

TELESAT™

TELESAT CORPORATION AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Telesat Corporation ("**Telesat**" or the "**Company**").

Certain aspects of the composition and organization of the Committee are prescribed and/or governed by the *Business Corporations Act* (British Columbia), the articles of Telesat, as amended and restated (the "**Telesat Corporation Articles**") and applicable agreements, including the separate investor rights agreements dated November 23, 2020 entered into between Telesat and each of MHR Fund Management LLC and Public Sector Pension Investment Board (as may be amended from time to time, the "**Investor Rights Agreements**"). Certain of the provisions of this Charter may be modified or superseded by the provisions of the Telesat Corporation Articles and the Investor Rights Agreements. In the event of any conflict between this Charter and the Telesat Corporation Articles or the Investor Rights Agreements, or any of the rights, privileges, arrangements, or powers set forth therein, the Telesat Corporation Articles and the Investor Rights Agreements shall prevail and this Charter shall not and shall be interpreted not to, directly or indirectly interfere with, limit or restrict or otherwise disrupt, any of such rights, privileges, arrangements or powers.

1. Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- (a) financial reporting and disclosure requirements, including the integrity of the Company's financial statements and related information;
- (b) compliance with applicable legal and regulatory requirements;
- (c) risk management and internal control over financial reporting and disclosure controls and procedures;
- (d) the work of Telesat's financial management, external and internal auditors, including the qualifications and appointment of the external auditor;
- (e) enterprise risk management and to monitor such matters;
- (f) the auditing, accounting and financial reporting process generally; and
- (g) the administration, funding and investment of the Company's pension plans and pension fund.

2. Composition and Membership

- (a) The Board will appoint the members (the "**Members**") of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of Telesat after their appointment or until their

successors are appointed and qualified. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director. The Board will fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all of the powers of the Committee as long as a quorum remains in office.

- (b) The Committee shall consist of as many directors of the Board as the Board may determine, but in any event, not less than 3 (three) Members and such members shall be designated in accordance with the Telesat Corporation Articles. Each Member will meet the criteria for independence, experience and financial literacy established by applicable laws and the rules of any stock exchange upon which Telesat's securities are listed, including Section 10A(m)(3) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and the rules and regulations of the U.S. Securities and Exchange Commission (the "**SEC**"), including Rule 10A-3(b)(1), as in effect from time to time and as such requirements are interpreted by the Board in its business judgment as well as National Instrument 52-110 — *Audit Committees* ("**NI 52-110**") and NASDAQ Rule 5605. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment and a Member's ability to be independent from management in connection with his or her duties as a Member of the Committee. Each Member will have an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. No member of the Committee shall have participated in the preparation of the financial statements of the Company in the past three years. At least one member of the Audit Committee shall be an "audit committee financial expert" as defined by the SEC. These membership requirements shall be subject to exemptions and cure periods permitted by the rules of NASDAQ and the SEC, as in effect from time to time.
- (c) Subject to the Telesat Corporation Articles, the Board will appoint one of the independent directors of the Board to act as the chair of the Committee (the "**Chair**"). The secretary of Telesat (the "**Secretary**") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee and will circulate such minutes of each meeting of the Committee to the Members and to the chair of the Board (and to any other member of the Board that requests that they be circulated) on a timely basis. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.
- (d) The Committee may, to the extent permissible by applicable laws and the rules of any stock exchange upon which Telesat's securities are listed, delegate any or all of its functions to any of its Members or any sub-set thereof, or other persons, from time to time as it sees fit.

3. Meetings

- (a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. Forty-eight (48) hours advance notice of each meeting will be given to each Member orally, by telephone or by email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone, video or other electronic means. Powers of the Committee may also be exercised by written resolutions signed by all Members.
- (b) At the request of the external auditors of Telesat, the President and Chief Executive Officer or the Chief Financial Officer of Telesat or any Member, the Chair shall convene a meeting of the Committee. Any such request shall be required to set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- (c) The Chair, if present, will act as the chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee the Members in attendance may select one of their number to act as chair of the meeting.
- (d) Subject to the Telesat Corporation Articles, a majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all Members.
- (e) The Committee may invite from time to time, at its discretion, senior executives of the Company or such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will be given the opportunity to meet in camera without members of management in attendance for a portion of each meeting of the Committee.
- (f) To the extent possible, in advance of every regular meeting of the Committee, the Chair, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Telesat to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

4. Exercise of Power between Meetings

Between meetings, the Chair or any Member designated for such purpose by the Committee, may, if required under the circumstances, exercise any power delegated by the Committee on an interim basis. The Chair or other designated Member will promptly report to the other Members in any case in which this interim power is exercised.

5. Duties and Responsibilities

The duties and responsibilities of the Committee as they relate to the following matters, are as follows:

Financial Reporting and Disclosure

- (a) review with the external auditors and management and approve each set of interim financial statements and related management's discussion and analysis accompanying such financial statements, and review with the external auditors and management and recommend to the Board for approval the annual audited financial statements (including with respect to any pension fund), including the auditor's report thereon, and related management's discussion and analysis, financial reports or other documents of the Company containing financial information and guidance with respect to earnings per share to be provided to analysts and rating agencies, prior to their being filed with the appropriate regulatory authorities and/or publicly disclosed. The Committee shall satisfy itself that the financial statements are presented in accordance with applicable accounting principles, with such documents to indicate whether such information has been reviewed by the Board or the Committee. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the case of the interim financial statements, that the review function has been effectively carried out;
- (b) review and discuss with management press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of the Company before the Company publicly discloses this information, including the type and presentation of information, paying particular attention to any forward-looking guidance, pro forma or non-IFRS measures. The Committee shall recommend to the Board the approval of the annual earnings releases. The Committee shall have the authority to approve the interim earnings releases and shall review matters related to the interim earnings releases with the Board;
- (c) review and recommend to the Board for approval, where appropriate, other public disclosure documents containing audited or unaudited financial information prior to their being filed with the appropriate regulatory authorities and/or publicly disclosed, including any prospectuses, annual information forms, annual report to shareholders, management information circular, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information;
- (d) review with management of Telesat, and with external auditors, significant disclosure issues regarding accounting principles, practices, and judgments of management and alternative treatments under International Financial Reporting Standards ("**IFRS**"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance

with IFRS, as applicable;

- (e) seek to ensure that adequate procedures are in place for the review of Telesat's public disclosure of financial information extracted or derived from Telesat's financial statements, the Company's disclosure controls and procedures and periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration;

Internal Controls and Audit

- (f) review the adequacy and effectiveness of Telesat's system of internal control and management information systems through discussions with management and the external auditor to ensure that Telesat maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Telesat's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement in the financial statements and other identified risks, including detecting control weaknesses and detecting fraud, in each case to ensure compliance with applicable laws and regulations. From time to time the Committee shall assess whether it is necessary or desirable to establish a formal internal audit department having regard to the size and stage of development of Telesat at any particular time;
- (g) satisfy itself that management has established adequate procedures for the review of Telesat's disclosure of financial information extracted or derived directly from Telesat's financial statements;
- (h) satisfy itself, through discussions with management, that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations;
- (i) review and discuss Telesat's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- (j) review, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Telesat's risk management policies and procedures with regard to identification of Telesat's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by Telesat;
- (k) recommend the appointment, or if necessary, the replacement or succession of the head of Telesat's internal audit process;
- (l) annually or more frequently as it deems necessary or appropriate, evaluate the internal auditors, including their activities, organizational structure, independence, objectivity, qualifications and effectiveness;
- (m) establish and periodically review the Company's policies and procedures for reviewing and approving or ratifying related-party transactions;

- (n) review with the chief executive officer, president, chief financial officer and independent auditors, periodically, the following:
 - (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;

External Audit

- (o) review and, if advisable, recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of Telesat;
- (p) ensure the external auditors report directly to the Committee on a regular basis;
- (q) at least annually, review the independence of the external auditors, including a written report from the external auditors respecting their independence, delineating all relationships between the external auditor and the Company and consideration of applicable auditor independence standards;
- (r) actively engage in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and take appropriate action to oversee the independence of the external auditor;
- (s) review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors;
- (t) at least annually, review the audit plan of the external auditors prior to the commencement of the audit;
- (u) establish and maintain an open and direct line of communication with Telesat's external and internal auditors;
- (v) meet at least once a year in camera with only the external auditors, and with only the members of the Committee;
- (w) oversee the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including, at least annually, reviewing the qualifications and performance of the lead partner(s) of the independent auditors team and ensuring the rotation of the lead (and concurring) audit partner(s) having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable laws, with respect to preparing and issuing an audit report or performing other audit, review or attest services

for Telesat, including the resolution of issues between management of Telesat and the external auditors regarding financial disclosure;

- (x) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of Telesat, the ramifications of their use as well as any other material changes;
- (y) review any material written communications between management of the Company and the external auditors and any significant disagreements between management and the external auditors regarding financial reporting;
- (z) discuss with the external auditors their perception of Telesat's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;
- (aa) discuss with the external auditors their perception of Telesat's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks;
- (bb) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board;
- (cc) review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues;
- (dd) pre-approve all non-audit services to be provided to Telesat or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities, subject to the *de minimis* exception for non-audit services described in Section 10A of the Exchange Act and Section 2.4 of NI 52-110 that are approved by the Committee prior to completion of the audit, and otherwise in accordance with applicable laws and the rules of any stock exchange upon which Telesat's securities are listed. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval;
- (ee) obtain from the external auditors assurance that Section 10A(b) of the

Exchange Act has not been implicated;

- (ff) review and approve in advance any services provided by the Company's external auditors to the Company's executive officers or members of their immediate families;
- (gg) the Committee will require the external auditors to provide to the Committee, and the Committee will review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require;

Compliance

- (hh) monitor and periodically review the Whistleblower Policy and associated procedures for:
 - (i) the receipt, retention and treatment of complaints received by Telesat regarding accounting, internal accounting controls or auditing matters;
 - (ii) the confidential, anonymous submission by directors, officers and employees of Telesat of concerns regarding questionable accounting or auditing matters; and
 - (iii) any violations of any applicable law, rule or regulation that relates to corporate financial reporting and disclosure, or violations of Telesat's Code of Ethics with respect to financial matters;
- (ii) review and approve Telesat's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of Telesat;
- (jj) review and monitor the implementation of the Company's Code of Ethics;

Pension Plans and Funds

- (kk) review and advise the Board with respect to any proposed changes to the Company's pension plans, including the impact on liabilities and funding of such plans;
- (ll) review and approve long-term funding objectives in relation to pension plan liabilities;
- (mm) at least annually, confirm or approve changes to the Company's Statement of Investment Policies and Procedures of the pension fund, including the long-term asset mix to be followed;
- (nn) approve the appointment or removal of the actuary or auditors of the pension fund;

- (oo) recommend to the Board for approval, the appointment or removal of any custodian, trustee or investment manager of the pension fund;
- (pp) obtain and review on a periodic basis a report on the investment performance of the pension fund;
- (qq) review at least annually the policies and procedures related to the Company's responsibility as employer and administrator of the pension plans and pension fund;
- (rr) perform such other functions necessary to the oversight of the pension plans and pension fund, including with respect to strategy and policies, delegation and high-level monitoring;

Other Duties

- (ss) direct and supervise the investigation into any matter brought to its attention within the scope of the Committee's duties;
- (tt) meet periodically with the Company's general counsel and outside counsel when appropriate, to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees, or agents or breaches of fiduciary duty to the Company; and
- (uu) perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable law.

6. Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Telesat's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of management and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Telesat, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out their duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Telesat's financial information or public disclosure.

This Charter is not intended to change or interpret the Telesat Corporation Articles or

other organizational documents of the Company or applicable law or stock exchange rule to which the Company is subject, and this Charter should be interpreted in a manner consistent with all such applicable laws and rules.

The Board may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. This Charter is not intended to give rise to civil liability on the part of the Company or its Directors or officers to shareholders, securityholders, customers, suppliers, vendors, contractors, partners, competitors, employees or other persons, or to any other liability whatsoever on their part.

7. Reporting and Evaluation

The Chair will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Company's annual information form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

The Committee shall periodically evaluate its own performance and report to the Nominating & Corporate Governance Committee on such evaluation. The performance of the Committee shall be evaluated by the Nominating & Corporate Governance Committee as part of its regular evaluation of the Board committees.

8. Access to Information and Authority to Retain Independent Advisors

The Committee shall have unrestricted access to all information regarding Telesat that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members.

The Committee has the authority to retain, at Telesat's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

The Committee shall discharge its responsibilities and shall assess the information provided by the Company's management and the external advisers, in accordance with its business judgment. Members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons and organizations from whom they receive information, and on the accuracy and completeness of the information provided. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject under applicable law.

9. Review of Charter

The Committee will review and assess annually the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: November 4, 2022

Approved by: Audit Committee
 Board of Directors