



TransAlta Corporation

**Governance, Safety and Sustainability
Committee Charter**



TRANSALTA CORPORATION
(the "Corporation")

GOVERNANCE, SAFETY AND SUSTAINABILITY COMMITTEE CHARTER

Approved 2018-02-28 (Last reviewed 2025-10-20)

1. ESTABLISHMENT OF COMMITTEE AND PROCEDURES

a. Composition of Committee

The Governance, Safety and Sustainability Committee (the "**Committee**") of the Board of Directors (the "**Board**") of the Corporation shall be comprised of not less than three directors. All members of the **Committee** shall, in the judgment of the **Board**, be independent and shall meet applicable independence or other requirements of applicable laws, stock exchanges or regulatory bodies. Determinations as to whether a particular director satisfies the requirements for membership on the **Committee** shall be made by the **Board** at the recommendation of the **Committee**.

b. Appointment of Committee Members

Members of the **Committee** shall be appointed from time to time by the **Board** on the recommendation of the **Committee** and shall hold office until the next annual meeting of shareholders, or until their successors are earlier appointed, or until they cease to be directors of the Corporation.

c. Vacancies

Where a vacancy occurs at any time in the membership of the **Committee**, it may be filled by the **Board** and on the recommendation of the **Committee**. The **Board** shall fill any vacancy if the membership of the **Committee** is less than three directors.

d. Committee Chair

The **Board** shall appoint a Chair for the **Committee** on the recommendation of the **Committee**.

e. Absence of Committee Chair

If the Chair of the **Committee** is not present at any meeting of the **Committee**, one of the other members of the **Committee**, present at the meeting, shall be chosen by the **Committee** to preside at the meeting.

f. Secretary of Committee

The **Committee** shall appoint a Secretary who need not be a director of the Corporation.



g. Meetings

The Chair of the **Committee** may call a regular meeting of the **Committee**. The **Committee** shall meet at least quarterly and at such other times during each year as it deems appropriate to fulfill its responsibilities. In addition, the Chair of the **Committee** or any two members may call a special meeting of the **Committee** at any time. The **Committee** shall meet separately in camera (without management) at each regularly scheduled **Committee** meeting.

h. Quorum

A majority of the members of the **Committee**, present in person or by telephone, or by other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum.

i. Notice of Meetings

Notice of the time and place of every meeting shall be given in writing (including by way of written facsimile communication or email) to each member of the **Committee** at least 48 hours prior to the time fixed for such meeting provided, however, that a member may in any manner waive notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

j. Attendance at Meetings

At the invitation of the Chair of the **Committee**, other **Board** members, the President and Chief Executive Officer (the "**CEO**"), other officers or employees of the Corporation or other experts or consultants may attend any meeting of the **Committee**.

k. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of the Corporation, the **Committee** shall fix its own procedures at meetings, keep records of its proceedings and report to the **Board**, generally not later than the next scheduled meeting of the **Board**.

l. Review of Charter and Evaluation of Committee

The **Committee** shall evaluate its performance and review and assess the adequacy of its Charter at least annually or otherwise, as it deems appropriate, and propose changes to the **Board** for approval.

m. Outside Experts and Advisors

The **Committee** Chair, on behalf of the **Committee**, or any of its members is authorized, at the expense of the Corporation, when deemed necessary or desirable, to retain independent counsel, outside experts and other advisors to



advise the **Committee** independently on any matter. The retention of such counsel, expert or advisor in no way requires the **Committee** to act in accordance with the recommendations of such counsel, expert or advisor.

2. DUTIES AND RESPONSIBILITIES OF THE CHAIR

The fundamental responsibility of the Chair of the **Committee** is to effectively manage the duties of the **Committee**.

The Chair is responsible for:

- a. Chairing meetings of the **Committee** and ensuring that the **Committee** is properly organized so that it functions effectively and meets its obligations and responsibilities.
- b. Establishing the frequency of **Committee** meetings, duly convening the same and confirming that a quorum is present when required.
- c. Working with the **CEO** and the Vice President and Corporate Secretary or Assistant Corporate Secretary, as applicable, on the development of agendas and ensuring that materials for effective decision making are provided to the **Committee**.
- d. Providing leadership to the **Committee** and assisting the **Committee** in ensuring the proper and timely discharge of its responsibilities.
- e. Lead the **Committee** in overseeing management's formulation and implementation of the policies, standards and practices with respect to health, safety and environment.
- f. Lead the **Committee** in overseeing the preparation of the Corporation's public disclosure relating to its policies, standards and practices with respect to health, safety and environment, and generally relating to compliance with health, safety and environmental related legal and regulatory requirements.
- g. Reporting to the **Board** on the recommendations and decisions of the **Committee**.

3. MANDATE OF THE COMMITTEE

The **Committee** is responsible for developing and recommending to the **Board** a set of corporate governance principles applicable to the Corporation and to monitor compliance therewith. The **Committee** is also responsible for the identification and recommendation of individuals to the **Board** for nomination as members of the **Board** and its **Committees**.

In addition, the **Committee** assists the **Board** in fulfilling its oversight responsibilities with respect to:



- a. the monitoring of environmental, health and safety regulations and public policy changes;
- b. the establishment and adherence to environmental, health and safety practices, procedures and policies;
- c. the development of strategies, policies and practices to create value consistent with the long-term preservation and enhancement of shareholder value and social well-being, including human rights, working conditions and responsible sourcing; and
- d. monitoring and assessing climate change risks and compliance with associated legislation and public reporting.

4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

a. Governance Matters

The **Committee** shall:

- i. review, from time to time, the size, composition and profile of the **Board** taking into account succession planning, geographical representation, disciplines, professional experience, strategy, and direction of the Corporation and other matters it considers appropriate and which may affect the dynamics of the **Boardroom**, and recommend to the **Board** any changes to the size, composition or profile of the **Board** as determined appropriate by the **Committee**;
- ii. annually review and propose to the **Board** for approval, criteria for selecting new directors, after considering the competencies and skills the **Board** possesses, as a whole, the competencies and skills of each director, and the needs of the Corporation going forward, including its strategic direction and determine from this review the competencies and skills that each new nominee should bring to the **Board**;
- iii. in selecting candidates for the **Board**, the **Committee** shall consider individuals from diverse backgrounds, having regard to gender, ethnicity, age, business experience, professional expertise, personal skills, stakeholder perspectives and geographic background. These factors will be considered based on the direction of the Corporation and with the goal of creating a diverse **Board** that together can provide insight, oversight and foresight to benefit the Corporation;
- iv. annually prepare and circulate a questionnaire which identifies the skills, education and experience of each current director and those factors needed to promote diversity and to lead the strategic direction of the Corporation;
- v. review annually the qualifications of person(s) proposed for election to the **Board**;



- vi. maintain a list of potential nominee candidates for **Board** membership;
- vii. make recommendations relative to the composition of each standing **Committee** of the **Board**, including recommending the chair of each such **Committee**;
- viii. review all changes to the charters of the standing **Committees** of the **Board** and recommend changes for approval by the **Board**;
- ix. review annually the retirement schedule for directors including the Corporation's retirement policy taking into consideration the succession needs of the **Board**;
- x. review annually the gender diversity policy of the **Board** and senior executives, including targets where applicable, and taking into consideration the succession needs of the **Board** and senior management;
- xi. review and recommend annually to the **Board** the compensation for the Chair of the **Board**, Chair of **Committees** and directors, including share-based compensation;
- xii. review annually the independence of the directors and report to the **Board** on its assessment, which shall include reviewing declarations received from each director identifying all executive and **Board** positions held by such director and whether any relationship exists with the Corporation or any of its subsidiaries or affiliates;
- xiii. establish, as required, a succession plan for the Chair of the **Board** including the identification of potential candidates and, when appropriate, recommend to the **Board** the appointment of the next Chair of the **Board**. In the event that the Chair of the **Board** position becomes suddenly vacant, the Chair of the **Committee** will be appointed Acting Chair until a permanent Chair is determined;
- xiv. review the Chair of the **Board's** performance annually and review with the Chair the findings of such evaluation/review;
- xv. prior to the expiry of the Chair's first term, and following the **Committee's** evaluation of the Chair's performance and willingness to serve a second term, and considering other matters, recommend to the **Board** either the renewal of the Chair's mandate for a second term or a process for selection of another nominee;
- xvi. conduct an annual review of the functions of each **Committee** of the **Board**, their respective chairs and the **Board's** directors;
- xvii. review, at least annually, the performance and roles and responsibilities of the Chair of the **Board** and at the request of the Human Resources **Committee**, provide input with respect to the role and responsibility of the **CEO**;



- xviii. recommend and bring forward to the **Board** from time to time, a list of corporate governance issues for review, discussion or action by the **Board** or a **Committee** thereof;
- xix. assess at least annually, the availability, relevance and timeliness of information required by the **Board** including the orientation and education programs for new **Board** and **Committee** members;
- xx. review and recommend to the **Board** for approval all public disclosure documents relating to the election of directors, including the directors' compensation disclosure, corporate governance disclosure and the **Committee's** report to shareholders to be included in the Corporation's annual Management Proxy Circular;
- xxi. develop and recommend to the **Board** a set of corporate governance principles, which include a delineation of the responsibilities of the **Board**, those of management and the employees of the Corporation;
- xxii. annually review the governance practices of major subsidiaries of the Corporation including directorships;
- xxiii. review and approve requests for outside directorships of senior officers including the **CEO**;
- xxiv. review annually the report of outside directorships for the Corporation's officers;
- xxv. review at least annually the Corporate Code of Conduct and related policies and practices and approve changes as necessary. Inquire of the internal and external auditors as to any instances of deviation from the Corporate Code of Conduct which have come to their attention and the action taken as a result of same;
- xxvi. review annually the Directors and Officers Insurance coverage and amount of at risk liability;
- xxvii. review annually the Corporation's sponsorship, donations and political contributions, taking into consideration the Corporation's policy and reporting to the **Board** thereon; and
- xxviii. review annually the security practices of the Corporation including the security status of the Corporation's facilities, regulatory compliance requirements, potential vulnerabilities, incident statistics, and upcoming security projects and implementation programs.

b. Health and Safety Matters

The **Committee** shall:



- i. annually review and evaluate with management the existing health and safety practices policies and procedures of the Corporation and its subsidiaries for compliance with applicable laws, conformity with industry standards, and prevention or mitigation of losses;
 - ii. annually review with management the environment, health and safety policies of the Corporation and its subsidiaries, to benchmark such policies against industry standards and best practices;
 - iii. consider whether the Corporation's policies and practices relating to health and safety matters are being effectively implemented, including policies and practices to prevent loss or injury to the Corporation's employees and its assets, and report to the **Board** annually;
 - iv. as required, review the effectiveness of the response by the Corporation or its subsidiaries, as the case may be, to health and safety issues, including the compliance with statutory and regulatory requirements;
 - v. review annually the Corporation's safety results against industry standards and peers;
 - vi. review and consider any reports and recommendations issued by the Corporation and its subsidiaries, or by an external party, relating to material health and safety issues, together with management's response thereto; and
 - vii. receive a report annually from Management on the status of the Corporation's emergency response and business continuity planning.
- c. Environmental and Sustainability Matters

The **Committee** shall:

- i. at least annually, review guidelines and practices relating to environmental protection, including the mitigation of pollution and climate change;
- ii. consider whether the Corporation's policies and practices relating to the environment are being effectively implemented, and discuss and advise regarding the development of policies and practices regarding climate change, greenhouse gas and other pollutants;
- iii. as required, review with management public policy proposals, laws or regulations relating to environment, health and safety and discuss with management the potential impact and application of such policies on the Corporation, including reputational and financial risks;
- iv. consider the status and adequacy of efforts to ensure the Corporation's business is conducted to meet high standards of ethics, and social and environmental responsibility;



- v. review and recommend to the **Board** for approval the public disclosure relating to sustainability included in the Annual Information Form, Management's Discussion and Analysis and financial statements, as applicable;
- vi. review the Corporation's operational and capital plans/programs with respect to environmental impacts which pose a high risk to the Corporation, and potential opportunities and mitigation; and
- vii. investigate on its own initiative, or at the request of the **Board**, such other matters as it considers necessary or appropriate in the circumstances.

