

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF ALTAGAS LTD.**I. CONSTITUTION**

The Board of Directors (the “Board”) of AltaGas Ltd. (“AltaGas” or the “Corporation”) has established an Audit Committee (the “Committee”). The Committee shall be in compliance with the guidelines for corporate governance of the Toronto Stock Exchange (“TSX”), the U.S. Securities and Exchange Commission (“SEC”) and any other regulatory or legal authority having jurisdiction over AltaGas.

The Committee shall assist the Board with its oversight of: the quality and integrity of the Corporation’s financial statements, financial disclosure and internal controls over financial reporting; the Corporation’s compliance with relevant legal and regulatory requirements; the qualifications, independence and performance of the external auditor and internal auditor; certain policies of the Corporation; and other matters set out herein or delegated by the Board from time to time.

II. MEMBERSHIP

The Board shall elect from its members not less than three (3) Directors to serve on the Committee (the “Members”) and shall appoint one such Member as Chair of the Committee.

Every Member must be:

- independent (in accordance with National Instrument 52-110 – *Audit Committees of the Canadian Securities Administrators* (“NI 52-110”) and, if AltaGas is at such time an SEC Issuer, the rules of the SEC); and
- financially literate (in accordance with NI 52-110).

For so long as the Corporation has a class of securities registered under section 12 of the United States *Securities Exchange Act of 1934* (the “1934 Act”) or is required to file reports under section 15(d) of the 1934 Act (at such time, an “SEC Issuer”), at least one Member shall be an “audit committee financial expert” as such term is defined under applicable SEC rules.

No Member shall be an officer or employee of AltaGas or any subsidiary or affiliate of AltaGas. Any Member may be removed or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a Director of the Corporation.

Each Member shall hold office until the Member resigns or is replaced, whichever first occurs. Where a vacancy occurs at any time in the membership of the Audit Committee, it may be filled by the Board on the recommendation of the Governance Committee, provided that the proposed Member meets the above criteria (and, if applicable in the circumstances where the vacancy

was in relation to the sole “audit committee financial expert”, the proposed Member is also an “audit committee financial expert”). Provided the Committee includes three Members, including an “audit committee financial expert” if required, it may continue to act in the event of a vacancy. When appointing a Member to the Committee, the Board shall take into consideration the number of other audit committees upon which the proposed Member sits.

The Corporate Secretary of AltaGas shall be secretary to the Committee unless the Committee directs otherwise.

III. MEETINGS

The Committee shall convene no less than four times per year at such times and places designated by its Chair or whenever a meeting is requested by a Member, the Board, or an officer of the Corporation. A minimum of twenty-four (24) hours’ notice of each meeting, plus a copy of the proposed agenda, shall be given to each Member. Members of management of the Corporation or any subsidiary or affiliate of the Corporation shall attend whenever requested to do so by a Member.

A meeting of the Committee shall be duly convened if a majority of Members are present. Where the Members consent, and proper notice has been given or waived, Members may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate adequately with each other, and a Member participating in such a meeting by any such means is deemed to be present at that meeting.

In the absence of the Chair of the Committee, the Members may choose one of the Members to be the chair of the meeting.

The external auditor will be given notice of and be provided the opportunity to attend every meeting of the Committee.

The Committee will hold *in camera* sessions without management present, including with internal and external auditors, as may be deemed appropriate by the Members.

Minutes shall be kept of all meetings of the Committee by the Corporate Secretary or designate of the Corporate Secretary.

IV. DUTIES AND RESPONSIBILITIES OF THE CHAIR

The Chair of the Committee is responsible for:

1. providing leadership to the Committee and assisting the Committee in reviewing and monitoring its responsibilities;
2. duly convening Committee meetings and designating the times and places of those meetings;

3. working with Management, the Chair of the Board and Lead Director on the development of agendas;
4. reviewing material for Committee meetings prior to it being made available to Members;
5. ensuring Committee meetings are conducted in an efficient, effective and focused manner;
6. ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required;
7. advising the Committee of any finance, accounting or misappropriation matters brought to the Chair's attention;
8. advising other Committee Chairs or the Chair of the Board of any matters which may affect the organization and influence the Board or Committee's responsibilities; and
9. reporting to the Board on the activities, decisions and recommendations of the Committee after each meeting.

V. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall, as permitted by and in accordance with the requirements of the *Canada Business Corporations Act*, the Articles and By-Laws of the Corporation and any legal or regulatory authority having jurisdiction, periodically assess the adequacy of procedures for the public disclosure of financial information and review on behalf of the Board and report to the Board the results of its review and its recommendation regarding all material matters of a financial reporting and audit nature including, but not limited to, the following main subject areas:

1. oversight of external auditors, including:
 - a) appointment, compensation, retention and termination of external auditors, who shall report directly to the Committee, provided that the appointment of the auditor shall be subject to shareholder approval;
 - b) review and approval of the terms of the external auditors' annual engagement letter, including the proposed audit fee;
 - c) regular discussions with external auditors in the absence of management on matters of interest, including matters that the external auditors recommend bringing to the attention of the Board;
 - d) at least annually, obtain and review reports of external auditors delineating all relationships between the external auditors and the Corporation required by applicable audit professional regulatory standards, discuss with the external auditors any

relationships or services that may impact the objectivity and independence of the external auditors and determine external auditor independence;

- e) review and pre-approve the audit plans (and any changes) of the external audit firm and all non-audit work undertaken by the external audit firm, ensuring that except in exceptional circumstances non-audit related fees represent less than half of the total fees billed by the external audit firm and ensuring that non-audit fees do not include charges for services that are either likely to impair the independence of the auditor or relate to tax services for senior executives of the Corporation;
 - f) resolution of any disagreements between management and the auditor regarding financial reporting;
 - g) assessment of the effectiveness and performance of the external audit firm;
 - h) review and approval of AltaGas' hiring policies re: current and former partners and employees of the external audit firm; and
 - i) ensure management provides adequate funding to the Committee so that it may independently engage and remunerate the external auditor and any advisors.
2. oversight of internal auditors, including:
- a) at least annually, review the internal audit plan, including the degree of coordination between such plan and the audit plans of the external auditor;
 - b) obtain and review reports periodically from the head of the internal audit function regarding the activities of the internal audit function, including any significant disagreements between internal auditors and management; and
 - c) discuss the responsibilities, budget and staffing of the Corporation's internal audit function and review the performance of the internal audit function.
3. oversight of financial reporting, including
- a) financial statements, including management's discussion and analysis;
 - b) annual and interim press releases regarding financial results;
 - c) reports to shareholders and others;
 - d) filings to securities regulators;
 - e) public disclosure documents containing audited or unaudited financial information (for example, but not limited to, press releases, prospectuses, annual information form, management information circular);

- f) review of the financial aspects of any transactions of the Corporation that involve related parties (other than wholly-owned subsidiaries); and
 - g) review of litigation, claims and contingencies in consultation with management and legal counsel as appropriate.
4. oversight of financial reporting processes and internal control over financial reporting and disclosure controls, including:
- a) review of the adequacy and effectiveness of the accounting and internal control policies, including internal controls over financial reporting, of the Corporation and procedures through inquiry and discussions with the external auditors, management and the internal auditor, including about the extent to which the scope of the internal and external audit plans can be relied upon to detect weakness in internal control policies, fraud or other illegal acts;
 - b) review of the adequacy and effectiveness of the disclosure control policies and procedures of the Corporation;
 - c) review of the effectiveness of procedures for the receipt, retention and resolution of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, internal accounting controls, financial reporting or auditing matters and review and, as necessary, investigate, any reports alleging material violations of federal, provincial or state securities or any similar other law or a material breach of fiduciary duties by directors, officers, employees or agents of the Corporation arising under such laws; and
 - d) review and discuss with management and the independent auditor the certification and reports of management and the independent auditor required in the Corporation's periodic SEC reports concerning the Corporation's internal control over financial reporting and disclosure controls and procedures, the adequacy of such controls and any remedial steps being undertaken to address any material weaknesses or significant deficiencies in internal control over financial reporting.
5. oversight of finance matters, including:
- a) review of analyses by management and the external auditor regarding significant financial reporting issues and judgments made in connection with the preparation of the Corporation's consolidated financial statements;
 - b) review of Corporation's policy on dividends;
 - c) review the issuance of equity or debt securities by the Corporation;

- d) review and recommend for approval to the Board the management information circular with respect to matters related to the auditor or affecting the capital of the Corporation; and
 - e) review and recommend to the Human Resources and Compensation Committee, for further recommendation or approval, the calculations of financial metrics used in the determination of employee incentive compensation plans; monitor finance integration and financial risk management programs associated with major acquisitions.
6. oversight of risk management, including:
- a) review of the Corporation's major risks, a review of the method of risk analysis by the Corporation, review of the strategies, policies and practices in place for risk management; and
 - b) review of the Corporation's cyber risk and data security, and insurance program.
7. oversight of policies applicable to the Committee's mandate, and compliance therewith, including:
- Code of Business Ethics as it relates to the matters covered by this Mandate;
 - Accounting and Auditing Irregularity Reporting Policy;
 - Disclosure Policy;
 - Commodity Risk Management Policy;
 - Other policies that may be established from time to time relating to accounting, financial reporting, disclosure controls and procedures, internal controls over financial reporting and audits.

VI. OTHER DUTIES

The Committee shall have the following other duties:

1. meet regularly with management to discuss areas of concern and coordinate its activities with the Chief Financial Officer;
2. review at least annually the succession planning in the accounting and finance groups;
3. meet separately with senior management, the internal auditors, the external auditors and, as is appropriate, internal and external legal counsel and independent advisors in respect of matters not elsewhere listed concerning any other audit, finance and risk matter;
4. review at least annually the relevance and adequacy of this Mandate and provide recommendations to the Governance Committee of the Board; and

5. such other duties not mentioned herein but otherwise required pursuant to any applicable legal or regulatory authority.

VII. OUTSIDE EXPERTS AND ADVISORS

The Committee is authorized, when deemed necessary or desirable, to engage independent counsel, outside experts and other advisors, at the Corporation's expense, to advise the Committee on any matter.

VIII. RELIANCE

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations, and (iii) representations made by management and the external auditor, as to any information technology, internal audit and other non-audit services provided by the external auditor to the Corporation and its subsidiaries.

IX. COMMITTEE TIMETABLE

The major activities of the Committee will be outlined in an annual schedule.