



TransAlta Corporation
Human Resources Committee Charter



TRANSALTA CORPORATION
(the "Corporation")

HUMAN RESOURCES COMMITTEE CHARTER

Approved 2025-10-22

Operating Principles

The Human Resources Committee (the "**Committee**") of the Board of Directors (the "**Board**") of the **Corporation**, as delegated by the **Board**, governs the overall Human Resource policies and practices of the **Corporation**. In exercising this mandate, the **Committee** provides full and transparent reporting of all policy and program designs, changes and practices to the **Board** consistent with the approved Human Resource and Compensation policies of the **Corporation**. The **Committee** has full delegated authority to approve policies, plan designs and compensation changes for all executives and officers excluding the Chief Executive Officer of the **Corporation** (the "**CEO**") where the **Board** retains the authority for approval.

1. ESTABLISHMENT OF COMMITTEE AND PROCEDURES

a. Composition of Committee

The **Committee** 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 Governance, Safety and Sustainability Committee (the "**GSSC**") of the **Board**.

b. Appointment of Committee Members

Members of the **Committee** shall be appointed from time to time by the **Board** on the recommendation of the **GSSC**, and shall hold office until the next annual meeting, 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** at the recommendation of the **GSSC**. 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 **GSSC**.



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 **Committee** shall meet at least four times annually, and additionally at such times during each year as it deems appropriate to fulfill its responsibilities. The Chair of the **Committee** may call a regular meeting of the **Committee**. 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** of the **Corporation** ("Management")) at each regularly scheduled **Committee** meeting.

h. Quorum

A majority of the **Committee**, present in person or by telephone or 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 a meeting 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 CEO, other officers or employees of the **Corporation**, experts or consultants may attend a meeting of the **Committee**.

k. Procedure, Records and Reporting

Subject to any statute or 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** that follows a **Committee** meeting.



I. Review of Charter and Evaluation of Committee

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

m. Outside Experts and Advisors

The **Committee** 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. In retaining such external advisors, the **Committee** shall take into consideration:

- i. what other services the external advisors or their respective firms provide to the **Corporation**, if any;
- ii. the amount of fees the external advisors or their respective firms receive from the **Corporation** as a percentage of its revenue;
- iii. the policies and procedures related to conflicts of interest of the external advisors;
- iv. any business or personal relationship between the external advisors and the members of the **Committee**;
- v. any stock of the **Corporation** owned by the external advisors; and
- vi. any business or personal relationship between the external advisors and an executive officer of the **Corporation**.

The retention of an external advisor in no way requires the **Committee** to act in accordance with the recommendations of such external advisor.

The **Committee** shall review annually the engagement and scope of work conducted by each external advisor.

The **Committee** shall also undertake an annual review of each external advisor's performance.

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; and establishing the frequency of **Committee** meetings,



duly convening the same and confirming that quorum is present when required.

- b. Working with the CEO, Executive Vice President, People, Culture and Chief Administrative Officer (or equivalent role), and Corporate Secretary (or equivalent role) on the development of agendas and ensuring that required materials for effective decision making are provided to the **Committee**.
- c. Providing leadership to the **Committee** and assisting the **Committee** in ensuring the proper and timely discharge of its responsibilities.
- d. Reporting to the **Board** on the recommendations and decisions of the **Committee**.

3. MANDATE OF THE COMMITTEE

The **Committee** is empowered by the **Board** to review and approve key compensation and human resources policies for the **Corporation** that are intended to attract, recruit, retain and motivate the employees of the **Corporation**. The **Committee's** mandate includes: development of the compensation and benefits philosophy for the **Corporation's** executives; considering the attraction and retention of key **Management** personnel; the review and adoption of cash and equity-based incentive/compensation plans and any policies related thereto; assessing the alignment and risks embedded within the plans; the adoption of policies which support equity, diversity and inclusion, human rights, the health, wellbeing, and psychological safety of our employees and respect the values and beliefs of the **Corporation**; the review and approval of executive **Management** succession and development plans; and compensation risk. The **Committee** also reports annually to the shareholders of the **Corporation**, in the **Corporation's** Management Proxy Circular, on the compensation of the **Corporation's** executive and the **Corporation's** compensation plans.

The CEO is responsible for overall management of the **Corporation's** human resources including the human resources strategy and the assessment of its effectiveness. Through its collective experience, the **Committee** also provides input and advice to the **CEO** and **Management** on human resources matters.

4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

a. Human Resources Policies

Review, approve and report to the **Board** the human resources policies, practices and structures of the **Corporation**, as well as compliance with regulatory requirements, to provide consistency with the strategic plan, support of operational effectiveness and efficiency, equity, diversity and inclusion, health, wellbeing, and psychological safety and maximization of human resources potential.



b. Compensation Philosophy and Design

- i. Establish and recommend to the **Board** for approval the **Corporation's** compensation philosophy, and oversee the ongoing development and implementation thereof;
- ii. review, approve and report to the **Board** changes to the **Corporation's** compensation and benefit programs;
- iii. review and recommend to the **Board** for approval the establishment of and amendments to any equity-based compensation plan or program. Equity-based compensation plans or programs include all compensation arrangements that may result in the issuance of equity or the re-purchase of equity to satisfy the compensation obligation;
- iv. review, approve and report to the **Board** the establishment of and amendments to any executive cash incentive plan or program;
- v. review, approve and report (recommend for the CEO) to the **Board** any changes to agreements which specify compensation payments to be made in the event of involuntary termination or termination following a change in control of the **Corporation**;
- vi. assess competitive positioning of compensation relative to the marketplace measuring competitiveness by reference to data from a comparator group of companies with which the **Corporation** competes for executive talent;
- vii. review and approve the **Corporation's** annual salary planning guidelines, targets, metrics and goals for the **Corporation's** incentive compensation plans, including evaluating, assessing and approving the performance of the **Corporation** against such targets, metrics and goals, unless otherwise specified in the terms of such incentive compensation plans; and
- viii. review annually the **Corporation's** comparator group and approve revisions as required.

c. CEO Appointment, Evaluation and Compensation

- i. Review and recommend to the **Board** for approval the appointment of the CEO, the CEO's compensation and the terms of any employment or termination-related agreements;
- ii. review and recommend to the **Board** for approval proposed changes to the role and responsibilities of the CEO;
- iii. review and recommend to the **Board** for approval the CEO's annual goals and objectives;
- iv. evaluate the CEO's performance in relation to those goals; and



- v. review and recommend to the **Board** for approval annual changes in the salary, short-term incentives, long-term incentives, benefits and other compensation for the CEO.
- d. Appointment, Evaluation and Compensation of Other Officers
 - i. Review and recommend to the **Board** for approval the appointment of all officers;
 - ii. review, approve and report to the **Board** the salaries, short-term incentives, long-term incentives (equity-based plans recommended to the **Board** for approval), benefits and other compensation for the CEO's direct reports who are officers, or other officers as determined by the **Committee**;
 - iii. review and recommend to the **Board** for approval any special compensation award to an officer that is not permitted within an approved compensation plan or program; and
 - iv. subject to any applicable statutory requirements, review approve and report to the **Board** the termination of and severance provisions for all officers.
- e. Risk Assessment

Require that a compensation risk assessment be conducted annually to provide for consideration of the following risks:

- i. incentive opportunities that motivate excessive or unnecessary risk taking;
- ii. pay structures that encourage behaviours that destroy long-term value;
- iii. pay and performance that are not appropriately aligned; and
- iv. payouts that are not aligned with the **Corporation's** business strategy.
- f. Pension and Other Benefits
 - i. Review and recommend to the **Board** for approval amendments to the Employee Retirement Pension Plans or similar plans (other than statutory changes) relating to benefit changes or entitlements. Benefit amendments resulting in additional funding requirements or costs to the **Corporation** will also be reviewed with the Audit, Finance and Risk Committee of the **Board** (the "**AFRC**") prior to being recommended to the **Board** for approval;
 - ii. together with the **AFRC**, review annually and otherwise as may be required, the overall governance of the **Corporation's** pension plans, including the plan's terms of reference and investment policies and approve the broad objectives of the plan(s) and any material changes to the plan(s) and report to the **Board** annually;
 - iii. appoint the members of the Pension **Committee** of the **Board**;



- iv. together with the **AFRC**, review and recommend annually to the **Board** the approval of the annual pension report; and
- v. review and approve all material benefits and perquisites granted to the **Corporation's** officers below the **CEO** and recommend to the **Board** for approval all benefits and perquisites for the **CEO**.
- g. Organization Change, Management Development and Succession Planning
 - i. Review and recommend to the **Board** for approval substantial changes to the **Corporation's** organizational structure and/or responsibilities of senior **Management**;
 - ii. establish and review the succession plan for the **CEO** and the CEO's direct reports annually and review and report to the **Board** on the plan annually; and
 - iii. review and approve **Management** succession and development plans for other key **Management** personnel.
- h. Outside Directorships

As required, provide advice to the **GSSC** with respect to the advisability of outside directorships (including appointments to advisory **Boards**, counsels and charities) for the **CEO** and the **CEO's** direct reports.

i. Disclosure Reporting

Review and recommend to the **Board** for approval all public disclosure documents relating to executive compensation, including the **Corporation's** Compensation Discussion and Analysis in the **Corporation's** Management Proxy Circular, the **Committee's** report, and such other disclosure as may be required.

j. Whistleblower Procedures and Complaints

Establish procedures for the receipt, retention and treatment of complaints relating to ethical or legal violations, except those regarding securities laws, accounting, internal accounting controls, or auditing matters that are required to be considered by the **AFRC**. Review all incidents, complaints or information reported through the Ethics Help Line addressed to the **Committee** or relating to potential or suspected material ethical or legal violations, except those regarding securities laws, accounting, internal accounting controls, or auditing matters and that are required to be considered by the **AFRC**.

k. Report to the Board

Report to the **Board** on matters reviewed and make recommendations for **Board** approval as appropriate.

