

Board and Workforce Diversity

As amended on March 3, 2020

At TransAlta Corporation (“**TransAlta**” or the “**Company**”), board and workforce diversity has historically and remains today a principle that is supported by both TransAlta’s board of directors (the “**Board**”) and senior management (“**Management**”), as is exhibited both by the number of women on the Board and in senior management positions. TransAlta is committed to hiring a diverse workforce, including women, Aboriginal peoples, persons with disabilities and members of visible minorities. TransAlta believes that diversity enhances both the quality and effectiveness of its performance and is an essential element to effective corporate governance. TransAlta’s position is that diversity provides varied insights and perspectives which will produce stronger results across a number of key performance indicators and a strong workplace culture.

The Board and Management has established as its objective that women should comprise at least 50% of the directors on the Board and 40% of the workforce of TransAlta by 2030.

TransAlta’s position is that consideration and selection of candidates should be based on merit, including a review of any candidate’s experience and educational background, with the best suited candidate being selected for the opportunity. To ensure candidates with competitive skills and diverse backgrounds can secure positions at the executive levels of TransAlta, the Company must ensure that critical positions in the central business operations of the Company are open to candidates with diverse backgrounds. The Board and the Governance, Safety and Sustainability Committee of the Board are committed to maintaining and increasing the representation of women on the Board as turnover occurs, taking into account the skills, background and knowledge desired at that particular time to fulfill the Board’s mix of skills and experience.

The Company’s position is that its succession planning processes ensure that candidates with diverse backgrounds can build the background it needs to achieve the promotions required to lead key elements of the Company’s business strategy.

In support of our commitment to diversity, the Board and Management will, when considering the merits of a candidate, also consider the diversity needs of the Company having regard to gender, ethnicity, age, sexual orientation, personal abilities, stakeholder perspectives, geographic location and other factors which may enhance the Company’s ability to deliver sustainable value to its shareholders.

TransAlta’s commitment to diversity will enhance its insight, oversight and foresight thereby benefiting both the Company and all its stakeholders.



TRANSALTA CORPORATION

Diversity and Inclusion Pledge

The persistent inequities around the world underscore the urgent need to address and alleviate racial, ethnic, and other tensions, to remove barriers that perpetuate these inequalities, and to promote an inclusive working environment for all employees.

Moreover, true diversity is good for the economy; it improves corporate performance, drives growth, and enhances employee engagement. Simply put, companies with diverse teams perform better.

TransAlta Corporation (the “Company” or “TransAlta”) recognizes that diversity and inclusion are multifaceted issues and that we must increase awareness and tackle these subjects holistically to better engage and support all employees within the business, including those in underrepresented groups. To do this, TransAlta commits to directly address the concerns and needs of the Company’s diverse employees to increase equity and a sense of belonging for all employees.

The Company is driving towards removing systemic barriers that restrict diverse employees from thriving. This includes underrepresented groups, for example, Indigenous People, visible minority, members of the LGBTQ2+ community, persons with disabilities and women.

The four goals below are expected to deliver on the Company’s above-mentioned initiatives around equality for all employees and diversity and inclusion within the workplace to foster a culture where employees can show up as their authentic selves.

1. **We will continue to make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion:** The Company will foster environments, platforms, and forums where employees and other stakeholders feel comfortable reaching out to their colleagues to share their experience and to gain greater awareness of each other’s experiences and perspectives. By encouraging an ongoing dialogue and not tolerating any incongruence with these values of openness, we will build trust, encourage compassion and open-mindedness, and reinforcing our corporate values and our commitment to a culture of inclusivity.
2. **TransAlta will expand education in diversity, equality and inclusion:** Education enables individuals to begin recognizing, acknowledging, and therefore minimizing any potential blind spots they may have, but weren’t aware of previously. We commit to diversity and inclusion education within our Company in the form that best fits our specific culture and business. By helping employees gain more awareness, we aim to facilitate more open and honest conversations.
3. **We will create best practices within the Company:** We commit to establish programs and initiatives around diversity and inclusion within our Company in the form that best fits our specific culture and business.
4. **We will drive accountability.** We will report to the Board annually on our strategic inclusion and diversity plans. This will include an evaluation of concrete, strategic action plans that the Company has developed and executed or intend to implement that prioritize and drive accountability around diversity and inclusion.

We believe these goals are important and concrete steps toward building more diverse and inclusive workplace. We are committed to improving diversity and inclusion within the Company and will set targets to create an accountability system to track our progress. By working together toward true diversity and inclusion within our workplaces and communities, we can cultivate meaningful change for our society and put an end to systemic racism and alleviate persistent inequality.