

ENMAX CORPORATION

AUDIT, FINANCE & RISK COMMITTEE MANDATE

Pursuant to Section 4.1 of the Amended and Restated Bylaw of ENMAX Corporation (the "Corporation") and the Amended and Restated Bylaws of the Corporation's direct and indirect subsidiaries, a committee of the Board of Directors to be known as the "Audit, Finance and Risk Committee" (the "Committee") is established. The Committee has the oversight responsibility and specific duties described below.

1) COMMITTEE MANDATE

The Committee will review this mandate at least annually and recommend to the Board any necessary amendments.

2) COMMITTEE COMPOSITION

- a) The Committee will be comprised of a minimum of four directors, none of whom will have any interest in, or business or other relationship with the Corporation that may, or may reasonably be perceived to, interfere with the exercise of their independence from management and the Corporation.
- b) The members of the Committee will be financially literate or become financially literate within a reasonable period of time after being appointed. Further, at least one member of the Committee will have accounting or related financial management expertise. For purposes hereof, "financially literate" will mean 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 level of complexity that can reasonably be expected to be raised by the Corporation's financial statements.
- c) To help meet these requirements the Committee will provide its members with annual continuing education opportunities in financial reporting and other areas relevant to the Committee.
- d) The members of the Committee will be appointed or reappointed at the organizational meeting of the Board which will be the next regularly scheduled meeting following the Annual Meeting of the Shareholder. Each Committee member will continue to be a member until a new member is appointed by the Board, unless the member resigns, is removed by the Board or ceases to be a director. Where a vacancy occurs at any time in Committee membership, it may be filled by the Board and will be filled by no later than the next scheduled meeting of the Board if the membership is less than four directors as a result of the vacancy.
- e) The Board will appoint a Committee Chair. If the Chair of the Committee cannot be present at any meeting of the Committee, the Chair will, in advance of the meeting, designate another member of the Committee, as Chair. Failing which, the Committee Chair will be chosen from among the members present.
- f) At all Committee meetings, every question will be decided by a majority of the votes cast. In the case of an equality of votes, the motion will be lost and the Chair of the meeting will not be entitled to a second or casting vote.

3) COMMITTEE SECRETARY

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

4) COMMITTEE INVESTIGATIONS

The Committee has the authority to investigate any activity of the Corporation. All employees, officers and directors are to cooperate as requested by the Committee. All information received by the Committee in connection with any investigation will be made available for examination by a director of the Corporation upon request to the Secretary of the Committee.

5) COMMITTEE MEETINGS

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

- a) A quorum for meetings will be a majority of Committee members, present in person or by telephone or other telecommunication device that permit all persons participating in the meeting to speak and hear each other. 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 will meet at least quarterly.

- c) Notice of meeting time and place will be given by electronic or other communication to each Committee member at least 24 hours in advance, provided, however, that a member may waive a notice of a meeting; and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. A meeting of the Committee may be called by the Secretary on the direction of the Chair, CEO, External Auditor, Internal Auditor or by a Committee member. Notwithstanding these provisions, the Committee has the right to determine who will and will not be present at any part of the meeting.
- d) The Committee Chair will establish the agenda for the meetings. The Committee members, Board, External Auditor, Internal Auditor and Management may recommend agenda items. The agenda for each meeting will be subject to approval by the Committee at the start of each meeting.
- e) Briefing materials will be provided to the Committee as far in advance of meetings as practicable.
- f) The Committee will maintain minutes of meetings which will be filed with the minutes of Board meetings. Upon approval, the minutes of Committee meetings will be made available to the Board.

6) DUTIES & RESPONSIBILITIES

A) Disclosure Documents

- i) Review and recommend to the Board for approval all annual, interim and other material financial information of the Corporation or its subsidiaries to be disclosed to the public, securities commissions or regulators, including all financial statements, management discussion and analysis and press releases.
- ii) Review and recommend to the Board for approval all financial information included within any prospectus, offering memorandum, securities commission filings or other material documents in connection with the offering of securities of the Corporation.
- iii) Review the findings of examinations performed by any regulatory agencies, any External Auditor and Internal Auditor observations made regarding those findings, and Management's responses.

B) Internal Controls and Financial Reporting Processes

- i) Inquire of the CEO and CFO regarding the processes followed by them in preparing any certifications, including any areas of concern or challenge, any issues of material importance and other related matters.
- ii) Review the Corporation's significant accounting principles and financial statement presentations, including any changes in the Corporation's selection or application of such.
- iii) Review significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative GAAP methods on the financial statements and any off balance sheet structures.
- iv) Review all material related-party transactions.
- v) Review complaints related to accounting, internal controls and financial reporting controls.

C) External Auditor

- i) Review annual and quarterly reports of the External Auditor, including:
 - a) The results of their review/audit of the Corporation's financial statements;
 - b) Any significant risk areas or issues reviewed by the External Auditor;
 - c) Any corrected or uncorrected misstatements and disclosure deficiencies;
 - d) Any problems or difficulties and management's response; and
 - e) Confirm the External Auditor independence of the Corporation.
- ii) Hold discussions with the External Auditor regarding the following:
 - a) Critical accounting policies and practices;

- b) Alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditors; and
 - c) Material written communications between the External Auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
- iii) Inquire as to the External Auditor's assessment of the Corporation's internal control over financial reporting and review management's response to any internal control recommendations of the External Auditors.
 - iv) Annually receive the External Auditors audit plan, which includes their audit scope and approach, including significant estimates and judgments made by management and areas of significant audit risk.
 - v) Recommend to the Board the nomination and remuneration of external auditors .
 - vi) If a change in external auditors is proposed, the Committee will review the reasons for the proposed change as well as obtain a response from the incumbent auditor.
 - vii) Communicate the Committee's expectations regarding the external auditor's (Firm and Lead Partner) performance and evaluate the external auditors' past performance.
 - viii) Monitor the independence of the external auditor through written disclosures and meetings with the External Auditor and by reviewing the independent auditor's account of the total fees derived from non-audit work during the past year.
 - ix) Directly or by delegation to the Committee Chair and CFO, acting together, approve both audit related and non-audit related services provided by the external auditors and the fees related thereto.
 - x) At least annually, obtain and review a report by the external auditor describing:
 - a) The external auditor's internal quality-control procedures; and
 - b) 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 auditor, and any steps taken to deal with such issues.
 - xi) Meet in camera with the external auditors at every regularly scheduled meeting.

D) Internal Audit

- i) Review the appointment, evaluation and termination of the Internal Auditor.
- ii) Review and recommend for approval the Internal Audit Charter, including the determination of independence of the Internal Auditor from Management.
- iii) Review the activities and organizational structure of the internal audit function, as well as the qualifications of personnel.
- iv) Review the internal audit function responsibility, budget, and staffing and discuss adequacy with External Auditor.
- v) Review the 5-year Internal Audit Plan and Annual Internal Audit Plan for the upcoming fiscal year ensuring that the Internal Auditor is reviewing all of the Corporation's business units to ensure that appropriate internal controls are in place.
- vi) Meet in camera with the internal auditors at every regularly scheduled meeting.
- vii) Review reports and analysis from the 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.
- viii) Periodically review, with the Internal Auditor, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.
- ix) Review an annual report from the Internal Auditor detailing the regular examination of the CEO and Executive expenses and perquisites, including use of the Corporation's assets.

E) Compliance

- i) Review annually any Board Level Policies listed in the Corporation's *Policy Management Policy* that have been assigned to the Committee with a view to ensuring Management has the appropriate authority to implement business objectives and the approved strategic plan, and that appropriate controls exist to support such authorities.
- ii) Review compliance with Committee-related legislation affecting duties and responsibilities of directors and officers, as summarized in the *Director and Officer Liability Statutory Overview* reported on to and updated annually by the Corporate Governance Committee and made available to the Board for review.
- iii) Review quarterly with management, the external auditors and if necessary with 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.
- iv) Review certificate from an officer of ENMAX Corporation and its subsidiaries respecting withholdings and payment obligations contained in the *Directors and Officers Liability Statutory Overview*.

F) Enterprise Risk Management

- i) Annually review the Corporation's risk management programs and processes for adequacy.
- ii) Receive reports on the Corporation's compliance with its *Risk Management* policies.
- iii) Annually review the Corporation's insurance programs for adequacy and obtain legal advice on content of insurance contracts every three years.
- iv) Annually review the Corporation's *Business Continuity and Disaster Recovery Plans*.

G) Other

- i) For business development opportunities that require Board approval or have been identified by the Board and delegated to the Committee for further review, assess and make recommendations with a focus on:
 - (1) supporting the steady growth of the Corporation and maximization of Shareholder value;
 - (2) the fit within the Corporation's strategic plan;
 - (3) the Corporation's financial position and the financial and non-financial resources and planning required to realize project or opportunity benefits in the short and long term;
 - (4) the impact on the Corporation's risk profile and the material risks related to the project or opportunity; and
 - (5) ensuring appropriate due diligence and planning is completed.
- ii) Annually review the financing plans of the Corporation.
- iii) Review and recommend to the Board any financing transactions greater than \$15 million contemplated by the Corporation.
- iv) Review compliance with the capital expenditure budget and Board approved expenditures.
- v) Recommend to the Board the annual Shareholder dividend.
- vi) Review financial performance metrics being used in the Corporation's incentive plans.
- vii) Annually review the long-term plan for the Finance Group.
- viii) Annually review the adequacy of information systems.

7) EXTERNAL CONSULTANTS

In instances where members of the Committee believe that in order to properly discharge their obligations to the Corporation it is necessary to obtain the advice of external experts, the Chair will, at the request of the Committee, engage the necessary experts. The Board will be kept apprised of both the selection of the experts and the expert's findings through Committee reports to the Board.

8) IN-CAMERA MEETINGS

The Committee will meet in camera for a part of each meeting. The Committee will also meet in camera with the Internal Auditor, the External Auditor, the CEO and the CFO for a part of each Committee meeting.



ENMAX CORPORATION

BOARD OF DIRECTORS' MANDATE

The principal role of the Board of Directors (the "Board") is the stewardship of ENMAX (the "Corporation"). The Board's fundamental responsibility is to act honestly and in good faith with a view to the best interests of the Corporation. The Board oversees the conduct of the business and supervises management, which is responsible for the day-to-day conduct of the business. The Board must satisfy itself that systems are in place to manage the risks of the Corporation's business with the objective of preserving, protecting and enhancing the Corporation's assets. The Board approves the strategic direction, vision, mission, values and long term goals for the Corporation, as developed and recommended by the CEO. In its supervisory role, the Board, through the CEO, sets the attitude and the disposition of the Corporation towards compliance with applicable laws, environmental, safety and health policies, financial practices and reporting.

The Board understands that how ENMAX earns profits is equally as important as the level of profits ENMAX earns. ENMAX is accountable to the Shareholder for ensuring prudence in the management of ENMAX and for demonstrating this through the highest standard of Shareholder engagement, oversight and transparency.

In addition to its primary accountability to the Shareholder, the Board and CEO ensure the Corporation adheres to governing direction established by the Shareholder and is also accountable to government authorities, employees, the public and other stakeholders. In exercising its responsibilities, the Board is committed to best governance practices.

1) COMPOSITION

The Board will be comprised of between three and 13 directors, as determined by the Corporation's by-laws. At least two-thirds of the Board will be independent. All directors will have the skills and abilities appropriate to their appointment. It is recognized that the right mix of experiences and competencies will provide reasonable assurance that the Board will carry out its duties and responsibilities in the most effective manner. Board members will be elected at the annual meeting of the Shareholder and will serve until their successors are appointed or elected.

2) BOARD MEETINGS

- a) The Board will meet quarterly and as required to carry out its duties, and may hold meetings by conference call. A quorum will be a majority of directors, present in person or by telephone or other telecommunication device that permit all persons participating in the meeting to speak and hear each other. At all Board meetings, every question will be decided by a majority of the votes cast. The Board and its Committees will also meet in separate, in-camera sessions at regularly scheduled meetings, and will meet with any internal personnel or outside advisors in separate, in-camera sessions as appropriate.
- b) Notice of meeting time and place will be given by electronic or other communication to each director at least 24 hours in advance, provided, however, that a director may waive a notice of a meeting. Attendance at a meeting is a waiver of notice, except where a director attends a meeting for the purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. The Board has the right to determine who will and will not be present at any part of the meeting.
- c) The Board Chair will establish the agenda for the meetings. Directors and Management may recommend agenda items. The agenda for each meeting will be subject to approval at the start of each meeting.
- d) Briefing materials will be provided to the Board as far in advance of meetings as practicable.

3) BOARD SECRETARY

The Corporation's Secretary, or with the approval of the Board Chair, the Secretary's designate, will attend at and be the secretary of all Board meetings.

4) DUTIES & RESPONSIBILITIES

A. Leadership

- (i) Provide leadership and vision to guide the management of the Corporation in the best interests of the Corporation.

B. Strategy

- (i) In collaboration with the CEO, adopt a strategic planning process and approve the Corporation's strategic direction which includes setting the Mission, Vision and values.
- (ii) At least annually, approve a Strategic Plan and associated long term goals that take into account, among other things, the opportunities and risks of the Corporation's business.
- (iii) Monitor the Corporation's performance relative to its approved Strategic Plan.

C. Chief Executive Officer (CEO)

- (i) Select, appoint, evaluate and, if necessary, terminate the CEO.
- (ii) Receive recommendations on appropriate or required CEO competencies and skills from the Human Resources Committee, and recommendations for adjustments as required to the CEO position description.
- (iii) Develop and maintain a CEO succession plan for the Corporation.
- (iv) Establish the CEO's corporate goals and performance objectives, and assess the CEO's performance against the goals and objectives.

D. Governance

- (i) Establish ENMAX's approach to corporate governance and annually receive the Corporate Governance Committee's evaluation of its approach, including recommendations on any adjustments required to Board duties and responsibilities, Committee structure or to any of the following mandates:
 - 1. Board,
 - 2. Individual Director,
 - 3. Chair of the Board,
 - 4. Chair of the Committee,
 - 5. Audit and Finance Committee,
 - 6. Corporate Governance Committee,
 - 7. Human Resources Committee,
 - 8. CSR and Sustainability Committee, and
 - 9. Investment Review Committee.
- (ii) Annually review and consider the Board's skills matrix with a view to determining those skills required on the Board over time to ensure maximum effectiveness, and annually determine those individual directors proposed to be nominated for election at the next Annual General Meeting of the Shareholder.
- (iii) Annually determine those individual directors to be designated as independent and take all reasonable steps to satisfy itself that appropriate disclosures are made.
- (iv) Establish expectations on meeting attendance, advance review of materials and any material change in employment of individual directors.
- (v) Periodically review the Board's remuneration policies with any amendments to be presented to the Shareholder for approval.
- (vi) Review any insurance coverage relating to Directors and Officers Liability Insurance.
- (vii) Review any recommendations seeking approval to authorize and compensate one or more Board members to engage in lobbying activities on behalf of ENMAX Corporation.
- (viii) Review annually a report from the Corporate Governance Committee addressing any material changes to legislation and other developments affecting the statutory liabilities, duties and responsibilities of directors and officers, tracked by Management in a document referred to as the *Directors & Officers Liability Statutory Overview*. Management shall make the document available to new directors as part of their orientation.
- (ix) Review and approve any recommendations from the Corporate Governance Committee for revision of the *Unanimous Shareholder Agreement, Memorandum of Understanding*, or the Corporation's by-laws, and submit any recommended amendments to the Shareholder for approval.
- (x) Periodically review and confirm that Board Level Policies provide for appropriate controls, and review and approve amendments to any Board Level Policies that have been recommended to the Board by a Committee.

E. Sustainability, Responsibility, Ethics & Integrity

- (i) Set the ethical tone for ENMAX and Management, fostering ethical and responsible decision making and taking all reasonable steps to satisfy itself of the integrity of the CEO and Management, and that the CEO and Management create a culture of sustainable business practices throughout the Corporation.
- (ii) Provide leadership to the Corporation in support of its commitment to sustainable business practices.
- (iii) Approve the *Annual Code of Conduct Compliance Report* and receive *Quarterly Compliance Reports* as required by Regulation, as well as the *Compliance Plans* for ENMAX Energy Corporation and ENMAX Power Corporation.
- (iv) Ensure adequate processes and procedures are in place to appropriately identify, disclose, assess and mitigate any potential conflict of interest situations.
- (v) Periodically receive reports on stakeholder, Shareholder, community and government relations matters.

F. Enterprise Risk Management

- (i) Ensure there are systems, processes, policies and procedures in place which effectively identify, classify, monitor, manage and report on the principle business risks to the Corporation. Such risks may span ENMAX's entire business and include not only strategic, financial, reputational and environmental risks but risks to human resources, information systems and physical assets.
- (ii) With a view to ENMAX's long-term viability and growth, regularly monitor the Corporation's principal business risks and in doing so, address which risks are acceptable and ensure a proper balance exists between risks incurred and the potential return to the Corporation.
- (iii) Ensure appropriate auditing and accounting principles, practices and internal controls are in place.

G. Communications, Disclosure & Compliance

- (i) Receive notice of and legal advice on any instances where ENMAX or its wholly-owned direct or indirect subsidiaries are not in compliance with financial obligations, legislation, regulations, policies, and agreements, based on Management's *Compliance Report Questionnaires*.
- (ii) Review and approve annual disclosures of governance practices, including Board and Executive compensation, and in doing so, take all reasonable steps to satisfy itself that ENMAX's governance practices and policies are appropriately disclosed.

H. Delegations & Approval Authorities

- (i) Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities, subject to the limits set out in the *Unanimous Shareholder Agreement* with the Shareholder.
- (ii) Review and, on recommendation of the Audit & Finance Committee, approve the annual results, financial statements and MD&A prior to filing them or furnishing them to the applicable regulators and prior to any public announcement of financial results for the periods covered.
- (iii) In the Board's discretion, approve or annually delegate to the Audit & Finance Committee the authority to approve the quarterly results, financial statements and MD&A and all earnings news releases prior to any public announcement of financial results for the periods covered.
- (iv) Review the policy establishing delegated approval authority to the CEO and revise as appropriate.
- (v) Consider and, in the Board's discretion, approve any matters recommended by the Committees or Management.

I. Annual Operating Plan & Budget

- (i) Review and approve the Corporation's *Annual Operating Plan & Budget* for subsequent approval by the Shareholder, which includes business plans, operational and financing requirements, organizational structure, staffing and budgets that support the Strategic Plan.
- (ii) Over the course of the year, regularly monitor the Corporation's operational and financial performance against established plans and budgets.
- (iii) Review quarterly corporate performance relative to *Annual Variable Pay Plan Key Performance Indicators* (KPIs).

J. Pension Governance

- (i) Approve the broad objectives of the Corporation's Pension Plan (the "Plan") within the Corporation's overall compensation framework and material changes to the design of the Plan.
- (ii) Provide ultimate oversight for the governance and administration of the Plan, and approve the overall governance structure for the Plan.
- (iii) Establish the mandate for the Human Resources Committee to whom regular oversight responsibility for the Plan is delegated, and approve amendments as required.
- (iv) On recommendation of the Human Resources Committee, approve amendments to the Plan that bear a material financial impact.
- (v) On recommendation of the Human Resources Committee, annually appoint or re-appoint the Plan auditor and approve the annual Plan financial statements.
- (vi) Receive periodic reports from the Human Resources Committee with respect to:
 - 1. The funded status of the Plan.
 - 2. The financial performance and any financial statements or material disclosures prepared for pension regulators, Plan members or the public.
 - 3. The status of pension education and communication programs, and assessment of their effectiveness.
 - 4. Notice of updated policies relating to Plan governance or any changes to its governance structure.

K. Succession & Compensation

- (i) Ensure a human capital planning process and talent management program is in place for the Corporation and annually consider long range human capital plans and human resources policies for attracting, retaining and developing an appropriate complement of skilled employees.
- (ii) In collaboration with the CEO, monitor succession planning matters involving the CEO's direct reports, taking into account the Corporation's structure relative to its strategy.
- (iii) Approve a pay-for-performance compensation philosophy consistent with the Corporation's strategy and risk tolerance, and establish appropriate compensation programs for employees.
- (iv) Annually receive from the Human Resources Committee an evaluation of the CEO's performance, and approve recommendations for the compensation of the CEO, as well as the CEO's recommendations for compensation of the CEO's direct reports.
- (v) Review any employment contracts and position descriptions of the Corporation's Officers, and approve such Officers as required.

L. Committees & Chair

- (i) Annually appoint an independent director as the Chair of the Board.
- (ii) Appoint Board Committees, delegate to Board Committees any appropriate powers and annually consider the composition of and appoint the Chair for each Committee.
- (iii) Appoint an *Audit, Finance and Risk Committee* comprised of all independent directors to assist the Board in fulfilling its oversight responsibilities with respect to:
 - 1) Integrity of annual and quarterly financial statements provided to Shareholder and regulators.
 - 2) Compliance with accounting and finance-based legal and regulatory requirements.
 - 3) The independent auditor's qualifications, independence and associated fees.
 - 4) The system of accounting and financial reporting controls established by Management.
 - 5) Performance of the internal and external audit process and of the independent auditor.
 - 6) Financial policies and strategies including capital structure.
 - 7) Enterprise risk management systems, processes, policies and procedures to identify, classify, monitor, manage and report on risks to the Corporation.
 - 8) Transactions or circumstances which could materially affect ENMAX's financial profile.
 - 9) Declarations of dividends.
 - 10) Approval of loss prevention policies, energy risk limits and other applicable policies.
- (iv) Appoint a *Human Resources and Governance Committee* comprised of independent directors to assist the Board in fulfilling its oversight responsibilities with respect to :
 - 1) Compensation,

- 2) Talent management, including executive development, succession planning and performance evaluation,
 - 3) Pension governance,
 - 4) Union relations,
 - 5) Organizational structure,
 - 6) Principles and systems for corporate governance,
 - 7) Identifying qualified candidates and recommending nominees for director appointments,
 - 8) Evaluating Board, Committee, Director and Chair performance, and
 - 9) Shareholder relations.
- (v) Appoint an *Investment Review Committee* comprised of directors to assist the Board in fulfilling its oversight responsibilities with respect to major projects.
- (vi) Appoint a *Safety, Environment & Sustainability Committee* comprised of directors to assist the Board in fulfilling its oversight responsibilities with respect to systems, programs and the performance of health and safety, environment and corporate social responsibility.

M. Director Orientation & Professional Development

- (i) Oversee the development and implementation of a director orientation program and ongoing director education and professional development program.

N. Board, Committee & Director Performance

- (i) Annually evaluate the performance and effectiveness of the Board, its Committees, individual Directors, the Board Chair and Committee Chairs, and receive a report and recommendations from the Corporate Governance Committee on enhancing Board performance and effectiveness.

O. Advisors & Resources

- (i) Retain, oversee, compensate and terminate independent advisors who may assist the Board in carrying out its duties, and in doing so, receive adequate funding from the Corporation for these advisors and related ordinary administrative expenses needed or appropriate to carry out such duties.

P. Other

- (i) To honor the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this mandate is delegated to the Corporate Secretary, who will report any amendments to the Corporate Governance Committee at its next meeting.

