

JUST ENERGY GROUP INC. (“JEG”) INTERNAL AUDIT CHARTER (as amended February 9, 2012)

MISSION AND SCOPE OF WORK

JEG continues to expand both its geographic and product footprint. As the complexity of the business increases the continued need for effective governance and operational performance exists. The Internal Audit department's mandate during this growth period while having an important governance responsibility can also play a significant role in helping to manage the growth at JEG. This mandate of the Internal Audit Department focuses on required governance requirements and those areas of the business most impacted by the growth. The mission of the JEG Internal Audit Department is to provide independent and objective assurance designed to add value and improve the organization's operations. It helps the organization accomplish its objectives by ensuring that strong governance practices exist throughout JEG and its affiliates. In addition, opportunities to improve the effectiveness of business operations and risk management will be achieved.

The scope of work of the Internal Audit Department is to determine whether the organization's network of risk management, controls, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Quality and continuous improvement are fostered in the organization's control process
- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.
- Specified program objectives are achieved in a manner consistent with corporate objectives
- Processes, systems and procedures are in place to enable management to capture financial information with respect to internal control over financial reporting and that they are operating effectively as required by applicable legislation
- Processes, systems and procedures are in place to enable management to capture disclosure matters and that they are operating effectively as required by applicable legislation

Opportunities for improving management control, profitability, and the organization's performance may be identified during audits and are an integral aspect of communication to the appropriate level of management.

ACCOUNTABILITY

The internal audit department shall be accountable to management and the audit committee to:

- Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.

- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, external audit).

INDEPENDENCE

To provide for independence, the head of the internal auditing department reports functionally to the Chair of the Audit Committee and administratively to the Chief Financial Officer in a manner outlined in the above section on Accountability.

RESPONSIBILITY

The head of the Internal Audit Department has responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee for review and approval together with periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects, such as due diligence, investigation of new product offerings or markets, requested by management and the audit committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the audit committee and management summarizing results of audit activities.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify senior management and the audit committee of the results.
- Assist management, as requested, to ensure the CEO and CFO will be in a position to sign any certifications required to be executed by them with respect to the internal control over financial reporting.
- Ensure that the Committee's mandate is published on the Company's website.

AUTHORITY

The internal audit department is authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the audit committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.

The internal audit is not authorized to:

- Initiate or approve accounting transactions external to the internal auditing department.
- Direct the activities of any organization employee not employed by the internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

STANDARDS OF AUDIT PRACTICE

The internal audit department will meet or exceed the *Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors.

(Approved by the Board on the recommendation of the Audit Committee as amended on February 9, 2012)
