removal of persons appointed, to serve as members and Chairman of the Governance Committee,

having regard for the appropriate composition, size and required competencies of the Governance Committee.

**(c) Proposed Nominees to the Board of Trustees of CT Real Estate Investment Trust and the Board of Directors of CTFS Holdings Limited and Canadian Tire Bank**

The Committee shall review the Corporation's nominees for election or appointment to the board of trustees of CT Real Estate Investment Trust and the boards of directors of CTFS Holdings Limited and Canadian Tire Bank and provide input to management with respect to those nominees. The Committee shall also review the Corporation's proposed candidate for appointment as Chairman of the Board of Canadian Tire Bank. Where a meeting of the Committee is not practicable, the Chairman of the Committee shall attend to the foregoing matters and report thereon to the Committee at its next meeting.

**(d) Evaluation of the Board, Committees of the Board and Individual Directors**

The Committee shall be responsible for:

- (i) developing and approving processes for evaluating the Board as a whole, the committees of the Board and individual Directors, having regard for:
  - (A) in the case of the Board or its committees, their respective mandates, and whether the Board or the committees have the appropriate composition and procedures to allow them to function independently from management; and
  - (B) in the case of individual Directors, the Corporation's position description for its Directors and the competencies, skills and expertise each individual Director is expected to bring to the Board and the committees of the Board on which they serve;
- (ii) conducting every two years an evaluation of the effectiveness of the Board and the committees of the Board, either concurrently or in alternating years, including with respect to the composition and membership of the Board and each Board committee, and reporting on the results of such evaluations to each committee, as applicable, and the Board;
- (iii) conducting every two years a performance evaluation of individual Directors (including in their capacity as members of committees of the Board), either concurrently or in alternating years from the Board and committee assessments, providing feedback to each Director on his or her effectiveness based on the results of the performance evaluation processes developed and approved by the Committee and during such other times as may be required, and reporting on the results of such evaluations to the Board;
- (iv) developing and approving a process for assessing the performance of the Chairman of the Board in that role, conducting an annual performance review of the Chairman of the Board and reporting thereon to the Board;
- (v) reviewing, at least every three years, the adequacy of the mandate of the Board of Directors and recommending any required changes to the Board;

- (vi) reviewing, at least every three years, the adequacy of the position descriptions for the Chairman of the Board, the committee Chairmen, the Directors and the Secretary of the Corporation and, where required, approving changes thereto; and
- (vii) carrying out any other evaluation processes adopted by the Board and delegated to the Committee.

**(e) Director Education and Orientation**

The Committee shall ensure that Directors receive appropriate orientation and education and, in so doing, the Committee shall ensure that:

- (i) each new Director participates in an orientation process in relation to his or her Board responsibilities, the role of the Board and its committees, and the contributions and commitment of time and attention that the Corporation expects each individual Director will make;
- (ii) the Chairman of the Board meets with each proposed new Director and explains to such proposed new Director the culture of the Board, and the commitment of time and energy expected of every Director;
- (iii) the committee Chairmen meet with each proposed new Director to review the responsibilities and mandate of the committee to which such Director has been appointed;
- (iv) each Director is provided with written orientation materials (which shall be updated by the Corporate Secretary of the Corporation from time to time as required), including the Corporation's constating documents, continuous disclosure documents as well as board and committee mandates and policies;
- (v) relevant orientation and continuing education is made available to all Directors to enable the Directors to maintain or enhance their skills and capabilities as Directors and to maintain the currency of their knowledge and comprehension of the Corporation's business, including, among other significant matters, the Associate Dealer model and the Corporation's capital structure, including the opportunity, at the expense of the Corporation to:
  - (A) attend any conference, seminar, course or other educational experience (i) which is intended to expand corporate directors' knowledge and skills, and (ii) which is approved by the Chairman of the Governance Committee and, where the expense could be significant, the Chairman of the Board;
  - (B) visit the Corporation's principal operating locations and such other premises as may be appropriate and reasonable; and
  - (C) meet with the President and Chief Executive Officer and other senior executives, as appropriate, for the purpose of discussing the nature and operation of the Corporation's business and affairs.

**(f) Other Key Responsibilities**

The Committee shall be responsible for:

- (i) reviewing every two years the form and amount of the Directors' remuneration for Board and committee service, including service as Chairman of the Board or Chairman of a committee of the Board, to ensure that it is both commensurate with the responsibilities and risks assumed and competitive with other companies which are comparable in terms of size and complexity to the Corporation's business, and recommending any changes to the Board for approval;
- (ii) reviewing every two years the Corporation's policies with respect to payment of a travel fee to Directors and reimbursement of Directors' expenses incurred in connection with their duties as a Director, and recommending any changes to the Board for approval;
- (iii) review and, if appropriate, approve changes to the Corporation's director overboarding policy;
- (iv) review and, if appropriate, recommend to the Board for approval changes to the Corporation's director majority voting policy;
- (v) preparing for succession, emergency or otherwise, for the Chairman of the Board position;
- (vi) recommending to the Board the appointment of the Chairman of the Board, the removal of the Chairman of the Board for any reason the Committee sees fit, and, upon a vacancy in this position, recommending to the Board an individual to replace the Chairman of the Board;
- (vii) reviewing with the President and Chief Executive Officer any management concerns about its relationship with the Board and reporting to the Board its findings therewith;
- (viii) reviewing the Corporation's articles and by-laws from time to time as appropriate, and recommending any proposed amendments to the Board for its review;
- (ix) reviewing as necessary corporate, legal and regulatory developments and changes and referring such matters to other committees of the Board for their review as appropriate;
- (x) reviewing and approving annually a report of the Committee's activities for inclusion in the Corporation's management information circular; and
- (xi) performing such other responsibilities and duties that are delegated by the Board to the Committee.

### **3. Composition of the Committee**

- (a) The Committee shall be comprised of at least four 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 Board as the Committee Chairman.

#### **4. Member Qualifications**

- (a) In addition to possessing the qualities required by the Director's position description, each member of the Committee shall have an understanding of corporate governance issues or shall commit to understanding such issues in a timely manner.

#### **5. Member Appointment and Removal**

Committee members shall be appointed annually by the Board 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 Board.

#### **6. Operating Procedures**

- (a) The Committee shall meet three 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, or upon the request of two Committee members, 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 Corporate Secretary shall develop the agenda for all meetings of the Committee and 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 and management, 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) A portion of each of the Committee's meetings shall be conducted with no members of management present.
- (g) 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.

**7. 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.

**8. Evaluation and Assessment of this Mandate and the Committee's 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.

**9. Advisors**

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