

**TRANSALTA CORPORATION**  
**(the "Corporation")**

**Terms of Reference for the Chair of the Board**

**I. Introduction**

The Board of Directors (the "**Board**") is responsible for the stewardship of the Corporation and ultimately accountable to the shareholders for the management of the Corporation. It approves the Corporation's strategic plans and monitors the Corporation's performance and progress in meeting both its long and short-term goals. The **Board** also exemplifies the highest ethical standards and requires that such standards be observed at all levels of the Corporation.

**II. Chair Profile**

The Chair of the **Board** (the "**Chair**") provides overall leadership to enhance the effectiveness of the **Board**. The **Chair** ensures that the **Board**, its committees and individual directors understand their responsibilities.

**III. Appointment of the Chair**

The **Board** selects its **Chair** from among its members to lead the **Board** in the course of its work. The **Chair** is an independent non-management member of the **Board**, who reports to the **Board** and is responsible for the overall process involved in the work of the **Board** as well as the development and effective performance of the **Board**.

**IV. Managing the Board**

*The **Chair** has the responsibility:*

- a. to provide leadership to the **Board** and to assist the **Board** in its responsibilities to govern the business and affairs of the Corporation, to review and monitor the policies, strategies, risks and overall direction of the Corporation;
- b. to ensure the **Board** receives sufficient background information to permit it to properly make major decisions when such decisions are required;
- c. to establish the frequency of **Board** meetings and to review such frequency from time to time, as considered appropriate or as requested by the **Board**;
- d. to **Chair Board** meetings and to co-ordinate the agenda and related events for **Board** meetings in conjunction with the Chief Executive Officer ("**CEO**") and the Corporate Secretary and/or Assistant Corporate Secretary, as applicable;

- e. to review the need for, and the performance and suitability of, each committee and its respective function and to recommend adjustments if necessary in conjunction with advice from the Governance, Safety and Sustainability Committee (the "**GSSC**") and the **CEO**;
- f. to conduct **Board** meetings in an efficient, effective and focused manner, and to attend committee meetings when possible;
- g. to review and assess each director's attendance and performance, to review the size and composition of the **Board**, in conjunction with the GSSC and the **Board** as a whole; and
- h. to work with the **Chair** of the **GSSC** and the **CEO**, to recruit directors, as needed, in order that the **Board** is comprised with an appropriate mix of skills and abilities.

## **V. Working with Management**

*The **Chair** has the responsibility:*

- a. to act as a sounding **Board**, counselor and confidant for the **CEO**;
- b. to work with the **CEO** to review strategies, define issues, maintain accountability and build relationships;
- c. to ensure that the **CEO** is aware of any concerns raised by the **Board**, shareholders, other stakeholders or the public which comes to the attention of the **Chair** or the **Board**;
- d. to (i) lead the **Board** in monitoring and evaluating the performance of the **CEO** and senior management, (ii) together with the **Board**, ensure the accountability of the **CEO**, and (iii) together with the appropriate committee of the **Board**, ensure the implementation of the management succession and development plans for the **CEO** and the senior management team; and
- e. to work closely with the **CEO** to ensure that management strategies, plans and performance matters are presented, as necessary, to the **Board**, shareholders and relevant stakeholders.

## **VI. Relations with Shareholders, Other Stakeholders and the Public**

*The **Chair** has the responsibility:*

- a. to **Chair** meetings of shareholders;
- b. to provide, on behalf of the **Board**, an annual message to shareholders to form part of the Corporation's Annual Report to Shareholders; and

- c. in conjunction with the **CEO** and relevant committees, to participate or assign to a **Board** delegate the responsibility to represent the **Board**, when appropriate, at official functions and meetings with major shareholder groups and other stakeholder groups.