# TransAlta Corporation

# Investment Performance Committee Charter

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

**INVESTMENT PERFORMANCE COMMITTEE CHARTER**

Approved 2025-10-22

# 1. ESTABLISHMENT OF COMMITTEE AND PROCEDURES

a. Composition of Committee

The Investment Performance Committee (the "**Committee**") of the Board of Directors (the "**Board**") of the Corporation shall consist of not less than three directors. All members of the **Committee** shall be determined by the **Board** to be financially literate. 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 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 **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 members of the **Committee** who is present at the meeting shall be chosen by the **Committee** to preside as Chair at the meeting.

f. Secretary of Committee

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

g. Meetings

The Chair of the **Committee** may call a regular meeting of the **Committee**. The **Committee** shall meet at least semi-annually and at such other time 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.

h. Quorum

A majority of the members 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 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 electronic 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 and 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 ground that the meeting is not lawfully called. Notice of every meeting shall also be provided to the external and internal auditors.

j. Attendance at Meetings

At the invitation of the Chair of the **Committee**, other **Board** members, the President and Chief Executive Officer (the "**CEO**"), the Executive Vice President, Finance and Chief Financial Officer ("**CFO**"), other officers or employees of the Corporation, and other experts or consultants may attend a 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. All changes proposed by the **Committee** are reviewed and approved by the **GSSC** and the **Board**.

m. <u>Outside Experts and Advisors</u>

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**, the **CFO**, and the Corporate Secretary on the development of agendas and ensuring that required 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. Reporting to the **Board** on the recommendations and decisions of the **Committee**.

## 3. MANDATE OF THE COMMITTEE

The **Committee** will assist the **Board** with oversight of management's investment conclusions, execution of major capital expenditure projects approved by the **Board** and in furtherance of the Corporation's strategic plans. The **Committee** will provide assistance to the **Board** in fulfilling its oversight responsibilities with respect to broadly reviewing and monitoring project management and control processes, financial profile, capital costs, procurement practices, and project schedules in a more in-depth manner than time permits during regularly scheduled **Board** meetings. Management is responsible for the identification and management of the Corporation's risks relating to its capital projects and is responsible for the development and implementation of policies and procedures to mitigate such risks. Management will review their risk management practices with the **Committee**.

## 4. RESPONSIBILITIES OF THE COMMITTEE

The **Committee** has three broad sets of responsibilities in fulfilling its mandate: (i) advisory; (ii) endorsement; and (iii) assurance. Meeting agendas, discussions, and minutes will clearly denote which of these three responsibilities are associated with each topic.

In fulfilling its responsibilities, the **Committee** shall:

a. Act as a constructive advisory group for the **CEO**, **CFO**, as well as other officers and employees of the company, by providing feedback and advice on the portfolio of capital projects, as well as individual capital projects throughout their lifecycles. Specific advice may be provided on (i) the overall health of the project pipeline; (ii) the fit of individual projects within the overall growth and financial strategy of the Corporation; and (iii) a wide range of specific project topics, that will evolve from concepts to recommendations as the project progresses through the stage-gate process. These topics may include, but are not limited to: (i) rates of return and financing strategy; (ii) commercial contracting and procurement approach; (iii) assessment of counterparties; (iv) partner selection (if appropriate); and (v) risk assessment and mitigation plans (safety, reputational, operational, commercial, financial, etc.).

Each development project will have a standardized progress report, which will be provided to the **Committee**, including periodic updates on the project schedule, risks and costs at key milestones as projects advance through to execution.

b. Act as a review body for projects progressing through project stage-gates, and provide endorsement, or lack thereof, of specific capital investments to Management (if requested) or the **Board**, depending on the size of investment. Such requests for endorsement could range from front-end funding to progress a project concept to issuing a final notice to proceed.

In practice, all critical topics associated with a project or initiative should have been discussed with the **Committee** prior to a request for endorsement of a recommendation to the **Board**. As part of its final deliberations prior to deciding whether or not to endorse such a recommendation, the **Committee** will conduct a holistic review of a project or initiative considering, among other things and as deemed advisable, the substantive risks, efficacy of mitigation plans, project schedule, project costs, financial returns, and any other key elements.

Each project approved for execution by the **Board** will have a standardized progress report, which will be provided to the **Committee**, including periodic updates on the project schedule, risks and costs at key milestones as projects are being executed.

c. Act as an assurance body to ensure that: (i) each executed project is periodically assessed against performance expectations; and (ii) lessons learned are captured, disseminated, and embedded in the Company.

Each project that proceeds to execution will undergo periodic reviews (post-commissioning and at various stages of operation) to assess performance against expectations, including: (i) benefit realization analysis; (ii) implementation and effectiveness of risk mitigation strategies; (iii) a review of the scope and quality achieved compared to the original project approvals; (iv) final cost and schedule analysis; (v) customer, stakeholder and partner feedback; (vi) regulatory, political, and environmental challenges and successes; and (vii) financial analysis (revenue, volumes, internal rate of return).

In particular, these reviews will distill key lessons learned on all aspects of the project as well as an action plan to ensure that these lessons are shared and embedded in the Corporation in the spirit of continuous improvement and to facilitate improved investment performance for the future.