



Pursuant to Section 4.1 of the Amended and Restated Bylaw of ENMAX Corporation (the “**Corporation**” or “**ENMAX**”), a committee of the Board of Directors (the “**Board**”) to be known as the “Audit Committee” (the “**Committee**”) is established. The Committee has the oversight responsibility and specific duties described below.

### 1. COMMITTEE MANDATE

- a. The Corporate Governance Committee will review this Mandate and associated workplan annually, or as it otherwise deems appropriate, and recommend to the Board any changes it considers necessary or desirable.
- b. This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Corporation. While this Mandate should be interpreted in the context of applicable law, as well as in the context of the Corporation’s constating documents, it is not intended to establish any legally binding obligations.

### 2. COMMITTEE COMPOSITION

- a. The Committee will be comprised of a minimum of four directors.
- b. The Chair of the Board shall serve as an ex-officio and non-voting member of the Committee.
- c. Each member of the Committee shall be independent within the meaning of National Instrument 52-110 – *Audit Committees*, as may be amended or replaced from time to time.
- d. Each member of the Committee shall, at all times, be familiar with, and have experience in, the duties and responsibilities set forth in this Mandate.
- e. No member of the Committee shall serve on the audit committees of more than three corporate entities (including ENMAX), unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.
- f. At the time of their appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, 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.
- g. At least one member of the Committee shall be considered an “audit financial expert” and have experience as one or more of the following: (i) a chartered accountant; (ii) a certified public accountant; (iii) a former or current chief financial officer of a public company or corporate controller of similar experience; (iv) a current or former partner of an audit company; or (v) having similar demonstrably meaningful audit experience overseeing such functions as a senior executive officer.
- h. The membership of the Committee, including the role of Committee Chair, will be reviewed annually by the Corporate Governance Committee.
- i. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed by the Board, or ceases to be a member of the Board.
- j. Where a vacancy occurs in Committee membership, it may be filled by the Board at any time; provided, however, that if the Committee has fewer than four members as a result of a vacancy, such vacancy must be filled by no later than the next scheduled meeting of the Board.

### **3. COMMITTEE CHAIR**

The Committee Chair will have the responsibilities outlined in ENMAX's Board Leadership Expectations. If the Committee Chair is not present at any meeting of the Committee, the Committee Chair will, in advance of the meeting, designate another member of the Committee to serve as Committee Chair for such meeting, failing which the members of the Committee present at such meeting may appoint a Committee Chair for such meeting from their number.

### **4. COMMITTEE SECRETARY**

The Corporation's Corporate Secretary, or designee, will attend and be the secretary of all Committee meetings.

### **5. COMMITTEE MEETINGS**

The time and place of Committee meetings and the procedures at such meetings will be determined by the Committee members, provided that:

- a. No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum. In circumstances where a quorum cannot be constituted, the Board Chair may be considered in establishing quorum and will be entitled to vote for the duration of the meeting.
- b. The Committee shall meet as often as the Committee considers appropriate to fulfill its responsibilities, but, in any event, shall meet at least once per fiscal quarter.
- c. Any member of the Committee (including the Chair of the Board), the Corporation's internal and external auditors, the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the Corporation's Corporate Secretary, who will notify the members of the Committee at least 24 hours in advance of the meeting.
- d. The Corporation's external auditors are entitled to receive notice of, to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officer or employee of the Corporation, legal counsel, advisor or other person whose attendance it considers necessary or desirable in order to carry out its responsibilities.
- e. The Committee Chair will establish the agenda for each meeting of the Committee, taking into consideration the recommendations of the other members of the Committee, the Board, the Corporation's internal and external auditors, as well as management.
- f. Briefing materials will be provided to the Committee as far in advance of Committee meetings as practicable.
- g. The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. However, the Committee Chair may report orally to the Board on any matter in their view requiring the immediate attention of the Board.

### **6. DUTIES & RESPONSIBILITIES**

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's financial accounting and reporting process, the integrity of the Corporation's financial statements, internal controls over financial reporting, external financial audit process, compliance with financial and accounting regulatory requirements, independence and performance of the internal and external auditor, and include the specific duties set out below.

#### **a. COMMITTEE INVESTIGATIONS**

- i. The Committee has the authority to investigate any activity of the Corporation.

- ii. The Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Corporation's management and employees and the books and records of the Corporation.
- iii. All employees, officers and directors of the Corporation are to cooperate as requested by the Committee.
- iv. All information received by the Committee in connection with any investigation will be made available for examination by any director of the Corporation upon request to the Chair of the Committee.

**b. DISCLOSURE DOCUMENTS**

- i. Review the annual audited financial statements of the Corporation, the external auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and financial performance ("MD&A"). After completing its review, if advisable, the Committee shall approve and recommend the annual financial statements and the related MD&A for Board approval.
- ii. Review the interim financial statements of the Corporation, the auditors' review report thereon, if any, and any related MD&A. After completing its review, if advisable, the Committee shall approve and recommend the interim financial statements and any related MD&A for Board approval, unless the Board has delegated to the Committee the authority to provide such approval, in which case it shall approve such materials as it sees fit.
- iii. In conducting its review of the Corporation's annual and interim financial statements and related MD&A, the Committee shall, among other things: (a) meet with management and the Corporation's internal and external auditors; (b) review the disclosures in the financial statements; and (c) review the audit report or review report, if any, prepared by the Corporation's external auditors.
- iv. Review the financial disclosure in any prospectus, offering memorandum or other securities offering document of the Corporation, as well as press releases disclosing, or based upon, financial results of the Corporation and any other publicly disseminated material financial disclosure.

**c. INTERNAL CONTROLS AND FINANCIAL REPORTING PROCESSES**

- i. Inquire of the Chief Executive Officer and the Chief Financial Officer regarding the processes followed by them in preparing any certifications, including any areas of concern or challenge, any matters that may have a material effect on the financial statements and other related matters.
- ii. Review management's report on the effectiveness of internal controls over financial reporting.
- iii. Review all significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including:
  - 1. the Corporation's critical accounting policies, including any changes in its selection or application of such policies;
  - 2. management's process for formulating sensitive accounting estimates and the reasonableness of such estimates;
  - 3. the effects of alternative accounting methods on the Corporation's financial statements;
  - 4. any off-balance sheet arrangements;
  - 5. any requirements relating to complex or unusual transactions; and
  - 6. any significant recorded or unrecorded audit adjustments.
- iv. Review all material related-party transactions in accordance with the Corporation's Principles of Business Ethics Policy.

- v. Review any complaints or concerns received by employees of the Corporation regarding accounting, internal accounting controls, or auditing matters, including through ENMAX's Safety and Ethics Helpline of concerns regarding questionable accounting or auditing matters and, if the Committee determines that the matter requires further investigation, it will direct the Committee Chair to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the Corporation's Corporate Secretary to reach a satisfactory conclusion.

**d. EXTERNAL AUDITORS**

- i. Review and, if advisable, recommend for Board approval, the nomination of the Corporation's external auditors.
- ii. If a change in the Corporation's external auditors is proposed, review all issues related to the change and the planned steps for an orderly transition.
- iii. In collaboration with management, lead the annual performance assessment of the Corporation's external auditors.
- iv. Assess the effectiveness of the working relationship between the Corporation's external auditors and management.
- v. Communicate its expectations regarding external auditor performance.
- vi. Annually review and approve the external auditors' audit plan and audit fees.
- vii. Review annual and quarterly reports from the Corporation's external auditors, including with respect to:
  - 1. any significant risk areas or issues identified by the Corporation's external auditors;
  - 2. any corrected or uncorrected misstatements and disclosure deficiencies; and
  - 3. any problems or difficulties and management's response.
- viii. Hold discussions with the Corporation's external auditors regarding, among other things:
  - 1. any material changes to the external auditors' audit plan;
  - 2. the Corporation's critical accounting policies and critical accounting and other significant estimates and judgements underlying the Corporation's financial statements;
  - 3. material changes in accounting policies and practices and their impact on the Corporation's financial statements;
  - 4. alternative treatments of financial information within International Financial Reporting Standards (IFRS) related to material items that have been discussed with management, ramifications of the use of such alternative treatments, and the treatment preferred by the Corporation's external auditors;
  - 5. material written communications between the Corporation's external auditors and management, including, but not limited to, the management letter and schedule of unadjusted differences;
  - 6. their assessment of the Corporation's internal controls over financial reporting; and
  - 7. such other matters as are required by applicable auditing standards to be discussed by the auditors with the Committee.
- ix. Approve, in advance, any audit services and permissible non-audit services to be performed by the Corporation's external auditors that it deems advisable in accordance with applicable laws and Board approved policies and procedures, and adopt and implement policies for such pre-approval.

- x. Review all reportable events, including disagreements, unresolved issues and consultations with the Corporation's external auditors and receive and review all reports prepared by the Corporation's external auditors in connection therewith.
- xi. Assess the independence of the Corporation's external auditors, taking into account, among other things, the extent of audit-related and non-audit-related services provided by the Corporation's external auditors and the fees paid thereto in connection therewith.
- xii. At least annually, and before the Corporation's external auditors issue their report on the annual financial statements:
  - 1. obtain from the external auditors a formal written statement describing all relationships between the external auditors and the Corporation;
  - 2. discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors; and
  - 3. obtain written confirmation from the external auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which they belong.
- xiii. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- xiv. At least annually, obtain and review a report by the Corporation's external auditors describing:
  - 1. the external auditors' internal quality-control procedures; and
  - 2. any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to external audits carried out by the external auditors, and any steps taken to deal with such issues.

**e. INTERNAL AUDIT**

- i. Review the appointment, evaluation and termination of the Corporation's Internal Auditor.
- ii. Review the activities and organizational structure of the internal audit function, as well as the qualifications of personnel to ensure the objectivity and independence of the internal audit function.
- iii. Review the internal audit function responsibility, budget, and staffing and discuss the adequacy thereof with the Corporation's Internal Auditor.
- iv. Review and approve the Internal Audit Charter, multi-year Internal Audit Plan and Annual Internal Audit Plan for the upcoming fiscal year ensuring that the Corporation's internal auditors are reviewing all of the Corporation's business units to ensure that appropriate internal controls are in place.
- v. Review reports and analysis from the Corporation's Internal Auditor including their results of planned activities for the quarter and findings and recommendations made to management as well as management's response to and remediation steps taken as a result of audit findings.
- vi. Periodically review reports from the Corporation's Internal Auditor detailing the regular examination of the Chief Executive Officer and executive expenses and perquisites, including use of the Corporation's assets.
- vii. Periodically review with the Corporation's internal auditors any significant difficulties, disagreements with management, or scope restrictions encountered in the course of their work.

**f. COMPLIANCE**

- i. Review, on a quarterly basis, with management, the external auditors and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a

material effect upon the financial position or operating results of the Corporation, or the manner in which these matters have been disclosed in the financial statements.

- ii. Annually review a certificate from an officer of the Corporation respecting withholdings and payment obligations contained in the Directors and Officers Liability Statutory Overview.

**g. OTHER**

- i. Review the financing plans and material internal and external financing activities of the Corporation.
- ii. Review and, if advisable, recommend for Board approval, any financing transactions of \$30 million or greater contemplated by the Corporation.
- iii. Oversee the Corporation's consolidated capital expenditure budgets and Board approved capital and operating expenditures.
- iv. Review the structuring and performance of any material project that may impact the Corporation's consolidated capital structure, credit ratings and internal controls.
- v. On an as needed basis, review legal entity structure changes and material partnering arrangements.
- vi. Annually recommend for Board consideration and approval a Shareholder dividend declaration.
- vii. Annually review the Corporation's insurance programs for adequacy and obtain legal advice on the content of the Corporation's insurance contracts every three years.
- viii. Annually review the Corporation's hedging program, limits and risk tolerance and recommend any changes to the Board; review any Board-level exceptions related to the enforcement of the hedging program.
- ix. Once every three years, or earlier as required, review any Board Level Policies that have been assigned to the Committee, with a view to ensuring that appropriate controls exist, are being implemented, and are in compliance with statutory and regulatory requirements, and recommend any changes to the Board for approval.

**7. ACCESS TO MANAGEMENT, BOOKS, RECORDS AND EXTERNAL ADVISORS**

- a. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and shall have the authority to seek, retain and terminate external legal counsel or other consultants, accountants or other advisors from a source independent of management, with notice to either the Chair of the Board or the Chief Executive Officer of the Corporation, as deemed appropriate by the Committee to properly discharge its obligations to the Corporation, and to set and pay the respective compensation for these advisors. The Corporation shall provide appropriate funding, as determined by the Committee, for the services of these advisors. The Board will be kept apprised of both the selection of the advisors and the advisors' findings through Committee reports to the Board.
- b. The Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Corporation's management and employees and the books and records of the Corporation.

**8. IN-CAMERA MEETINGS**

As part of each meeting of the Committee, the Committee shall hold an *in-camera* session, at which management and non-independent directors of the Board are not present, and the agenda for each Committee meeting will afford an opportunity for such a session. The Committee will invite the Corporation's internal and external auditors to participate in a portion of each such *in-camera* session.