

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

The Board of Directors (the “Board”) of AltaGas Ltd. (“AltaGas” or the “Corporation”) has established an Audit Committee (the “Committee”) to serve as the Audit Committee of the Board. The Committee is responsible for performing such duties as delegated by the Board to assist the Board in fulfilling its oversight role in relation to financial reporting. This oversight role includes reviewing the quality and integrity of the Corporation’s financial statements, financial disclosure and internal controls over financial reporting; reviewing the qualifications, independence and performance of the external and internal auditors and assessing the Corporation’s risks associated with financial reporting and other enterprise risk.

**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.

Each Member shall hold office until the Member resigns or is replaced, whichever first occurs. 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. 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 may waive notice of the meeting in any manner, including through their attendance at the meeting. Members of management of the Corporation or any subsidiary or affiliate of the Corporation shall attend whenever requested to do so by a Member. The Committee shall have the right to determine who shall be present at any time during a meeting of the Committee.

A meeting of the Committee shall be duly convened if a majority of Members are present. 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 all Committee meetings and be provided the opportunity to attend every meeting relating to financial reporting.

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 of the Corporation or a designate of the Corporate Secretary, as approved by the Chair.

### **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. working with management on the development of agendas;
3. ensuring, to the extent possible, the Committee has sufficient information to properly discharge its duties and responsibilities;
4. presiding over meetings and ensuring such meetings are conducted in an efficient, effective and focused manner;

5. advising the Committee of any finance, accounting or misappropriation matters brought to the Chair's attention;
6. facilitating information sharing with other Board committees as required to address matters of mutual interest or concern; and
7. 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 is hereby delegated by the Board, as permitted 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, the authority to perform the following functions:

### *Financial Reporting and Public Disclosure*

1. Approve and recommend to the Board for approval, the consolidated financial statements, including management's discussion and analysis.
2. Review the analysis by management and the external auditor regarding financial reporting made in connection with the preparation of the consolidated financial statements.
3. Approve the financial information and financial related matters contained in public disclosure documents including information on audited or unaudited financial statements and external auditor appointment, services or fees, including such information contained in annual and interim press releases of financial results, prospectuses, annual information forms, and management information circulars.
4. Satisfy itself that adequate procedures are in place for review of public disclosure of financial information and periodically assess the adequacy of such procedures.
5. Approve any significant changes to the Corporation's accounting principles and procedures.
6. Review reports from auditors, and the audit committee or board of directors of subsidiaries that produce audited financial statements, relating to financial reporting of such subsidiaries.

### *External Auditors*

7. On an annual basis, approve and recommend to the Board for approval, the appointment of the external auditor subject to shareholder approval.
8. Approve and recommend to the Board for approval the retention and any termination of the external auditor of the Corporation.
9. Approve the terms of the external auditor's annual engagement letter, including the proposed audit fee for the Corporation and its subsidiaries.
10. Review and pre-approve all non-audit services to be provided to the Corporation and its' subsidiaries by the external auditor.

11. Approve the Corporation's policies with respect to the hiring of current and former partners and employees of the external auditors.
12. Review the experience and qualifications of the audit team and assess the performance and effectiveness of the external auditor in its provision of services.
13. Review the report pertaining to auditor independence prepared by the external auditor on an annual basis, which report shall delineate all relationships between the external auditor and the Corporation and its subsidiaries, and determine the auditor's independence.
14. Review and pre-approve the audit plans (and any changes) of the external auditor and determine the degree of coordination with the internal audit plan.
15. Oversee the work of the external auditor in the preparation of the auditor's report, including the resolution of any disagreements between management and the auditors regarding financial reporting.
16. Review annually a report on the external auditors' internal quality control process and review other reports from the external auditor, as necessary.
17. Regularly meet independently with external auditor in the absence of management on matters of interest, including matters that the external auditor recommends bringing to the attention of the Committee or the Board.

#### *Internal Auditor*

18. Review the responsibilities, budget and staffing of the Corporation's internal audit function.
19. Approve the Internal Audit Charter and the internal audit plan and any changes thereto.
20. Assess the performance and effectiveness of the internal audit function and participate in succession planning for the head of internal audit.
21. Review the reports prepared periodically by the head of internal audit regarding the activities of the internal audit function, including any significant disagreements between internal auditor and management.
22. Receive summaries of significant reports to management prepared by the internal auditors and managements' responses (or the full report if requested).
23. Regularly meet independently with internal auditor in the absence of management on matters of interest, including matters that the internal auditor recommends bringing to the attention of the Board.

#### *Internal Control over Financial Reporting and Disclosure Controls*

24. Review the adequacy and effectiveness of the accounting and internal control policies and procedures, including internal controls over financial reporting, through inquiry and discussions with the external auditor, 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.

25. Review the effectiveness of procedures for the receipt, retention and resolution of complaints regarding accounting, internal accounting controls or auditing matters, and review any complaints raised by employees or others regarding accounting, internal accounting controls, financial reporting, auditing matters or otherwise relating to matters within the Committee's mandate.
26. Review management's periodic reports on the adequacy and effectiveness of the disclosure control policies and procedures of the Corporation.
27. Review with management and the external auditor the certification and reports of management and the external auditor required in the Corporation's periodic SEC reports concerning the Corporation's internal controls 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.

#### *Risk Management*

28. On a quarterly basis, review the Corporation's enterprise risk management (ERM) processes, including processes relating to management's identification of material risks and methods of risk analysis.
29. On a quarterly basis, review management's reporting on financial risk exposures, including commodity risk, counterparty and credit risk and management's processes and practices for risk mitigation.
30. Review management's periodic reports on the status of material litigation, claims and contingencies.
31. Review the financial aspects of any transactions of the Corporation that involve related parties (other than wholly-owned subsidiaries).
32. Review the Corporation's processes for identifying and managing data, cyber and other information technology related risk and processes for the development of data security programs and practices.
33. Review the Corporation's insurance programs.

#### *Policies and Mandate*

34. Review key policies relating to the Committee's mandate and recommend any changes.
35. On an annual basis, review the Committee mandate and recommend any changes.

#### *Pension and Benefits*

36. Oversee financial aspects of pension and benefit plans that are delegated to the management Retirement and Savings Committee (the "RSC") to manage and administer.
37. Review, at least annually, the financial management activities of the RSC, including funding levels, investment decisions and changes to valuation assumptions performed by the RSC.

38. Review any proposed changes to pension or benefit plans that may impact financial matters relating to such plans and make recommendations to the Human Resources and Compensation Committee in relation thereto.
39. Approve the financial information that supports the calculation of financial metrics used to evaluate performance under incentive compensation plans and funding pools under compensation plans and report to the Human Resources and Compensation Committee.

*Other*

40. Review the solvency and liquidity tests used to support dividend declarations by the Corporation.
41. Review asset retirement obligations in relation to decommissioning, reclamation and remediation.
42. Receive updates on material tax policies, tax planning initiatives and tax audits or assessments.
43. Review management's process for certification under the *Extractive Sector Transparency Measures Act* (Canada), if applicable.
44. Review, approve or make recommendations in respect of any other matters considered necessary or appropriate in the context of the mandate of this Committee, or otherwise delegated to it by the Board from time to time.

## **VI. 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.

## **VII. 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.

## **VIII. COMMITTEE TIMETABLE**

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

*Approved by the Board on July 29, 2020.*