



**MANDATE OF THE BOARD OF DIRECTORS OF  
ROCKY MOUNTAIN DEALERSHIPS INC. (the "Corporation")**

Stewardship of the Corporation

1. The Board of Directors of the Corporation (the "**Board**") is responsible for:
  - (a) the stewardship of the business and affairs of the Corporation;
  - (b) supervising the management of the business and affairs of the Corporation;
  - (c) providing leadership to the Corporation by practicing responsible, sustainable and ethical decision making;
  - (d) ensuring that all major issues affecting the Corporation are given proper consideration; and
  - (e) directing management to ensure legal, regulatory and stock exchange requirements applicable to the Corporation have been met.

Director Obligations

2. Each Director has the responsibility to:
  - (a) attend all regularly scheduled meetings of the Board and all of the Committees on which they serve and to be prepared for such meetings by reviewing materials provided in advance of meetings;
  - (b) act honestly and in good faith with a view to the best interests of the Corporation; and
  - (c) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Board Composition

3. A majority of the Board will, at all times, be independent directors as defined in then current laws applicable to the Corporation.
4. To be considered for nomination and election to the Board, directors must demonstrate integrity and high ethical standards in their business dealings, their personal affairs and in the discharge of their duties to and on behalf of the Corporation.

Board Meetings

5. The Board is responsible to:

- (a) meet in person, by telephone conference call, at least once each quarter and as often thereafter as required to discharge the duties of the Board;
- (b) hold meetings of the independent directors without management and non-independent directors present; and
- (c) comply with the position description applicable to individual directors.

#### Board Chair

6. The Board is responsible to annually select an independent member of the Board to serve as Board chair, (or if the CEO is also the Board Chair, a Lead Director) to:
- (a) provide leadership to all directors;
  - (b) manage the affairs of the Board; and
  - (c) ensure that the Board functions effectively in fulfillment of its duties to the Corporation.

#### Committees of the Board

7. The Board discharges its responsibilities directly and through its committees. As such the Board shall:
- (a) establish such Committees of the Board as are required by applicable law and as are necessary to effectively discharge the duties of the Board which committees shall include:
    - (i) an audit committee;
    - (ii) a compensation and human resources committee;
    - (iii) a corporate governance and nominating committee; and,
    - (iv) such other committees as deemed advisable by the Board from time to time.
  - (b) appoint directors to serve as members of each Committee;
  - (c) appoint a chair of each Committee to:
    - (i) provide leadership to the Committee;
    - (ii) manage the affairs of the Committee;
    - (iii) ensure that the Committee functions effectively in fulfilling its duties to the Board and the Corporation; and
    - (iv) to develop position descriptions for each Chair and Board Chair.
  - (d) regularly receive and consider reports and recommendations of each Committee, in particular:

- (i) Audit Committee reports and recommendations, particularly with respect to the Corporation's annual audit and quarterly reports;
- (ii) Corporate Governance and Nominating Committee reports regarding governance issues and the nomination process and recommendations regarding nominees and candidates for election to the Board; and,
- (iii) Compensation and Human Resources Committee reports regarding recommendations with respect to corporate goals and objectives, CEO compensation and Board assessments and compensation.

#### Supervision of Management

8. The Board is responsible to:

- (a) select and appoint the CEO, and with the assistance of the Compensation Committee, establish CEO goals and objectives and evaluate CEO performance and develop a position description for the CEO which includes delineating management's responsibilities;
- (b) assist the CEO to select and appoint executive officers, establish executive officers' goals and objectives and monitor their performance; and
- (c) with the assistance of the Compensation and Human Resources Committee, maintain a succession plan for the replacement of the CEO and executive officers.

#### Governance

9. The Board is responsible to:

- (a) annually review and on the advice of the Corporate Governance and Nominating Committee either approve or require revisions to the mandates of the Board and each Committee, position descriptions, the code of business conduct and ethics (the "**Code**") and all other policies of the Corporation (collectively the "**Governance Documents**");
- (b) together with the Corporate Governance and Nominating Committee, take reasonable steps to satisfy itself that each director, the CEO and the executive officers are:
  - (i) performing their duties ethically;
  - (ii) conducting business on behalf of the Corporation in accordance with the requirements and the spirit of the Governance Documents; and
  - (iii) fostering a culture of integrity throughout the Corporation;
- (c) arrange, on the advice of the Corporate Governance and Nominating Committee, for the Governance Documents to be publicly disclosed.
- (d) Ensure that all new directors receive a comprehensive orientation and that all new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the

commitment of time and resources that the Corporation expects from its directors) and that all new directors should also understand the nature and operation of the Corporation's business; and

- (e) Provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.

#### Communications

10. The Board is responsible to:

- (a) approve and implement a communications policy which provides for disclosure and communications practices governing the Corporation; and
- (b) approve and maintain a process for the Corporation's stakeholders to contact the independent directors directly with concerns and questions regarding the Corporation.

#### Waivers and Conflicts

11. The Board is responsible, with the assistance of the Corporate Governance and Nominating Committee, for:

- (a) reviewing departures from the Code;
- (b) providing or denying waivers from the Code; and
- (c) disclosing departures from the Code including by filing required material change reports for material departures from the Code containing:
  - (i) the date of the departure;
  - (ii) the parties involved;
  - (iii) the reason why the Board has or has not sanctioned the departure; and
  - (iv) any measures taken to address or remedy the departure.

#### Strategic Planning

12. The Board has the duty to:

- (a) adopt a strategic planning process, annually approve a strategic plan for increasing shareholder value taking into account, among other things, the opportunities and risks of the Corporation's business, and regularly monitor the Corporation's performance against its strategic plan;
- (b) approve capital and operating budgets to implement the strategic plan;
- (c) conduct periodic reviews of the Corporation's resources, risks, and regulatory constraints and opportunities to facilitate the strategic plan; and

- (d) evaluate management's analysis of the strategies of existing and potential competitors and their impact, if any, on the Corporation's strategic plan.

#### Risk Management

- 13. The Board has the duty to:
  - (a) adopt a process to identify business risks and ensure appropriate systems to manage risks; and
  - (b) together with the Audit Committee, ensure policies and procedures are in place and are effective to maintain the integrity of the Corporation's:
    - (i) disclosure controls and procedures;
    - (ii) internal controls over financial reporting; and
    - (iii) management information systems.

#### Financial Management

- 14. The Board has the duty to:
  - (a) review and on the advice of the Audit Committee, approve, prior to their public dissemination:
    - (i) interim and annual consolidated financial statements and notes thereto;
    - (ii) managements' discussion and analysis of financial condition and results of operations;
    - (iii) relevant sections of the annual report, annual information form and management information circular containing financial information;
    - (iv) forecasted financial information and forward looking statements; and
    - (v) all press releases and other documents in which financial statements, earnings forecasts, results of operations or other financial information is disclosed; and
  - (b) approve dividends and distributions, material financings, transactions affecting authorized capital or the issue and repurchase of shares and debt securities, and all material divestitures and acquisitions.

#### Materials

- 15. The Board shall have access to all books, records, facilities and personnel of the Corporation necessary for the discharge of its duties.

Advisors

16. The Board has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Board in the discharge of its duties.

*Date of Last Approval by Board of Directors*

*March 14, 2017*