



transalta™

Sustainability Report

2025

TRANSALTA CORPORATION

2025 Sustainability Report

This report describes sustainability matters, including those related to climate change relating to the period between Jan. 1, 2025 and Dec. 31, 2025, unless otherwise stated. We also provide context by referencing historical information so that stakeholders can gain a holistic understanding of TransAlta Corporation's sustainability journey.

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In this report, unless the context otherwise requires, “we”, “our”, “us”, the “Company” and “TransAlta” refer to TransAlta Corporation and its subsidiaries. All amounts in the following sections are in millions of Canadian dollars unless otherwise noted.

This report is publicly available in the "Results & Reporting" section of the Investor Centre on our website at <https://transalta.com>

Past sustainability information is included in TransAlta's Integrated Reports publicly available in the "Results & Reporting" section of the Investor Centre on our website at <https://transalta.com>

To give your feedback, email our Sustainability Team at sustainability@transalta.com

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Letter from the President and CEO

John H. Kousinioris

President and Chief Executive Officer

Dear Stakeholders,

At TransAlta, sustainability is at the core of how we operate and make decisions. It shapes how we manage risk, allocate capital and deliver long-term value for our customers, communities and shareholders. Our approach is grounded in ensuring we responsibly create value while managing environmental and social impacts.

The energy sector continues to evolve, driven by changing customer needs and the varying pace of technological advancement, global decarbonization and policy development. We recognize that delivering affordable and reliable power during this evolution requires a mix of energy sources. For TransAlta, that means providing dependable energy through our gas fleet, while continuing to invest in non-emitting and low-carbon opportunities across our hydro, wind, solar and battery storage portfolio. We operate a diverse fleet which positions our Company to capture a vast array of opportunities while ensuring it has an enduring strategy for decades to come.

Our progress through 2025 reflects a focused and disciplined approach. I am proud to announce that in our commitment to decarbonization, we have achieved our target of reducing scope 1 and 2 greenhouse gas emissions by 75 per cent from 2015 levels, a year ahead of schedule. Since 2015, these emissions have declined by 30.7 million tonnes of CO₂e or 76 per cent. Since 2018, we have retired 4,464 MW of coal-fired generation capacity and converted 1,659 MW of coal-fired capacity to natural-gas, and in 2025 we announced an agreement to convert our remaining coal facility to natural gas. Also, within the year, we entered into a strategic partnership with Nova Clean Energy, to advance renewables opportunities in the western U.S.

Sustainability at TransAlta is reflected in how we operate every day – improving asset performance, managing environmental impact and operating safely. I am pleased to share that in 2025 we achieved our safety target by

recording a total recordable injury frequency rate of 0.12, compared to 0.56 in 2024 and below our target of 0.37.

To us, being a responsible partner also means engaging transparently with stakeholders and Indigenous communities, building long-term relationships and continuing to uphold strong governance and culture.

On behalf of TransAlta, I would like to thank our stakeholders for their ongoing engagement and perspectives, which inform our decisions and strengthen our approach. I am confident that our resilience, disciplined decision-making and diverse fleet position us well for the future.

As we enter a new chapter of leadership, TransAlta remains committed to delivering a responsible and reliable energy future. Our 2026 targets reflect this enduring commitment, and I fully endorse Joel Hunter as he steps into the role of President and Chief Executive Officer following my retirement on April 30, 2026.

I look forward to TransAlta's continued success in 2026 and beyond.

John H. Kousinioris

President and Chief Executive Officer

February 26, 2026

Forward-Looking Statements

This report includes “forward-looking information” within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of applicable U.S. securities laws, including the Private Securities Litigation Reform Act of 1995 (collectively referred to herein as “forward-looking statements”).

Forward-looking statements are not facts, but only predictions and generally can be identified by the use of statements that include phrases such as “may”, “will”, “can”, “could”, “would”, “shall”, “believe”, “expect”, “estimate”, “anticipate”, “intend”, “plan”, “forecast”, “foresee”, “potential”, “enable”, “continue” or other comparable terminology. These statements are not guarantees of our future performance, events or results and are subject to risks, uncertainties and other important factors that could cause our actual performance, events or results to be materially different from those set out in or implied by the forward-looking statements.

In particular, this report contains forward-looking statements about the following, among other things:

- our sustainability pillars and strategy;
- our commitment to a balanced, technology-agnostic generation mix;
- our strategic priorities, including optimizing our Alberta portfolio, executing our growth plan, realizing the value of our legacy generating facilities, maintaining financial strength and capital discipline, and defining the next generation of power solutions;
- achieving a 75 per cent reduction of scope 1 and 2 GHG emissions by 2026 from a 2015 base year;
- achieving a 30 per cent reduction of scope 1 and 2 GHG emissions intensity by 2030 from a 2023 base year;
- achieving net-zero for 100 per cent of scope 1 and 2 GHG emissions by 2045;
- achieving a 90 per cent reduction of SO₂ emissions intensity by 2030 from a 2023 base year;
- completing full reclamation of our Centralia coal mine by 2040 and our Highvale coal mine by 2046;
- maintaining water consumption intensity at 2023 levels by 2030;
- achieving zero biodiversity-related incidents;
- ceasing coal generation by the end of 2025 with 100 per cent of our owned net generation capacity to be from renewables and gas;
- achieving zero serious injuries and fatalities;
- supporting access to education and wellbeing for Indigenous communities;

- the provision of Indigenous cultural awareness training;
- achieving 50 per cent female representation on the Board by 2030;
- achieving at least 40 per cent female employment among all employees by 2030;
- maintaining equal pay for women in equivalent roles as men;
- the planned conversion of our Centralia facility to natural gas and the targeted capacity and commercial operation date pursuant to the long-term agreement with Puget Sound Energy, Inc.;
- the Company's strategy to integrate renewable energy, battery storage and natural gas generation to enhance reliability;
- the development of renewable energy projects, battery storage and small modular nuclear reactors;
- monitoring and managing climate-related risks and opportunities; the execution of our climate transition plan;
- the evaluation and deployment of investments in renewable projects;
- the use of sustainable or green financing instruments; expectations with respect to our employment practices and equity, diversity and inclusion initiatives;
- our Indigenous relations strategy and other stakeholder engagement initiatives;
- the Brazeau Hydro Hybridization Project;
- land reclamation activities; and
- cybersecurity.

The forward-looking statements contained in this report are based on many assumptions including, but not limited to, the following:

- our ability to access sufficient capital to pursue sustainability and development plans;
- our ability to develop, access or implement some or all of the technology necessary to efficiently and effectively operate assets and achieve our sustainability targets and expected future results;
- commodity pricing and demand, including natural gas and electricity prices;
- the accuracy and credibility of third-party data and assurance upon which we rely;
- the availability of qualified labour and our ability to attract and retain a qualified workforce;

- applicable laws and government policies, including carbon pricing, renewable energy incentives, royalty rates and climate-related regulations;
- the impact of the executive order from the U.S. Department of Energy on our plans with respect to our Centralia facility;
- the receipt, in a timely manner, of regulatory and partner approvals, including for the Centralia coal-to-gas conversion and the Brazeau Hydro Hybridization Project;
- our ability to generate sufficient cash flow to achieve our sustainability targets and meet current and future obligations;
- grid reliability and electricity demand;
- the adoption and proliferation of new technologies, including battery storage, carbon capture and small modular nuclear reactors, including the impacts thereof on the costs associate with such technologies;
- competitive conditions in the electricity generation industry;
- weather conditions and their impact on electricity generation and demand;
- our ability to successfully integrate acquisitions;
- access to sustainable financing; and
- other risks and uncertainties described from time to time in the filings TransAlta makes with securities regulatory authorities.

These assumptions are based on information currently available to TransAlta, including information obtained from third-party sources. Although TransAlta believes these assumptions are reasonable, actual results may differ materially from those predicted by such assumptions.

Factors that may adversely impact what is expressed or implied by forward-looking statements contained in this report include, but are not limited to:

- our ability to develop, access or implement some or all of the technology necessary to efficiently and effectively operate assets and achieve our sustainability targets and expected future results;
- the effectiveness of our risk management program;
- risks inherent in the operation of our business, including physical risks such as extreme weather events, floods, wildfires and variations in precipitation and wind patterns, and changes thereto as a result of climate change;
- regulatory and policy risks, including changes to carbon pricing, renewable energy policies and emissions regulations in Canada, the United States and Australia; market and competitive risks in the electricity generation industry;

- risks associated with the transition to a lower-carbon economy;
- operational and execution risks related to capital projects, including the Centralia coal-to-gas conversion and the Brazeau Hydro Hybridization Project;
- reputational and stakeholder-related risks;
- cybersecurity risks;
- our ability to maintain positive relationships with Indigenous communities and other stakeholders;
- labour relations and workforce risks; and
- risks that the effect of actions taken by us in seeking to achieve targets, commitments and ambitions for our sustainability pillars may have a negative impact on our existing business, growth plans and future results from operations.

Readers are urged to consider these factors carefully when evaluating the forward-looking statements, which reflect the Company's expectations only as of the date hereof and are cautioned not to place undue reliance on them. The forward- looking statements included in this document are made only as of the date hereof and we do not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise, except as required by applicable laws. In light of these risks, uncertainties and assumptions, forward-looking statements might occur to a different extent or at a different time than we have described, or might not occur at all. We cannot assure that projected results or events will be achieved.

For additional information on the assumptions made, and the risks and uncertainties which could cause actual results to differ from the anticipated results, refer to our most recent MD&A and the 2025 Annual Report, including the section titled "Risk Management" in our MD&A for the year ended December 31, 2025, filed under TransAlta's profile on SEDAR+ at www.sedarplus.ca and with the U.S. Securities and Exchange Commission at www.sec.gov.

Description of the Business

TransAlta Corporation is one of Canada's largest publicly traded power generators, owning and operating a diverse fleet across Canada, the United States and Western Australia. Our portfolio includes hydro, wind, solar, battery storage and thermal generation, complemented by our exceptional asset optimization and energy marketing capabilities. As one of Canada's largest producers of wind and thermal generation and Alberta's largest producer of hydro power, TransAlta remains committed to a diverse generation mix. With strong cash flows underpinned by a high-quality portfolio, TransAlta strives to deliver sustainable long-term shareholder value in an evolving energy landscape.

Portfolio of Assets

Our asset portfolio is geographically diversified with operations across our core markets.

Our Hydro, Wind and Solar, Gas and Energy Transition segments are responsible for operating and maintaining our generation facilities. Our Energy Marketing segment is

responsible for marketing and scheduling our merchant asset fleet in North America (excluding Alberta), along with the procurement, transport and storage of natural gas, providing knowledge to support our growth team and generating a stand-alone gross margin separate from our asset business through a leading North American energy marketing and trading platform.

Our highly diversified portfolio consists of both merchant assets and high-quality contracted assets. Our merchant assets include our merchant hydro portfolio and our merchant legacy thermal portfolio and wind assets. Our merchant exposure is primarily in Alberta, Canada.

In Alberta, the Company manages its merchant exposure by executing hedging strategies that include commercial and industrial customers, supplemented with financial hedges. A major portion of our thermal and hydro generation capacity in Alberta is hedged to provide greater cash flow certainty while also capturing upside through the optimization of our merchant generation portfolio.

The following table provides our consolidated ownership by segment of our facilities across the regions in which we operate as of Dec. 31, 2025:

Year ended Dec. 31, 2025	Hydro		Wind and Solar		Gas		Energy Transition ⁽²⁾		Total	
	Gross Installed Capacity (MW) ⁽¹⁾	Number of facilities	Gross Installed Capacity (MW) ⁽¹⁾	Number of facilities	Gross Installed Capacity (MW) ⁽¹⁾	Number of facilities	Gross Installed Capacity (MW) ⁽¹⁾	Number of facilities	Gross Installed Capacity (MW) ⁽¹⁾	Number of facilities
Alberta	834	17	764	14	3,650	15	—	—	5,248	46
Canada, excluding Alberta	88	7	751	9	705	4	—	—	1,544	20
United States (U.S.)	—	—	1,024	10	29	1	671	2	1,724	13
Western Australia	—	—	48	3	450	6	—	—	498	9
Total	922	24	2,587	36	4,834	26	671	2	9,014	88

(1) Gross installed capacity for consolidated reporting is based on TransAlta's proportionate interest held in a facility. Refer to the "Plant Summary" section of TransAlta's 2025 Annual Report for details.

(2) Includes the Centralia coal facility and Skookumchuck hydro facility.

Our Sustainability Approach

Sustainability, or environmental, social and governance (ESG) management and performance, is core to TransAlta. Sustainability is integrated into our governance, decision-making, risk management and day-to-day business processes. Our focus on continuous improvement on material sustainability factors seeks to mitigate ESG-related risks and provides long-term value creation to our stakeholders. TransAlta's sustainability pillars support our corporate strategy and are integrated throughout our business.

Our sustainability pillars include:

- Reliable and Responsible Electricity Production
- Safe, Healthy, Diverse and Engaged Workplace
- Positive Indigenous, Stakeholder, Customer and Employee Relationships
- Environmental Stewardship
- Technology and Innovation

Reporting on Sustainability Factors

TransAlta has been reporting on sustainability since 1994. Our sustainability reporting is guided by leading sustainability reporting frameworks. We adopt and observe guidance from the Canadian Sustainability Standards Board, International Sustainability Standards Board, International Financial Reporting Standards (IFRS) Foundation, Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) requirements for electric utilities and power generators. We continue to monitor the development of sustainability and climate-related disclosure requirements in the jurisdictions in which we operate to assess our future reporting obligations.

Since 2007, TransAlta's disclosed material sustainability data has received limited assurance from independent third-party providers. For further information, refer to the "Independent Practitioner's Assurance Report" section of this report. Climate-related information to be disclosed is informed by the IFRS S2 Climate-related Disclosures Standard and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For further information, refer to the "Reporting on Climate Change" section of this report.

In 2025, we refreshed our 2021 climate-related scenario analysis. We also reviewed and updated our climate transition plan and climate-related financial metrics. Greenhouse gas (GHG) emissions data for scopes 1, 2 and 3 follow the accounting and reporting standards of the GHG Protocol.

For further information on climate change management and the findings of our scenario analysis, refer to the "Reporting on Climate Change" section of this report.

Disclosure of our most relevant sustainability factors in 2025 is guided by our most recent materiality assessment. In 2025, we refreshed our materiality assessment by evaluating key sector-specific research, supported by internal and external engagement on key sustainability factors. Our Enterprise Risk Management (ERM) program is designed to help the Company focus its efforts on key enterprise risks, within the planning horizon that could significantly impact the success of our strategy, including our sustainability objectives.

Key topics identified within SASB, TCFD, IFRS and the Taskforce on Nature-related Financial Disclosures (TNFD) were reviewed to inform the identification of our most relevant sustainability factors. This work resulted in the identification of 19 relevant sustainability factors, which are presented below in alphabetical order:

- Air quality and emissions
- Asset integrity and grid resiliency
- Biodiversity and land management
- Climate change and greenhouse gas emissions
- Culture, equity, diversity and inclusion
- Dam safety
- Energy use and conservation
- Ethics and business conduct
- Health, safety and well-being
- Human rights and labour practices
- Indigenous relationships and partnerships
- Information asset protection and cybersecurity
- Innovative technologies
- Security and emergency preparedness and response
- Stakeholder engagement and community investment
- Supply chain
- Talent attraction, retention and development
- Waste management
- Water management

For additional details on governance and our risk factors, refer to the "Risk Management" section of TransAlta's 2025 Annual Report.

Sustainability Governance

For an organization to integrate sustainability, it requires accountability at the Board and executive level. It also requires an understanding of sustainability factors and associated corporate actions to address these factors, while continuing to balance operations and growth.

At TransAlta, Sustainability is overseen by the Governance, Safety and Sustainability Committee (GSSC) of our Board of Directors (Board). The GSSC assists the Board in fulfilling its oversight responsibilities with respect to monitoring the impacts of climate change; environmental, health and safety regulations; public policy changes; and the development of strategies, policies and practices for climate change, environment, health and safety and social well-being, including human rights, working conditions and responsible sourcing.

The following policies, which are presented in alphabetical order, help govern sustainability at TransAlta and are publicly available in the "Governance" section of the Investor Centre on our website:

- Board and Workforce Diversity Policy and Diversity and Inclusion Pledge
- Corporate Code of Conduct
- Environmental Policy
- Human Rights and Discrimination Policy
- Indigenous Relations Policy
- Supplier Code of Conduct
- Total Safety Management Policy
- Whistleblower Policy

Sustainability Affiliations and Partnerships

In 2025, our sustainability memberships included key sustainability organizations and working groups such as the IFRS Sustainability Alliance and the Electricity Canada Sustainable Electricity Steering Committee and Climate Change Adaptation Committee, which all provide validation and support of our sustainability strategy and practices.



2025 Sustainability Performance

Performance against our 2025 sustainability targets is outlined below. Target year means by Dec. 31 of that year. For more information on all our sustainability performance indicators, refer to the "Sustainability Performance Indicators" section of this report.

ESG Alignment: Environmental

Sustainability goal	Sustainability target	Results	Comments
Reduce GHG emissions	By 2026, achieve a 75 per cent reduction of scope 1 and 2 GHG emissions from 2015 base year ⁽¹⁾	<i>Achieved</i>	Since 2015, we have reduced scope 1 and 2 GHG emissions by 30.7 million tonnes (MT) of CO ₂ e or 76 per cent.
	By 2045, achieve net-zero for scope 1 and 2 GHG emissions ⁽²⁾	<i>On track</i>	
	By 2030, achieve a 30 per cent reduction of scope 1 and 2 GHG emissions intensity from 2023 base year	<i>On track</i>	Since 2023, we have reduced scope 1 and 2 GHG emissions intensity by 25 per cent from our 2023 baseline of 0.42 tonnes CO ₂ e/MWh ⁽³⁾ .
Reduce air emissions	By 2030, achieve a 90 per cent reduction of SO ₂ emissions intensity from 2023 base year	<i>On track</i>	Since 2023, we have reduced our SO ₂ emissions intensity by 11 per cent.
Reclaim land utilized for mining	By 2040, complete full reclamation of our coal mine in Washington State (Centralia)	<i>On track</i>	Reclamation work at Centralia is underway and 44 per cent of the coal mine land has been reclaimed.
	By 2046, complete full reclamation of our coal mine in Alberta (Highvale)	<i>On track</i>	Our Highvale coal mine closed in 2021. Reclamation work is underway and 22 per cent of the coal mine land has been reclaimed.
Manage water resources	By 2030, maintain water consumption intensity at 2023 levels	<i>On track</i>	We recorded a water consumption intensity of 1.17 m ³ /MWh in 2025.
Protect nature and biodiversity	Achieve zero biodiversity-related incidents ⁽⁴⁾	<i>Achieved</i>	We recorded zero (0) biodiversity-related incidents.
Transition away from coal	Cease coal generation by the end of 2025 with 100 per cent of our owned net generation capacity to be from renewables and gas	<i>Achieved, subject to mandatory U.S. executive order⁽⁵⁾</i>	Centralia is our last coal-fired generation facility on track to cease operations by Dec. 31, 2025. On Dec. 16, 2025, the Company received a U.S. federal executive order requiring that Centralia remain available to operate on coal, upon request, for a period of 90 days ending March 16, 2026. Centralia generated its last coal-fired electricity on Dec. 19, 2025.

(1) Target covers gross GHG emissions and does not include utilization of internally generated and externally purchased emission credits. TransAlta does not plan to use carbon credits to achieve its 2026 GHG emissions reduction target. Target covers 100 per cent of TransAlta's operating assets. The 2015 base year scope 1 and 2 GHG emissions have been recalculated to reflect the Heartland acquisition in 2024.

(2) Target covers 100 per cent of TransAlta's operating assets. The Company may choose to neutralize residual emissions from gas-fired generation through fuel switching, new technologies or nature-based solutions to achieve its 2045 net-zero target.

(3) The 2023 baseline scope 1 and 2 GHG emissions intensity has been recalculated to 0.42 tonnes CO₂e/MWh from 0.41 tonnes CO₂e/MWh to reflect the Heartland acquisition in 2024.

(4) Biodiversity-related incidents are significant environmental incidents that affect habitats and species included on the Red List of the International Union for Conservation of Nature and are classified as near-threatened, vulnerable, endangered and critically endangered.

(5) In 2025, TransAlta made meaningful progress toward achieving our climate-related target to cease coal-fired generation by the end of the year. Our last coal-fired generation facility, Centralia Unit 2 in Washington state, was on track to cease operations effective Dec. 31, 2025, followed by a planned coal-

to-gas conversion to commence in 2026. On Dec 16, 2025, the Company received an order from the U.S. Department of Energy requiring Centralia remain available to operate on coal for a 90-day period ending March 16, 2026 (the Order). The Centralia facility generated its last electricity using coal on Dec. 19, 2025. At this time, TransAlta is required by law to comply with the Order.

ESG Alignment: Social

Sustainability goal	Sustainability target	Results	Comments
Reduce safety incidents	Achieve a Total Recordable Injury Frequency rate below 0.37 with a goal of 0.00	<i>Achieved</i>	We recorded a TRIF rate of 0.12 compared to 0.56 in 2024. We recorded zero serious injuries in 2025. ⁽¹⁾ The identification and control of high-energy hazards is foundational to our strong performance on serious injury prevention.
Support prosperous Indigenous communities	Support access to education and wellbeing for Indigenous communities	<i>On track</i>	Support represented a total value of \$307,000 representing ten (10) per cent of TransAlta's total community investment program.
	Provide Indigenous cultural awareness training during the onboarding of all new TransAlta employees ⁽²⁾	<i>Achieved</i>	We provided Indigenous awareness training to 100 per cent of employees in Canada, the U.S. and Western Australia onboarded in 2025.

ESG Alignment: Governance

Sustainability goal	Sustainability target	Results	Comments
Strengthen gender equality	Achieve 50 per cent female representation on the Board by 2030	<i>On track</i>	As of Dec. 31, 2025, women represented 36 per cent of our Board composition, compared to 42 per cent in 2024. ⁽³⁾
	Achieve at least 40 per cent female employment among all employees of the Company by 2030	<i>On track</i>	As of Dec. 31, 2025, women represented 27 per cent of all employees, compared to 28 per cent in 2024.
	Maintain equal pay for women in equivalent roles as men	<i>Achieved</i>	We achieved a 99 per cent female/male pay equity ratio. We strive to maintain this ratio within a deviation of plus or minus three per cent.

(1) Serious injury or fatality (SIF) includes work-related injuries that are life-threatening, life-altering or life-ending.

(2) TransAlta employees have 60 days to complete onboarding training; hence, this target refers to employees onboarded from Nov. 1, 2024 to Oct. 31, 2025.

(3) Board composition includes all independent directors, and does not include our President and CEO who is not independent. In 2025, we achieved 44 per cent female representation on the Board, excluding our two director nominees from Brookfield.

2026+ Sustainability Targets

Our 2026 and longer-term sustainability targets support the performance of our business. Goals and targets are established to manage current and emerging material sustainability factors in support of the United Nations Sustainable Development Goals (UN SDGs) and the Future-Fit Business Benchmark, which defines sustainable goals for businesses.

In 2025, TransAlta updated one sustainability target in the area of safety, while setting a new target to achieve zero serious injuries and fatalities.

We have maintained our climate-related targets to achieve net-zero scope 1 and 2 GHG emissions by 2045 and reduce 75 per cent of our scope 1 and 2 GHG emissions by 2026 from a 2015 base year. This target covers 100 per cent of TransAlta's operating assets and is estimated to align with the electricity sector decarbonization pathway to limit global warming to 1.5°C, as one of the Paris Agreement goals.

Targets are outlined below. Target year means by Dec. 31 of that year.

ESG Alignment: Environmental

Sustainability goal	Sustainability target	Alignment with UN SDG Target or Future-Fit Business Benchmark
Reduce GHG emissions	By 2026, achieve a 75 per cent reduction of scope 1 and 2 GHG emissions from 2015 base year ⁽¹⁾	UN SDG Target 13.2: "Integrate climate change measures into national policies, strategies and planning"
	By 2030, achieve a 30 per cent reduction of scope 1 and 2 GHG emissions intensity from 2023 base year	
	By 2045, achieve net-zero for scope 1 and 2 GHG emissions ⁽²⁾	
Reduce air emissions	By 2030, achieve a 90 per cent reduction of SO ₂ emissions intensity from 2023 base year	UN SDG Target 9.4: "By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes"
Reclaim land utilized for mining	By 2040, complete full reclamation of our Centralia coal mine in Washington State	Future-Fit Business Benchmark: "Positive Pursuits 13: Ecosystems are restored"
	By 2046, complete full reclamation of our Highvale coal mine in Alberta	Future-Fit Business Benchmark: "Positive Pursuits 13: Ecosystems are restored"
Manage water resources	By 2030, maintain water consumption intensity at 2023 levels	UN SDG Target 6.4: "By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity"

(1) Target covers gross GHG emissions and does not include utilization of internally generated and externally purchased emission credits. TransAlta does not plan to use carbon credits to achieve its 2026 GHG emissions reduction target. Target covers 100 per cent of TransAlta's operating assets. The 2015 base year scope 1 and 2 GHG emissions have been recalculated to reflect the Heartland acquisition in 2024.

(2) Target covers 100 per cent of TransAlta's operating assets. The Company may choose to neutralize residual emissions from gas-fired generation through fuel switching, new technologies or nature-based solutions to achieve its 2045 net-zero target.

ESG Alignment: Social

Sustainability goal	Sustainability target	Alignment with UN SDG Target or Future-Fit Business Benchmark
Reduce safety incidents	Achieve zero serious injury and fatality (SIF)	UN SDG Target 8.8: "Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment"
Support prosperous Indigenous communities	Provide Indigenous cultural awareness training during the onboarding of all new TransAlta employees	UN SDG Target 12.8: "By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature"

ESG Alignment: Governance

Sustainability goal	Sustainability target	Alignment with UN SDG Target or Future-Fit Business Benchmark
Strengthen gender equality	<p>Achieve 50 per cent female representation on the Board by 2030</p> <p>Achieve at least 40 per cent female employment among all employees of the Company by 2030</p> <p>Maintain equal pay for women in equivalent roles as men</p>	UN SDG Target 5.5: "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life"

Reporting on Climate Change

We recognize the impact of climate change on society and our business both today and into the future. Our reporting on climate change management has been guided by the TCFD recommendations since 2018. In 2025, we adopted guidance from IFRS S2, which is based on the TCFD recommendations with industry-specific climate metrics based on the SASB standards.

Climate-Related Governance

Climate-related risks and opportunities can significantly impact our business. We therefore actively manage such risks and opportunities so that we can continue to grow and achieve our goals. Climate-related issues are identified at every level of management, including the Board, executive team, business units and corporate functions.

Oversight by the Board of Directors

The highest level of climate change oversight is at the Board level. Specific oversight of certain aspects of the Company's response to climate change is delegated by the Board to the GSSC, Audit, Finance and Risk Committee (AFRC), and Investment Performance Committee (IPC).

Meeting quarterly, the GSSC assists the Board in monitoring and assessing compliance with climate change regulation and reporting. The GSSC receives management reports on changes in climate-related legislation and the potential impact of policy developments on TransAlta's business. The GSSC also supports the Board in overseeing Company-wide climate change strategies, policies and practices. The GSSC also reviews environmental protection guidelines, including with respect to GHG mitigation, and considers whether our environmental procedures are being implemented effectively.

The AFRC and IPC also play important roles in managing TransAlta's climate-related risks and opportunities. The AFRC assists the Board in overseeing the integrity of our consolidated financial statements and considers climate risks and opportunities related to our financial decision-making. The AFRC is also responsible for approving our Commodity and Financial Exposure Management policies and reviewing quarterly ERM reporting. The IPC considers and assesses risks related to capital investment projects.

The Board reviews and updates the Company's strategy annually. The Board's annual strategic planning sessions include climate-related discussions considering growth initiatives and strategies, capital allocation, policy development and other matters. Our Board is comprised of individuals with a mix of skills, knowledge and experience critical to our strategy success and business growth. In 2025, three of our 12 Board members identified environment/climate change among their top four relevant competencies. Criteria used to assess competence on

climate-related issues include the director's knowledge of corporate responsibility practices and sustainable development practices, including as they pertain to climate change. For further information, refer to TransAlta's Management Proxy Circular publicly available in the "Results & Reporting" section of the Investor Centre on our website.

Role of Senior Management

TransAlta's President and CEO maintains the highest level of oversight on climate-related issues at the executive level. Senior management of the Company, including our President and CEO, provide the Board with updates on climate-related risks and opportunities to inform business strategy and mitigate risk.

Our business units and corporate functions work closely together to support the executive team in understanding climate-related risks and opportunities, including legislative and regulatory developments. Our executive team reviews such risks and opportunities quarterly and reports to the GSSC and AFRC, as applicable.

At the business unit level, climate change risks are identified through our Total Safety Management System, asset management function and systems, energy and trading business, communication with stakeholders, active monitoring and participation in working groups.

Climate-Related Strategy

As described in the following sections, our risks and opportunities assessment and scenarios analysis support the development and continuous improvement of our climate change strategy. We actively monitor and manage climate-related risks and opportunities to ensure we remain resilient across scenarios.

Our strategy is focused on optimizing our existing assets, and pursuing attractive growth opportunities that include legacy site redevelopment, brownfield and greenfield development, and mergers and acquisitions in our core markets. Maintaining a technology diverse fleet, this growth includes the development of renewable energy and storage, and the use of natural gas generation to ensure reliability.

Our customers continue to integrate climate risk into their business decisions; therefore, we see an advantage in our renewable power business to support our customers' sustainability goals. TransAlta's renewable energy journey began 114 years ago when we built the first hydro assets in Alberta, which still operate today. In 1993, we began operating our first wind facility, which was the first commercial wind facility in Canada; in 2014, we acquired our first solar facility; and, in 2020, we constructed our first

battery storage facility. From 2000 to 2025, we increased our nameplate renewable power capacity from approximately 900 MW to over 3,600 MW. Today, we operate 60 renewable power facilities across Canada, the U.S. and Western Australia.

Our renewable energy assets generate valuable environmental attributes, including carbon offsets, renewable energy credits and emission offsets. Our portfolio and our customers use environmental attributes to lower compliance costs attributed to carbon policies or renewable portfolio standards. Environmental attributes can also help achieve voluntary corporate sustainability or carbon reduction goals.

To combat the challenges of renewable energy intermittency, we continue to invest in battery storage and evaluate the role of natural gas to provide reliability and flexibility. In 2020, we launched WindCharger, a "first-of-its-kind in Alberta" battery storage project that stores energy produced by our Summerview II wind facility and discharges electricity into the Alberta grid during supply shortages, as well as providing critical support services to the system operator. This project received co-funding from Emissions Reduction Alberta. Further, in 2021, we agreed to provide solar electricity supported with a battery energy storage system to BHP Nickel West through the construction of the Northern Goldfields hybrid solar project in Western Australia. The Northern Goldfields solar and battery storage facilities were commissioned in 2023. In 2022, TransAlta entered into an agreement for the expansion of the Mount Keith 132kV transmission system. The expansion was completed in 2024.

We have also taken important steps to reduce our carbon footprint over the last several years. In 2021, we adopted a more stringent climate-related target to reduce 75 per cent of scope 1 and 2 GHG emissions by 2026 from a 2015 base year. This target covers 100 per cent of TransAlta's operating assets and is estimated to align with the electricity sector decarbonization pathway to limit global warming to 1.5°C, as one of the Paris Agreement goals. Furthermore, we adopted a long-term climate-related target to achieve net-zero for 100 per cent of TransAlta's scope 1 and 2 GHG emissions by 2045. This target aligns with the Canadian Net-Zero Emissions Accountability Act to achieve net-zero emissions by 2050.

Since 2018, we have retired 4,464 MW of coal-fired generation capacity, while converting 1,659 MW to natural gas and are progressing a project to convert the remaining 700 MW of coal-fired generation capacity to natural gas. Comparatively, our converted natural gas units' CO₂ intensity is approximately 57 per cent less than coal-fired generation. Repurposing these facilities rather than decommissioning them reduces the cost and emissions associated with new construction, and aligns with the UN SDGs, specifically "Goal 9: Industry, Innovation and Infrastructure." Completed conversions and the closure of

our Highvale coal mine also contribute to the goals of the Powering Past Coal Alliance, which TransAlta joined in 2021 at COP26.

In 2025, TransAlta made meaningful progress toward achieving our climate-related target to cease coal-fired generation by the end of the year. Our last coal-fired generation facility, Centralia Unit 2 in Washington State, was on track to cease operations effective Dec. 31, 2025, followed by a planned coal-to-gas conversion to commence in 2026. In support of this conversion, TransAlta entered into a long-term agreement with Puget Sound Energy, Inc. announced on Dec. 9, 2025, to convert the Centralia facility, with a planned capacity of 700 MW once converted to gas, based on a targeted commercial operation date of late 2028. On Dec 16, 2025, the Company received an order from the U.S. Department of Energy requiring Centralia remain available to operate on coal for a 90-day period ending Mar 16, 2026 (the Order). The Centralia facility generated its last electricity on coal on Dec. 19, 2025. At this time, TransAlta is required by law to comply with the Order.

At TransAlta, we believe natural gas plays an essential role in the electricity sector, providing critical reliable generation to support current and near future systems demands. In 2024, the Company acquired Heartland Generation Ltd. and Alberta Power (2000) Ltd. (collectively, "Heartland"), representing approximately 1.75 GW of natural gas-fired generation from four facilities in Alberta. On Feb. 2, 2026, TransAlta closed the acquisition of Far North Power Corporation, adding 310 MW of capacity from four natural gas-fired facilities in Ontario.

At the same time, we plan to continue investing in renewables and assessing the best options to deliver energy storage. In May 2025, the Company made a strategic investment in Nova Clean Energy, LLC, a renewable energy developer with a growing presence in the western U.S. This investment provides TransAlta with an exclusive option to purchase Nova's late-stage renewable projects. In 2025, TransAlta launched the development of a project to augment the capabilities of our largest hydro plant Brazeau (355 MW), on the North Saskatchewan river system, with battery storage (20 MW).

Climate Transition Plan

A climate-related transition plan describes how a company aims to minimize climate-related risks and increase opportunities, in alignment with IFRS S2 and TCFD. In 2025, TransAlta simplified its climate transition plan to align with the intent of the *Transition Plan Taskforce Disclosure Framework* (October 2023) authored by the UK government and currently under the responsibility of the IFRS, which is designed to be consistent with, and builds on, IFRS S2, as per the *IFRS Disclosing information about an entity's climate-related transition, including information about transition plans, in accordance with IFRS S2* (June 2025).

TransAlta's 2025 climate transition plan is presented below.

Ambition: Strategic areas of action	Action: Short-term implementation and engagement steps	Accountability: Governance and reporting
Operational GHG emissions	Maintain a diverse portfolio of hydro, wind, solar and battery assets (C)	Refer to the "Scope 1 and 2 Emissions" heading in the "Climate-Related Metrics and Targets" section.
	Evaluate and deploy investments in renewable projects, including battery storage, where appropriate (C)	Refer to the "Climate-Related Governance" section.
	Contribute to a circular economy through mining waste reuse or by-product sales (C)	Refer to the "Enabling Innovation and Technology Adoption" section.
	Continue to monitor the next generation of power solutions and technologies for potential investments (P)	
Value chain GHG emissions	Consider scope 3 GHG emissions targets (C)	Refer to the "Scope 3 Emissions" heading in the "Climate-Related Metrics and Targets" section.
	Consider verification and disclosure of remaining scope 3 GHG emissions (C)	
	Develop ESG criteria for supply chain engagement (C)	
	Understand direct suppliers, their GHG emissions profile and targets (C)	
	Incorporate ESG data reporting capability in corporate procurement system (C)	
Sustainable finance	Continue to evaluate the use of sustainable or green financing instruments to fund renewable energy and battery storage projects (C)	Refer to the "Sustainable Finance" heading in the "Climate-Related Metrics and Targets" section.
	Link ESG performance to employees' and executive remuneration (C)	Refer to the "Engaging with Our Stakeholders" section.
Inclusive transition	Empower employees through culture champions to foster a culture of allyship, inclusion and belonging (C)	Refer to the "Building a Diverse and Inclusive Workforce" section.
	Adapt workplaces to incorporate structural changes for inclusive work environments (C)	Refer to the "Engaging with Our Stakeholders" section.
	Embed equity, diversity and inclusion (ED&I) into our organization, culture strategy and daily work activities (C)	
	Continue to invest in the communities impacted by the phase-out of coal generation in Alberta (P)	
	Strengthen Indigenous relations focused on community engagement and consultation, community investment and partnership opportunities (P)	
	Promote supplier diversity in our operations (C)	

Legend: (C) Control intended outcomes, or (P) Partner with stakeholders to drive outcomes.

Climate-Related Resilience

In 2025, TransAlta updated our 2021 climate scenario analysis to understand risks and opportunities and assess our strategy's resiliency under several potential future climate scenarios. The analysis used scenarios from the International Energy Agency's (IEA) World Energy Outlook 2024, a large-scale simulation model designed to replicate how energy markets function. We used three scenarios: Stated Policies (STEPS); Announced Pledges (APS); and Net-Zero Emissions by 2050 (NZE).

In STEPS, the energy system has no major additional climate and environmental policies enacted by government(s). STEPS assumes that carbon pricing continues in Canada while no carbon price is set in the U.S. or Australia. STEPS also assumes that the power sector reduces emissions by 44 per cent by 2045 while natural gas capacity remains stable through 2050. Finally, STEPS is limited to the deployment of commercial-ready technologies, including wind and solar. Under STEPS, global temperatures are projected to rise by 2.4°C by 2100.

In APS, there is a rapid increase in clean energy policies and investments that position the energy system to also achieve key UN SDGs. In APS, all current net-zero pledges are achieved and there are extensive efforts to reduce emissions. APS assumes that carbon pricing continues in Canada and is set in the U.S. and Australia. It also assumes that the power sector reduces emissions by 77 per cent by 2045 while natural gas capacity declines by close to 40 per cent towards 2050. Finally, APS assumes that beyond wind and solar, the energy system relies on batteries, storage and some level of carbon capture, utilization and storage (CCUS) and hydrogen. Under APS, global temperatures are projected to rise by 1.7°C by 2100.

NZE represents a pathway for the global energy sector to achieve net-zero emissions by 2050. This scenario also assumes key energy-related UN SDGs are achieved through universal energy access by 2030 and major improvements in air quality.

NZE is built upon the idea that a global increase in electrification supports the journey to net zero. It assumes that an aggressive carbon price is set in Canada, the U.S. and Australia. It also assumes the power sector reaches net-zero emissions by 2045 in advanced economies while natural gas capacity declines by 80 per cent by 2050. Like the APS, NZE assumes that beyond wind and solar, the energy system relies on batteries, storage and some level of CCUS and hydrogen. Under NZE, global temperatures are projected to rise by 1.5°C by 2100.

Climate scenario findings outlined below may not reflect currently available climate scenarios or policy frameworks. We continue to monitor climate-related risks and opportunities that may impact our business over time. For further information, refer to the "Climate-Related Risks and Opportunities" section in this report.

Key Climate Scenario Findings

In 2025, TransAlta identified nine transition climate-related risks and opportunities related to carbon pricing, carbon offsets, emissions mandates, new technologies, market signal uncertainty, natural gas demand, renewables transition, clean energy competition and natural gas price. These risks and opportunities are related to the transition to a lower-carbon economy, as defined by IFRS S2 and TCFD guidance.

The Company also considered the potential business impact of these transition risks and opportunities over three time horizons: short term (1–5 years, 2030), medium-term (6–15 years, 2040) and long-term (16–25+ years, 2050). These timeframes are aligned with TransAlta's strategic priorities, the anticipated progression of sustainability initiatives and the long-term lifespan of assets and investments.

The results of our 2025 climate scenario analysis confirmed that carbon pricing and the price of natural gas represent our top climate-related transition risks, while renewables transition and new technologies represent our top climate-related transition opportunities. The implications of these four transition risks and opportunities on TransAlta's strategy and business model and our response to the effects identified under NZE (low-warming world) and STEPS (high-warming world) scenarios are summarized in the following tables.

NZE (Low-warming world)

Short term (2030)

Carbon pricing poses risk under NZE in all time horizons, driven by widespread implementation of carbon pricing in Canada. TransAlta's U.S. and Western Australia carbon-intensive assets are predominantly contracted with an ability to pass through carbon compliance costs and serve remote industrial load. We use hedging, portfolio management (including offsets) and power purchase agreements (PPAs) to reduce carbon price sensitivity. The adoption of new technologies, especially battery storage, and the renewables transition show the greatest opportunity under NZE in all time horizons. We continue to consider growth opportunities in renewables and battery storage, while monitoring emerging technologies.

Medium term (2040)

Increase in operational costs due to carbon pricing could impact the operational capacity and profits from our natural gas facilities, depending on the ability to pass carbon prices on through our contracts. Growth in battery storage and shifts in electricity generation demand away from carbon-intensive sources towards solar, wind and hydro will expand the share of low-carbon generation, supported by storage capabilities that enhance system flexibility and reliability. Our diverse portfolio will evolve with ongoing investments in existing and future renewable assets, battery storage and new technologies subject to further advancement in their effectiveness and economic viability.

Long term (2050)

Global natural gas capacity decreases by close to 80 per cent and over half is coupled with CCUS by 2050. Higher operational costs driven by an increase in carbon price to US\$250/tonne CO₂e in all our operating regions (advanced economies under IEA scenarios) and lower operational capacity could impact the profits from TransAlta's natural gas facilities. In the long-term, we plan to continue contracting our natural gas fleet, which reduces carbon price sensitivity and reinforces resilience against this risk, while also maintaining a technology diverse portfolio. The adoption of emerging technologies, particularly battery storage, and the transition into renewables continue to offer compelling opportunity in 2050.

STEPS (High-warming world)

Short term (2030)

STEPS assumes that carbon pricing continues in Canada while no carbon price is set in the U.S. or Australia, under all time horizons. We navigate uncertainty around market dynamics (structure, pricing and competition) and government policies by using hedging, portfolio management (including offsets) and PPAs to reduce pricing-related risks. Although renewable energy growth is more muted under STEPS relative to NZE, it continues to be on the rise. The renewables transition – as well as the adoption of battery storage – offer opportunity to TransAlta under STEPS across all time horizons. To address and mitigate the challenges of renewable energy intermittency, we continue to consider investments in battery storage.

Medium term (2040)

The global power sector reduces emissions by 44 per cent by 2045. Carbon markets remain relevant only in Canada as there is no carbon pricing in the U.S. and Australia. Pressure from stakeholders and customers to accelerate decarbonization is limited. As reliance on natural gas decreases, the impact of higher gas prices falls. We proactively manage changes in natural gas prices across all operating regions, as well as carbon pricing, particularly in Canada, where we face significant exposure to carbon pricing regulations. While growth in renewables is expected, the need for new technologies is not a necessity in this market since continued reliance on natural gas electricity generation limits the use of battery storage. We prepare to pursue growth opportunities where value is strongest and maintain our resilience against market changes.

Long term (2050)

Natural gas demand remains stable through 2050. Carbon markets continue to apply solely in Canada, with no corresponding pricing mechanisms in the U.S. and Australia. Given the evolving grid, the adoption of battery storage offers greater opportunity in 2050, compared to 2030 and 2040. Consistent with our strategy, we continue to monitor emerging technology trends and maintain a technology diverse portfolio to address long-term energy dynamics.

Further discussions on the potential business impacts of each climate-related transition risk and opportunity and TransAlta's mitigation measures and management response are presented in the following sections.

Top Identified Climate-Related Risks (2025)

	Nature of risk	Potential business impacts	Mitigation measures
Carbon pricing	The "carbon pricing" risk arises from increasing prices on carbon emissions applied to natural gas electricity generation. A key facet of this risk is that CCUS is not used to reduce emissions, meaning that TransAlta's gas fleet is directly exposed to scenario-driven carbon pricing without efficiency improvements or abatement.	Carbon pricing poses significant risk across all years and scenarios, driven by widespread implementations of carbon pricing in Canada and ongoing natural gas generation in TransAlta's strategy. If additional emissions reductions are mandated, natural gas plants could be forced to invest in technologies like CCUS, further increasing their operating costs. Natural gas facilities in Ontario, the U.S. and Western Australia face less risk compared to assets in Alberta as they are contracted and can pass down carbon costs to their clients.	Current and anticipated regional carbon pricing monitoring and policy engagement are conducted to plan and assess increases in operational costs and impacts on new projects and investments. We proactively manage factors linked to carbon pricing, including through hedging, portfolio optimization (including offsets) and PPAs to reduce sensitivity to carbon price fluctuations and strengthen resilience against this risk.
Natural gas price	The "natural gas price" risk arises from changing natural gas prices having a direct impact to power generation costs, thereby impacting operational expenses at TransAlta's facilities. The change in natural gas price is driven by the supply and demand analysis in the scenarios.	Natural gas price poses an extreme risk under STEPS and in 2030 under APS due to rising prices. As reliance on natural gas decreases in 2040 and 2050 under STEPS, the impact falls. In a NZE scenario, due to low demand for natural gas, there is an extreme opportunity for lower fuel prices in all time periods for North American operations, while Australian markets do not bear the risk as customers pay for the natural gas that flows through TransAlta's facilities.	Current and anticipated natural gas pricing monitoring is critical to assess increases in operational costs of TransAlta's existing natural gas fleet and impacts on new projects and investments. We proactively manage our exposure with hedging and PPAs to reduce pricing-related risks.

Top Identified Climate-Related Opportunities (2025)

	Nature of opportunity	Potential business impacts	Management response
Renewables transition	The "renewables transition" opportunity arises from incremental power demand requiring participation from all technologies, augmented by shifts away from carbon-intensive sources and technological advancement improving firming renewables solutions.	The renewables transition presents a significant opportunity across nearly all scenarios and timeframes, driven by the projected growth of renewables. This underscores the enduring value of existing renewable assets and a strong foundation for continued investment in renewable energy.	Our renewable energy commitment began more than 100 years ago when we built our first hydro assets in Alberta, which still operate today. We now operate 60 renewable facilities across Canada, the U.S. and Western Australia. Our strategy is focused on operating and redeveloping our existing assets, making acquisitions in our core markets and developing renewable energy, battery storage and natural gas generation for reliability. From 2000 to 2025, we increased our nameplate renewable power capacity from approximately 900 MW to over 3,600 MW.
New technologies	The "new technology development" opportunity arises from the adoption of emerging innovations such as lithium-ion batteries and hydrogen-based electricity generation. Developments in these areas drive sustainable, low-emission, reliability solutions. For this opportunity, TransAlta focused on battery storage.	Adopting battery storage technologies presents a substantial opportunity for TransAlta across all scenarios and timelines. This opportunity grows, particularly under NZE and in later years of STEPS and APS, when battery storage becomes critical for reliability and flexibility. TransAlta's strategy to integrate battery storage positions the Company to capture significant value as markets transition towards renewable energy and battery technology matures.	Monitoring technology trends and selectively advancing battery storage opportunities is strategic for TransAlta as reliance on battery storage grows and the technology matures. To maximize value, we align investments in new technologies with our broader business objectives, leveraging our experience across markets. In 2020, we completed our first battery storage (10 MW) project at one of our wind facilities in Southern Alberta. In 2023, we delivered a hybrid system of solar with battery storage (48 MW) in Western Australia. In 2025, TransAlta launched the development of a project to augment the capabilities of our largest hydro plant Brazeau (355 MW), on the North Saskatchewan river system, with battery storage (20 MW).

Climate-Related Risks and Opportunities

We actively monitor and manage climate-related risks through our Company-wide ERM processes. In 2025, we refreshed our 2021 climate scenario analysis to review specific risks. As previously mentioned, climate change risks and opportunities are addressed at each of the Board, executive and management, business unit levels and through our corporate functions. The business units and corporate functions work closely together and provide information on risks and opportunities to management, the executive team and the Board.

Climate change risks at the asset or business unit level are identified through our Total Safety Management System, asset management function and systems, energy and trading business, communication with stakeholders, active monitoring and participation in working groups. All identified significant risks are added to our ERM register and scored based on likelihood and impact. We do not consider risks in isolation and major risks are the focus of management response and mitigation plans. Further discussion can be found in the "Risk Management" section of TransAlta's 2025 Annual Report.

We divide our climate change risks into two major categories as per IFRS S2 and TCFD guidance: (i) risks related to the transition to a lower-carbon economy; and (ii) risks related to the physical impacts of climate change.

Transition Risks to a Lower-Carbon Economy

We actively aim to understand and manage the impact of climate change on our business. In 2025, we updated the transition risks outlined below.

Policy and Legal Risks

Changes in current environmental legislation have a potentially significant impact upon our business and operations in Canada, the U.S. and Australia.

For a more detailed assessment of policy and regulatory risks, refer to the "Risk Management" section of TransAlta's 2025 Annual Report.

Canada

The Government of Canada has set objectives for carbon emissions reductions, including a 45 to 50 per cent national emissions reduction over 2005 levels by 2035, a net-zero electricity grid by 2035 and a net-zero national economy by 2050. The current government plans to rely on several policy tools to achieve its emissions objectives, including but not limited to carbon pricing, emissions performance regulations, funding for industrial energy transition and incentives for consumers. Canada's provinces have jurisdiction over their respective electricity sectors and play an important role in setting carbon pricing policy and emissions performance standards, subject to the federal government's authority to set national carbon pricing standards. Jurisdictional responsibilities between the federal and provincial governments enable both levels of government to implement policies that impact our sector. Leadership changes at either level of government can influence policy direction.

Risks

- Changes in carbon pricing and emissions performance regulations may impact TransAlta's generation fleet in Canada as governments may change policy stringency in conjunction with climate targets.
- Government funding for industrial energy transition may create out-of-market incentives for competing generation.
- Regulatory incentives, including emissions reduction crediting and other subsidies, may create out-of-market incentives for competing generation.
- Lack of federal/provincial coordination with respect to climate policy and regulation may lead to investment uncertainty.

Opportunities

- Estimates from Canada's Energy Futures produced by the Canada Energy Regulator in 2023 suggest that achieving Canada's current climate targets will require a minimum of twice Canada's current non-emitting generation. Further, we continue to see strong private sector demand for contracted renewable electricity generation to meet corporate sustainability goals.
- Government funding to support the development of innovative technology to reduce emissions from the electricity sector offers TransAlta the potential opportunity to gain project support to grow its energy storage fleet.
- Government support for industrial electrification will grow the electricity load over time and create new opportunities for electricity generation.

Management Response

- We believe that TransAlta's corporate strategy positions our Company to meet the demand for renewable and dispatchable generation driven by customers and government policy.
- We are focused on developing and acquiring contracted assets that provide long-term certainty with respect to revenue and eligibility for government incentive programs, as applicable. TransAlta actively assesses available government renewable energy tax legislation and programs to maximize, wherever possible, access to project incentives.
- Our diversified portfolio and contracted growth reduces the Company's proportional exposure to potential policy and regulatory decisions that negatively impact natural gas generation.
- Our coal-to-gas facilities fit within current government plans to continue providing reliable and competitively priced electricity for consumers and industry.
- Our remaining natural gas facilities (non-coal-to-gas) operate under contract, reducing TransAlta's exposure to changes in carbon pricing.
- We engage with the federal and provincial governments in Canada to inform and influence policy development to ensure that our generating fleet continues to serve our customers.

- We actively work, both directly and through industry associations, to encourage governments to adopt a level playing field within funding and crediting programs so that all new emerging technology projects receive equitable government incentives and funding.
- We engage with all relevant Canadian governments to seek policy alignment across carbon pricing and regulatory and funding programs to create the greatest possible degree of investment certainty.

United States

On Jan. 20, 2025, President Trump was inaugurated as the 47th President of the U.S. The administration issued numerous executive orders declaring an emergency and prioritizing fossil fuel extraction and power production while also halting permits for wind energy. The administration has also issued multiple emergency orders requiring that plants powered by fossil fuels remain available to operate past planned retirement dates (including our Centralia facility; refer to Risks, below). It has also eliminated numerous climate change programs and guidelines from multiple federal agencies. While the Inflation Reduction Act of 2022 remains in force and aims to reduce U.S. carbon emissions by 40 per cent by 2030 from 2005 levels, the One Big Beautiful Bill Act ("OBBBA") that was signed into law on July 4, 2025, significantly rolled back tax credits for wind and solar generation. The U.S. does not have a national carbon pricing regime.

State and regional renewable and climate policies have a significant impact on the pace of energy transition in the country, with several jurisdictions maintaining renewable portfolio standards and/or carbon pricing regimes. Estimates from the IEA's World Energy Outlook 2024 suggest that the U.S. will require substantial growth in zero-emissions generation to meet its national, state and regional climate targets.

Risks

- TransAlta operates two thermal generating facilities in the U.S. that have and could be subject to policy changes. On Dec. 16, 2025, the Company received an executive order mandating that our single coal unit, Centralia Unit 2, in Washington State remain available to operate on coal until March 16, 2026 (refer to Management Response).
- Although the January 2025 executive order halting all federal wind permits for both offshore and land-based wind was struck down by a federal court in December 2025, additional directives and policies from the U.S. Department of Interior and other federal agencies that impede permits and other approvals for both wind and solar projects remain intact, and could pose risks for new wind and solar development projects.
- Federal incentives for clean energy were rolled back by the OBBBA. Wind and solar projects must be placed in service by Dec. 31, 2027 unless they begin construction by July 4, 2026. Energy storage tax credits remain intact through 2032. These incentives may make new wind and solar projects less competitive starting at the end of the decade.

Opportunities

- Achieving government and private sector sustainability commitments will require sustained growth in zero-emissions electricity generation over the coming decades. TransAlta remains focused on providing a balanced energy portfolio, including renewable electricity, to contracted customers in a manner that is aligned with federal, state and private sector goals.
- Strong customer demand to meet increased electricity and reliability needs, combined with low-carbon energy and sustainability goals, present opportunities for TransAlta.
- U.S. tax incentive programs that offer support for new renewable and energy storage projects are being phased out under the OBBBA; however, increased electricity demand, customer sustainability programs and state policies will continue to make the U.S. an attractive growth market.

Management Response

- TransAlta's single coal unit, Centralia Unit 2, in Washington state, is subject to a retirement agreement with the state government that exempts the facility from any carbon regulation before its end of life in 2025. On Dec. 9, 2025, TransAlta announced the execution of a new long-term contract with our customer to convert the facility to natural gas, which is expected to reduce GHG and other emissions. On Dec. 16, 2025, the Company received an order from the U.S. Department of Energy, mandating that Centralia Unit 2 remain available to operate on coal for a period of 90 days, until March 16, 2026. The Company is currently continuing to work with the state and federal governments to understand the operation and potential implications of the order.
- The Company remains focused on developing and acquiring contracted assets that provide long-term certainty with respect to revenue.
- TransAlta will continue to assess federal, regional and state government policy changes related to our business.

Australia

The Australian Government has a 43 per cent national emissions reduction target over 2005 levels by 2030 and a goal to achieve a net-zero national economy by 2050. Decarbonization efforts have been centred on funding clean technologies, upgrading the electricity grid to support more renewables, regulating and reporting of GHG emissions and incentivizing zero-emissions vehicle adoption. Large GHG emitters are required to reduce their scope 1 emissions under the Australian Government's National Safeguard Mechanism (SGM). While the government has made recent changes to the SGM, these changes are not expected to have a material impact on TransAlta's assets. Australian state governments have all adopted net-zero goals and a number of states have interim targets for 2030 and 2040. These state policies are driving demand for zero-emissions electricity and energy storage.

Risks

- TransAlta's Western Australian natural gas facilities may face policy risk related to changes in government policies (refer to Management Response, below).

Opportunities

- The Company remains focused on maintaining renewable and dispatchable electricity generation in Western Australia and other markets. Government policies and funding programs are generally supportive of the types of projects contemplated within TransAlta's strategy.
- Strong corporate demand for renewable electricity solutions in Australia's natural resource sectors presents opportunities for TransAlta to leverage its existing expertise to help customers meet regulatory requirements and reach their decarbonization objectives.

Management Response

- TransAlta's assets are predominantly contracted with an ability to pass through carbon compliance costs and serve remote industrial load. As a result, the Company faces reduced policy risk.
- The Company continues to deliver renewable electricity solutions to natural resource customers in Western Australia. Our growing suite of technologies, including renewables and energy storage, positions us to provide contracted solutions to customers focused on the need for reliable and sustainable energy.
- TransAlta also continues to assess opportunities to grow our renewable energy generation in alignment with Australia's national and state climate goals.

Technology Risks

Technological changes to support the low-carbon transition present both risks and opportunities for TransAlta. We evaluate existing and emerging impacts of technology through our Strategy and our ERM processes. Examples of technology risks and opportunities include infrastructure changes and digitization combined with greater adoption of energy efficiency (less use of our end product). Cost-competitive battery storage will enable greater adoption of renewables and a shift to a distributed power generation model. We continue to evaluate battery storage for its financial viability while monitoring the potential impact battery technology could have on natural gas power generation. In 2020, we completed our first battery storage (10 MW) project at one of our wind facilities in Southern Alberta. In 2023, we delivered a hybrid system of solar with battery storage (48 MW) in Western Australia. We continue to investigate the possibility of battery storage at our other facility locations. Our teams continuously adopt improved technology at each of our new developments, which helps protect shareholder value and maintain reliable and affordable electricity delivery.

For further information on technology and innovation, refer to the "Enabling Innovation and Technology Adoption" section of this report.

Market Risks

Our major market risks are associated with our natural gas facilities, and specifically exposure to carbon pricing, which could impact our operating costs. We actively monitor market risks through our energy marketing and asset optimization teams and our ERM process. Further, our corporate functions apply regionally specific carbon pricing, both current and anticipated, as a mechanism to manage future risks of uncertainty in the carbon market. To simultaneously manage our risks and leverage market

opportunities, we continue operating our hydro, wind and solar facilities and evaluating fleet growth opportunities.

Our renewable fleet makes our overall portfolio more resilient to climate risk, provides increased flexibility in generation and creates incremental environmental value through environmental attributes. We proactively manage factors linked to carbon pricing such as calibrating merchant gas exposure to reduce sensitivity to carbon price fluctuations and strengthen resilience against this risk. Lastly, we recognize the opportunity to grow our ancillary services, such as systems support, providing flexibility and reliability to the grid.

Reputation Risks

Negative reputational impacts, including revenue loss, investor confidence impacts and a reduced customer base, are evaluated through our ERM process. In the past, we experienced negative reputational impacts due to our coal operations. We believe that our transition path away from coal mitigates this reputational risk. We operate a diverse fleet of assets, including natural-gas-fired generation, which we believe enables the energy transition by ensuring reliability. We continue to actively monitor and manage reputational risks by delivering reliable and responsible power solutions.

Physical Risks of Climate Change

As we learn more about the physical risks associated with climate change, we continue to consider acute and chronic risks that could significantly impact our operations. We continue to investigate the physical impacts of climate change on our operating assets.

Acute Physical Risks

We have operating assets in three countries and varied geographic locations, many of which could be impacted by extreme weather events. These events can impact our operations and give rise to risks. Due to the nature of our business, our earnings are sensitive to seasonal weather variations. Variations in winter weather affect the demand for electrical heating requirements while variations in summer weather affect the demand for electrical cooling requirements. These variations in demand translate into spot market price volatility. Variations in precipitation also affect water supplies, which in turn affect our hydroelectric assets. Also, variations in sunlight conditions can have an effect on energy production levels from our solar facilities.

Our generation facilities and their operations are exposed to potential damage and partial or complete loss resulting from environmental disasters (e.g., floods, strong winds, wildfires, earthquakes, tornados and cyclones), equipment failures and other events beyond our control. Climate change can increase the frequency and severity of these extreme weather events. The occurrence of a significant event that disrupts the operation or ability of the generation facilities to produce or sell power for an extended period, including events that preclude existing customers from purchasing electricity, could have a material adverse effect. In certain cases, there is the potential that some events may not excuse us from performing our obligations pursuant to agreements with third parties. The fact that several of our generation facilities are located in remote areas may make access for repair of damage difficult.

We continuously evaluate the potential impact of acute climate change on our business. For example, our gas facility at the South Hedland, Western Australia, is built with climate adaptation in mind. We designed the facility to withstand a category 5 cyclone (the highest cyclone rating). We have mitigated the risk of floods that can occur in the area by constructing the facility above normal flood levels. In 2019, a category 4 cyclone hit this facility and did not impact operations. We were able to continue generating electricity through the storm despite widespread flooding and the shutdown of the nearby port. In 2025, a category 5 cyclone crossed South Hedland and caused minor damage to the power station.

In Canada, since the 2013 floods in Southern Alberta, we have implemented projects that increase the resilience of our hydro facilities to severe climate events. We have also modified operations at several of our facilities as per an agreement with the Government of Alberta. This reduces flood risk in the spring while also recognizing the potential for increased droughts as a result of climate change in the future. TransAlta continues to participate in multi-stakeholder groups that are developing options for climate resiliency across Southern Alberta.

Chronic Physical Risks

Chronic physical risks refer to longer-term shifts in climate patterns that may cause sea level rise, chronic heat waves, changes in precipitation patterns and extreme variability in weather patterns.

These variations in weather could have an impact on our generating assets. Ice can accumulate on wind turbine blades in the winter months. The accumulation of ice on wind turbine blades depends on a number of factors, including temperature and ambient humidity. Accumulated ice can have a significant impact on energy yields and could result in the wind turbine experiencing more downtime. Extreme cold temperatures can also impact the ability of wind turbines to operate effectively and this could result in more downtime and reduced production. In addition, climate change could result in increased variability to water flow or wind patterns that could impact our hydro and wind businesses and associated revenue generation.

Climate-Related Metrics and Targets

Climate Targets

TransAlta has established climate-related goals and targets with reference to the UN SDGs. Performance against our 2025 climate-related targets is outlined below. Target year means by Dec. 31 of that year.

Sustainability target	UN SDG alignment	Progress
Cease coal generation by the end of 2025 with 100 per cent of our owned net generation capacity to be from renewables and gas	Target 7.1: "By 2030, ensure universal access to affordable, reliable and modern energy services"	In 2025, our owned net generation capacity from renewables and gas represented approximately 92 per cent of our total 8,677 MW owned net generation capacity. In 2021, we achieved the full phase-out of coal in Canada. In the U.S., TransAlta's last remaining coal-fired generation facility, Centralia Unit 2 in Washington state, was on track to cease operations by Dec. 31, 2025. On Dec. 16, 2025, the Company received a federal executive order requiring the Centralia facility remain available to operate on coal, upon request, for a period of 90 days ending March 16, 2026. ⁽¹⁾
By 2026, achieve a 75 per cent reduction of scope 1 and 2 GHG emissions from a 2015 base year ⁽²⁾	Target 13.2: "Integrate climate change measures into national policies, strategies and planning"	In 2025, we achieved our target of 75 per cent scope 1 and 2 GHG emissions reductions by 2026. Since 2015, we have reduced scope 1 and 2 GHG emissions by 30.7 MT CO ₂ e or 76 per cent.
By 2030, achieve a 30 per cent reduction of scope 1 and 2 GHG emissions intensity from 2023 base year	Target 13.2: "Integrate climate change measures into national policies, strategies and planning"	We are on track to achieve our target of 30 per cent reduction of scope 1 and 2 GHG emissions intensity by 2030. Since 2023, we have reduced scope 1 and 2 GHG emissions intensity by 25 per cent from our 2023 baseline of 0.42 tonnes CO ₂ e/MWh ⁽³⁾ .
By 2045, achieve net-zero for 100 per cent of TransAlta's scope 1 and 2 GHG emissions	Target 13.2: "Integrate climate change measures into national policies, strategies and planning"	Since 2005, we have reduced our scope 1 and 2 GHG emissions by 44.4 MT CO ₂ e or an 82 per cent reduction, proudly representing approximately 15 per cent of Canada's Paris Agreement 2030 decarbonization target ⁽⁴⁾ .

(1) In 2025, TransAlta made meaningful progress toward achieving our climate-related target to cease coal-fired generation by the end of the year. Our last coal-fired generation facility, Centralia Unit 2 in Washington state, was on track to cease operations effective Dec. 31, 2025, followed by a planned coal-to-gas conversion to commence in 2026. On Dec 16, 2025, the Company received an order from the U.S. Department of Energy requiring Centralia remain available to operate on coal for a 90-day period ending March 16, 2026 (the Order). The Centralia facility generated its last electricity using coal on Dec. 19, 2025. At this time, TransAlta is required by law to comply with the Order.

(2) TransAlta's target to reduce 75 per cent of our scope 1 and 2 GHG emissions by 2026 from a 2015 base year is estimated to align with the electricity sector decarbonization pathway to limit global warming to 1.5°C, as one of the Paris Agreement goals.

- (3) The 2023 baseline scope 1 and 2 GHG emissions intensity has been recalculated to 0.42 tonnes CO₂e/MWh from 0.41 tonnes CO₂e/MWh to reflect the Heartland acquisition in 2024.
- (4) In 2005, TransAlta's estimated scope 1 and 2 GHG emissions were 54 MT of CO₂e, which did not receive independent limited assurance. Canada's Paris Agreement 2030 decarbonization target assumed 293 MT of CO₂e or a 40 per cent reduction from a 2005 baseline of 732 MT of CO₂e.

GHG Disclosures

Scope 1 and 2 Emissions

Scope 1 emissions are the direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. TransAlta's scope 1 and 2 GHG emissions are calculated using different methodologies depending on the technologies available at our facilities. Emissions data has been aligned with the "Setting Organizational Boundaries: Operational Control" methodology set out in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard developed by the World Resources Institute and the World Business Council for Sustainable Development. We report emissions on an operational control basis, which means we report 100 per cent of emissions at the facilities that we operate.

We compile our corporate GHG inventory using our business segment GHG calculations. As a result, emission factors and global warming potentials used in our GHG calculations can vary due to differences in regional compliance guidance. Applying harmonized global warming potentials across our fleet would result in a minor variance to our overall calculated GHG totals.

The following tables detail our GHG emissions by scope, generation type and country in million tonnes of CO₂e. Some values do not sum to the indicated total due to rounding of tabulated emissions. Zeros (0.0) indicate truncated values.

Year ended Dec. 31	2025	2024	2023
Scope 1	9.5	9.5	10.9
Scope 2	0.1	0.1	0.1
Total scope 1 and 2 GHG emissions	9.6	9.6	10.9

Year ended Dec. 31	2025	2024	2023
Hydro	0.0	0.0	0.0
Wind and Solar	0.0	0.0	0.0
Gas	6.5	6.3	6.4
Energy Transition	3.1	3.2	4.5
Total scope 1 and 2 GHG emissions	9.6	9.6	10.9

Year ended Dec. 31	2025	2024	2023
Australia	0.7	0.9	1.0
Canada	5.7	5.4	5.3
United States	3.2	3.3	4.6
Total scope 1 and 2 GHG emissions	9.6	9.6	10.9

In 2025, our GHG emissions (scope 1 and 2) were 9.6 million tonnes as a result of normal operating activities. As a result, in 2025, our scope 1 and 2 GHG emissions intensity decreased to 0.31 tCO₂e/MWh from 0.35 tCO₂e/MWh in 2024.

TransAlta sells the environmental attributes generated from our renewable energy facilities and does not subtract this amount from our total GHG emissions (scope 1 and 2).

The following table highlights our scope 1 and 2 GHG emissions reductions since 2015 and our targeted emissions in 2026 in million tonnes of CO₂e. The actual GHG emissions for the Company in 2026 will vary from that presented below depending on, among other things, the growth of the Company, including its on-site generation business.

Year ended Dec. 31	2026 (forecast)	2025	2015 ⁽¹⁾
Total scope 1 and 2 GHG emissions	10.1	9.6	40.4

(1) The 2015 base year total scope 1 and 2 GHG emissions has increased to 40.4 million tonnes from 32.2 million tonnes following the Heartland acquisition in 2024.

Scope 3 Emissions

Scope 3 emissions are all indirect emissions (not included in scope 1 or 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. TransAlta's scope 3 emissions are calculated using methodologies consistent with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard) and with reference to the additional guidance provided in the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Scope 3 Guidance) developed by the World Resources Institute and the World Business Council for Sustainable Development.

TransAlta's scope 3 emissions include the indirect GHG emissions resulting from activities in our value chain but outside of our operational control. Of the 15 categories described in the GHG Protocol Scope 3 Guidance, four are not applicable to our business and, therefore, are not included in the calculation: Category 8: Upstream leased assets, Category 12: End-of-life treatment of sold products, Category 13: Downstream leased assets, and Category 14: Franchises.

However, it should be noted that TransAlta's customers are reporting GHG emissions reductions using our renewable energy assets, projects and operations.

Any historical revisions to GHG data will be captured and reported in future disclosure. The majority of our GHG emissions result from carbon dioxide emissions from stationary combustion from coal- and natural-gas-fired generation.

We define a material category as one that represents more than 10 per cent of the Company's total scope 3 emissions. Of the 15 categories described in the GHG Protocol Scope 3 Guidance, three are deemed material to our business and together they accounted for 92 per cent of our total scope 3 emissions of approximately 5.8 million tonnes of CO₂e in 2025. They include Category 3: Fuel and energy-related activities, Category 11: Use of sold products, and Category 15: Investments. These emissions received limited assurance by a third-party provider. Total scope 3 GHG emissions increased in 2025 relative to 2024 primarily due to the Heartland acquisition.

The categories deemed relevant for our business represent more than one per cent of the Company's total scope 3 emissions. They include Category 1: Purchased goods and services, Category 2: Capital goods, Category 4: Upstream transportation and distribution, Category 9: Downstream transportation and distribution, and Category 10: Processing of sold products.

Other categories applicable to TransAlta but not considered material or relevant include Category 5: Waste generated in operations, Category 6: Business travel, and Category 7: Employee commuting.

The following table highlights our material scope 3 emissions categories in 2025.

Material Scope 3 Categories

Category	Description	Progress
3: Fuel-and-energy-related activities	Emissions associated with the extraction, and production of all fossil fuels, and includes midstream transportation of natural gas (pipeline). Also accounts for transmission and distribution losses from electricity consumption.	This category received limited assurance in 2025. Emissions in 2025 increased relative to 2024 primarily due to the acquisition and operation of four natural-gas-fired facilities from Heartland.
11: Use of sold products	Emissions associated with the combustion of natural gas sold by TransAlta as an intermediary between the natural gas producer and the customer. This refers to the sales and delivery of physical natural gas to the client.	This category received limited assurance in 2025.
15: Investment	Emissions from our assets that are owned (as a joint venture or other ownership structure) but not operated by TransAlta. The joint venture assets utilize an equity-based investment on the asset's scope 1 and 2 GHG emissions. This category also includes emissions from our Energy Marketing department as described under "Managed investments and client services".	This category received limited assurance in 2025. Emissions in 2025 increased primarily due to the acquisition of Heartland in 2024.

The following table details our total scope 3 GHG emissions in million tonnes of CO₂e. Some values do not sum to the indicated total due to rounding of tabulated emissions. Zeros (0.0) indicate truncated values.

Year ended Dec. 31	2025	2024	2023
Category 1: Purchased goods and services ⁽¹⁾	0.0	0.0	0.0
Category 2: Capital goods ⁽²⁾	0.0	0.0	0.1
Category 3: Fuel and energy-related activities	1.0	1.0	1.0
Category 11: Use of sold products	0.6	0.6	0.7
Category 15: Investments	3.6	1.8	1.7
Other relevant categories ⁽³⁾	0.5	0.2	0.3
Total scope 3 GHG emissions	5.8	3.7	3.7

(1) Category 1: Purchased goods and services includes emissions associated with the extraction, production and transportation of goods and services purchased as described by TransAlta's operating expenditure, less labour, wages and other related costs.

(2) Category 2: Capital goods includes emissions associated with the extraction, production and transportation of capital goods and services purchased as described by TransAlta's capital expenditure, less labour, wages and other related costs.

(3) Other relevant categories include Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, Category 6: Business travel, Category 7: Employee commuting, Category 9: Downstream transportation and distribution, and Category 10: Processing of sold products. These emissions were estimated based on best available information and did not receive limited assurance by a third-party provider.

Avoided Emissions

In 2025, production from renewable assets resulted in the avoidance of approximately 2.7 million tonnes of CO₂e for our customers. TransAlta's avoided emissions are defined as the sum of the displaced emissions by our renewable assets in the jurisdictions where we operate.

The value is calculated as the product of the generation of electricity obtained from a renewable source (hydro, wind and solar) and the specific CO₂ emissions intensity from the grid of the jurisdiction in which we operate. Avoided emissions decreased marginally in 2025 compared to 2024 primarily due to a decrease in grid intensity.

The following table highlights our avoided emissions in million tonnes of CO₂e.

Year ended Dec. 31	2025	2024	2023
Total GHG emissions avoided	2.7	2.8	2.3

Sustainable Finance

Sustainable finance is the process of taking due account of ESG considerations (e.g., climate change, biodiversity, human rights, etc.) when making investment decisions. Sustainable finance is a key pillar of TransAlta's Climate Transition Plan. This means that we may choose to utilize pools of capital available to sustainable economic activities and projects to finance our energy transition.

TransAlta deploys green and sustainable financing to build our renewable energy fleet. This supports our goal to deliver on our customers' needs for renewable electricity.

In 2025, TransAlta issued \$450 million in Senior Green Notes, and an amount equal to the net proceeds from the notes have been allocated to finance or refinance new and/or existing eligible green projects. In 2022, TransAlta issued US\$400 million (\$533 million) in Senior Green

Notes. The notes were issued under TransAlta's Green Bond Framework, which aligns with the Green Bond Principles published by the International Capital Market Association. For further information, refer to "Green Bond Framework" in the "Investor Information" section of the Investor Centre on our website.

In 2021, TransAlta converted an existing \$1.95 billion syndicated revolving credit facility into a sustainability-linked loan. The loan aligns the cost of borrowing to the Company's GHG emissions reduction targets. Sustainability-linked loans are any types of loan instruments and/or contingent facilities (such as bonding lines, guarantee lines or letters of credit) that incentivize the borrower's achievement of ambitious, predetermined sustainability performance objectives.

The summary below shows the carrying value of the issued green bonds and the total committed facility size of our ESG financial operations portfolio.

As at Dec. 31 (in millions of Canadian dollars)	2025	2024	2023
Green notes ⁽¹⁾	596	726	684
Sustainability-linked loans	1,900	1,950	1,950

(1) Green notes as at Dec. 31, 2025 consist of 5.6 per cent \$450 million senior notes and Windrise Wind LP bond at carrying values of \$446 million and \$150 million, respectively. Green notes as at Dec. 31, 2024 consist of 7.8 per cent US\$400 million senior notes and Windrise Wind LP bond at carrying values of \$568 million and \$157 million, respectively (Dec. 31, 2023 - \$520 million and \$164 million, respectively).

Climate-Related Financial Metrics

The results of TransAlta's 2025 climate-related scenario analysis have shown that the adoption of new technologies, especially battery storage, and the renewables transition provide the greatest opportunity under a net-zero scenario in all time horizons. Our revenue from renewable energy generation (hydro, wind and solar) in 2025 was \$864 million (2024 – \$839 million).

In 2025, our growth capital expenditures for renewable energy generation were \$32 million (2024 – \$61 million). In addition, TransAlta continues to invest in emerging abatement technologies and solutions. In 2025, our investments in low-carbon research and development were \$4 million (2024 – \$8 million).

In 2025, adjusted EBITDA from renewable energy generation was \$623 million (2024 – \$632 million). Our renewable fleet makes our overall portfolio more resilient to climate-related risks, provides increased flexibility in generation and creates incremental environmental value through environmental attributes. Our revenue in 2025 from environmental attribute sales was \$112 million (2024 – \$79 million).

The disclosure of TransAlta's financial metrics related to our climate-related risks and opportunities aligns with the IFRS S2 and TCFD recommendations.

Renewable energy generation is represented by generation from the Hydro and Wind and Solar segments.

A summary of our climate-related financial metrics is presented below.

Year ended Dec. 31 (in millions of Canadian dollars)	2025	2024	2023
Environmental and tax attributes revenue ⁽¹⁾	175	138	40
Hydro segment Adjusted Revenue ⁽²⁾	364	390	529
Wind and Solar segment Adjusted Revenue ⁽²⁾	500	449	373
Hydro segment Adjusted EBITDA ⁽³⁾	285	316	459
Wind and Solar segment Adjusted EBITDA ⁽³⁾	338	316	257
Growth and development capital expenditures ⁽⁴⁾ for renewable energy generation	36	73	679
Investments in low-carbon research and development ⁽⁵⁾	4	8	4

(1) The environmental and tax attributes revenue represent environmental attributes and production tax transfer sales not bundled with power and other sales attributable to the Hydro and Wind and Solar segments and excludes the elimination of intercompany sales. Production Tax Credits related to the U.S. wind facilities that are subject to tax equity financing arrangements are excluded from Environmental and tax attributes revenue. The elimination of intercompany sales is reflected in the Corporate segment (refer to Note 5 of TransAlta's 2025 Annual Consolidated Financial Statements for details).

(2) Adjusted Revenue is a non-IFRS measure. Adjusted Revenue is not defined and has no standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers. The most directly comparable IFRS measure to Adjusted Revenue for the Hydro segment is revenue of \$368 million for the year ended Dec. 31, 2025 (Dec. 31, 2024 - \$409 million). The most directly comparable IFRS measure to Adjusted Revenue for the Wind and Solar segment is revenue of \$206 million for the year ended Dec. 31, 2025 (Dec. 31, 2024 - \$336 million). Refer to the "Non-IFRS and Supplementary Financial Measures" section of TransAlta's 2025 Annual MD&A for more details.

(3) Adjusted EBITDA is a non-IFRS measure. Adjusted EBITDA is not defined and has no standardized meaning under IFRS and may not be comparable to similar measures presented by other issuers. The most directly comparable IFRS measure to Adjusted EBITDA for the Hydro segment is earnings before income taxes of \$251 million for the year ended Dec. 31, 2025 (Dec. 31, 2024 - \$263 million). The most directly comparable IFRS measure to Adjusted EBITDA for the Wind and Solar segment is loss before income taxes of \$165 million for the year ended Dec. 31, 2025 (Dec. 31, 2024 - earnings before income taxes of \$19 million). Refer to the "Non-IFRS and Supplementary Financial Measures" section of TransAlta's 2025 Annual MD&A for more details.

(4) Growth and development capital expenditures is a supplementary financial measure and represents capital expenditures incurred that will add megawatts to the Company or will generate new incremental revenues and consists of engineering, design, contracting, permitting, payroll and overhead expenditures that meet capitalization criteria. Refer to the "Capital Expenditures" and "Non-IFRS and Supplementary Financial Measures" sections of TransAlta's 2025 Annual MD&A for more details.

(5) Investments in low-carbon research and development is represented by our equity investment in Ekona Power Inc.'s (Ekona) Series A funding round and our four-year investment in Energy Impact Partners' Deep Decarbonization Frontier Fund 1 (the Frontier Fund). Company's investments are summarized in Note 9 of TransAlta's 2025 Annual Consolidated Financial Statements.

Alignment with Climate-Related Disclosures Frameworks

The table below shows the partial alignment of our climate change management disclosure with TCFD and IFRS S2 recommendations.

TCFD Recommended Disclosures	Other Alignments	Location
Governance		
Describe the board's oversight of climate-related risks and opportunities	IFRS S2: 6	Oversight by the Board of Directors
Describe management's role in assessing and managing climate-related risks and opportunities	IFRS S2: 6	Role of Senior Management
Strategy		
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	IFRS S2: 8-9	Key Climate Scenario Findings
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	IFRS S2: 8-9	Climate-Related Strategy, Key Climate Scenario Findings
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	IFRS S2: 22-23	Key Climate Scenario Findings
Risk management		
Describe the organization's processes for identifying and assessing climate-related risks	IFRS S2: 10	Climate-Related Strategy
Describe the organization's processes for managing climate-related risks	IFRS S2: 24-25	Climate-Related Risks and Opportunities
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	IFRS S2: 24-25	Climate-Related Risks and Opportunities
Metrics and targets		
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	IFRS S2: 27-28	Climate-Related Metrics and Targets
Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas emissions and the related risks	IFRS S2: 29-32	Climate-Related Metrics and Targets
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	IFRS S2: 33-36	Climate-Related Metrics and Targets

Enabling Innovation and Technology Adoption

TransAlta has been at the forefront of innovation in the power-generation sector since the early 1900s when we developed our first hydro facilities. We have been an early adopter and developer of wind technology, including the first commercial wind facility in Canada, and are now one of the largest wind generators in the country. In 2015, we made our first investment in solar technology in Massachusetts, in 2020, we installed the first utility-scale battery in Alberta and, in 2023, completed our first solar microgrid with battery energy storage system in Western Australia.

Renewable Energy

In 2025, TransAlta's nameplate capacity was 2548 MW from wind and battery storage, 944 MW from hydro energy and 181 MW from solar power.

In 2024, the Company achieved commercial operation of our 302 MW White Rock wind facilities, located in Oklahoma. The facilities are fully contracted to Amazon Energy LLC and currently supply clean and affordable electricity to our customer. In 2024, TransAlta also achieved commercial operation of our 202 MW Horizon Hill wind facility, located in Oklahoma. The facility is fully contracted to Meta Platforms Inc., which is receiving both clean electricity and environmental attributes from the facility.

In 2023, the Garden Plain wind facility in Alberta was commissioned adding 130 MW to our gross installed capacity. The facility is fully contracted with Pembina Pipeline Corporation (100 MW) and PepsiCo Canada (30 MW). In addition, in 2023, the 48 MW Northern Goldfields solar and battery storage facilities in Western Australia achieved commercial operation.

Scaling Up Energy Solutions

Battery Storage

We continue to invest in battery energy storage systems as an important way to provide reliability through the energy transition, continuing an important role TransAlta has played for over 100 years with our hydro facilities.

In 2025, TransAlta launched the development of a project to augment the capabilities of our largest hydro plant Brazeau (355 MW), on the North Saskatchewan river system, with battery storage. This project, the Brazeau Hydro Hybridization Project, adds 10 MW of battery energy storage capabilities to each of its two existing hydro generators. This increases the ability of the existing Brazeau Dam generating units to respond to over-frequency system conditions, preserves water to be used when it is needed the most and adds millisecond response

characteristics to further improve the range of system reliability services that the facility can provide. If the regulatory applications are approved, construction is expected to start in June 2026 and continue through September 2027, with the start of commercial operations planned later in 2027.

In 2023, the Northern Goldfields solar and battery storage facilities in Western Australia achieved commercial operation. The energy storage consists of the 10 MW/5 MWh Leinster Battery Energy Storage System which is integrated into TransAlta's remote network. The network and new generation was built to support BHP Nickel West to meet its emissions reduction targets and deliver lower-carbon nickel to its customers. In 2024, BHP Nickel West temporarily suspended its production because of low commodity pricing. As a result, TransAlta modified the power system to enable grid forming where we can now operate 100 per cent on solar power and batteries during the day to support our customer.

Electric Mobility

Companies can play an important role in reducing emissions by exploring the use of electric vehicles in their own operations. TransAlta explored the potential of electrifying our service fleet with zero-emission vehicles. In 2023, we launched a pilot project called Project Electrify to test four fully-electric vehicles at different facilities in Canada. The project ran from 2024 to 2025, during which time operators gained hands-on experience with the technology and provided feedback on whether to pursue further electrification of our fleet. We maintained a few electric vehicles in the operation of some hydro facilities in Alberta.

Future Solutions

Hydrogen

In 2022, we announced a \$2 million equity investment in Ekona's Series A funding round. The investment will help support the commercialization of Ekona's novel methane pyrolysis technology platform, which produces cleaner and lower-cost turquoise hydrogen. If successful, Ekona's distributed technology allows for on-site hydrogen production, hence avoiding the need for costly transportation of hydrogen. Furthermore, its solid carbon byproduct allows for low-cost, low-emissions hydrogen production without the need for carbon sequestration. TransAlta is a member of Ekona's Strategic Committee and continues to work with Ekona as it develops its pyrolysis technology.

Small Modular Reactors (SMR)

Small modular reactors have a power capacity of up to 300 MW per unit and differ from traditional nuclear in that they are modular, factory-assembled units transported to a location for installation. Additionally, they implement passive or walk-away safety features designed to dramatically reduce the risk of nuclear events. While high costs remain a challenge for all forms of nuclear, SMR developers argue that smaller MW plants made from manufactured components will allow the industry to access steep cost declines as the technology matures and more units are deployed. By providing reliable, emissions-free baseload power, nuclear power may play an important role in clean energy transitions.

In 2024, TransAlta announced a partnership with X-Energy Reactor Company, LLC to study the deployment of X-Energy's Xe-100 advanced small modular nuclear reactors in Alberta. With support from a grant from Emissions Reduction Alberta, the study examined the feasibility of deploying X-Energy's advanced high-temperature gas-cooled small modular nuclear reactor at an existing coal-to-gas plant in Alberta. This study was completed in September 2025 and confirmed areas where X-Energy's technology can directly support Alberta's energy economy and long-term competitiveness.

TransAlta continues to monitor developments in SMR and explore the benefits of carbon dioxide removal options to support the net-zero transition of our operations, such as nature-based solutions, direct air capture, carbon capture, utilization and storage and other technologies.

Disruptive Technologies

In 2022, we entered into a commitment to invest US\$25 million over the next four years in Energy Impact Partners' Deep Decarbonization Frontier Fund 1 (the Frontier Fund) that invests in early-stage, innovative technology companies that seek to accelerate the transition to net-zero GHG emissions.

TransAlta's investment in the Frontier Fund provides TransAlta with the opportunity to pool funds with some of the largest utilities in the U.S. and Europe to identify, pilot, commercialize and bring to market technologies that will support its decarbonization goals. In total, the Company invested US\$18 million to this fund as at Dec. 31, 2025.

Managing Environmental Resources

We continue to increase financial value from natural or environmental capital-related business activities, while striving to minimize our environmental footprint and potential risk factors related to environmental impacts.

Environmental Strategy

All energy sources used to generate electricity impact the environment. While we are pursuing a business strategy that includes investing in renewable energy resources such as wind, hydro and solar, we also believe that natural gas will continue to play an important role in meeting energy needs.

Our Environmental Policy defines how we are integrating the protection of nature and the environment within TransAlta's strategy, and our Total Safety Management System, as well as the principles of conduct for the management of natural resources.

Environmental Management System

At TransAlta, we operate our facilities in line with best practices related to environmental management standards. Our environmental management processes are verified annually to ensure we continuously improve our environmental performance. Our knowledge of environmental management systems (EMS) has matured since we aligned our processes in accordance with the internationally recognized ISO 14001 EMS standard. Currently, the most material natural or environmental capital impacts to our business are GHG emissions, air emissions (i.e., pollutants) and energy use. Other material impacts that we manage and track performance on via our environmental management practices include land use, water use, waste management and biodiversity.

In addition to our environmental management practices, we are subject to environmental laws and regulations that affect aspects of our operations, including air emissions, water quality, wastewater discharges and the generation, transport and disposal of waste and hazardous substances. The Company's activities have the potential to damage natural habitat, impact vegetation and wildlife, or cause contamination to land or water that may require remediation under applicable laws and regulations. These laws and regulations require us to obtain and comply with a variety of environmental registrations, licences, permits and other approvals. The environmental regulations in the jurisdictions in which we operate are robust. Both public officials and private individuals may seek to enforce environmental laws and regulations against the Company. We interact with a number of regulators on an ongoing basis.

Nature-Related Risks and Opportunities

Nature-related risks may exist based on a Company's dependencies on and impacts to biodiversity, ecosystems and ecosystem services (BEES) and could result in nature-related events. These events could impact resource availability and sustainability, disrupt the supply chain necessary for successful operations, have negative regulatory compliance implications and cause reputational damage. Nature-related opportunities might exist when supporting or enhancing BEES, to the benefit of business operations. These opportunities can include accessing healthy, natural resources (i.e., soil and water), supporting a resilient ecosystem that is less prone to fluctuations (e.g., drought, flooding and erosion) and enhancing tourism and recreational opportunities.

Overseeing Nature-Related Issues

TransAlta's GSSC assists the Board in fulfilling its oversight responsibilities with respect to the Company's monitoring of environmental regulations, public policy changes and the development of strategies, policies and practices for the environment. For further information, refer to the "Sustainability Governance" section of this report.

Assessing Dependencies and Impacts

In 2024, TransAlta conducted our first nature-related risks and opportunities assessment. We chose to follow the TNFD recommendations where possible, as a commitment to using internationally recognized methodologies. The analysis used the TNFD guidance on assessing nature-related issues—the Locate, Evaluate, Assess, Prepare (LEAP) approach—in conjunction with the TNFD Additional Sector Guidance – Electric Utilities and Power Generators (June 2024).

Methods applied include the review of environmental evaluations, permits and monitoring reports; the collection of environmental and geospatial data; the use of the TNFD data tools; and the review of findings by internal and external subject matter experts. In addition, we adopted a TNFD scenario that projects moderate nature-related risks to business operations over the next 20 years, driven by gradual ecosystem degradation, climate change and shifting customer and shareholder expectations. This analysis excluded projections of physical risks related to climate change.

Given the large number of TransAlta's assets, a subset of facilities was selected and included over 3,100 MW of nameplate capacity from hydro, wind, solar, natural gas and coal facilities in Canada, the U.S. and Western Australia.

The following sections highlight TransAlta's top dependencies, impacts, risks, opportunities and mitigation measures related to nature.

Material Dependencies

We identified where and how the Company's operations may interface with nature and determined whether those interfaces are material. This means that our goal was not to understand or evaluate every potential issue, but rather focus on ecosystem services considered material to the operation of our selected facilities.

Our most material dependencies are associated with the regulation of the climate and climatic events, the use of water in production cycles (mainly in gas- and coal-fired power generation) and the regulation of the water cycle, which enables the operation of hydroelectric facilities.

For further information on climate change, refer to the "Climate-Related Risks and Opportunities" section of this report.

TransAlta's nature-related dependencies found to be material are summarized in the table below.

Material Dependencies by Generation Type

Ecosystem service ⁽¹⁾	Hydro	Wind	Solar	Gas and coal
Groundwater	M	NA	VL	M
Surface water	VH	NA	VL	VH
Water supply	VH	VL	M	H
Water flow regulation	VH	NA	NA	M
Climate regulation ⁽²⁾	VH	VH	VH	VL
Flood and storm protection	H	M	M	M
Soil stabilization and erosion control	H	M	M	L

Legend: (VL) Very Low, (L) Low, (M) Medium, (H) High, (VH) Very High and (NA) Not Applicable, as defined by the TNFD Additional Sector Guidance - Electric Utilities and Power Generators (June 2024).

(1) The use of renewable resources (wind and solar radiation) and mineral resources (natural gas and coal), water flow regulation, flood and storm protection, and soil stabilization and erosion control are material to our operations but were excluded from this analysis because associated metrics were not available at an international scale. Facilities have locally mandated controls to manage risks, including engineering solutions built into the design phase.

(2) Climate regulation services are the ecosystem contributions to the regulation of ambient atmospheric conditions and were excluded from this analysis because they are discussed in the "Climate-Related Risks and Opportunities" section.

Material Impact Drivers

Impact drivers are a measurable quantity of a natural resource that is used as an input to production (e.g., the volume of water consumed) or a measurable non-product output of a business activity (e.g., a kilogram of NOx emissions released into the atmosphere).

The analysis of TransAlta's material impact drivers included the assessment of 26 metrics related to land use, water, air emissions, GHG emissions, waste, species at risk, invasive alien species and enforcement actions or fines.

Our material nature-related impact drivers are associated with GHG emissions and the use of water as summarized in the following table.

Material Impact Drivers by Generation Type

Impact driver ⁽¹⁾	Hydro	Wind	Solar	Gas and coal
Land use change	VH	H	VH	NA
Freshwater use change	VH	M	NA	H
Water use	VH	NA	NA	VH
GHG emissions	L	NA	NA	VH
Non-GHG emissions	NA	NA	NA	VH
Water/soil pollutants	H	L	L	M
Solid waste	L	L	L	H
Area of land use	M	H	L	M
Area of freshwater use	H	NA	NA	M
Biological alterations ⁽²⁾	H	NA	NA	NA

Legend: (L) Low, (M) Medium, (H) High, (VH) Very High and (NA) Not Applicable, as defined by the TNFD Additional Sector Guidance - Electric Utilities and Power Generators (June 2024).

(1) Noise and light disturbances are material to our operations but were excluded from this analysis because mitigations are built into project design and monitored during operations, in accordance with applicable regulatory requirements in the jurisdictions in which we operate. The state of nature (e.g., species extinction risk, direct mortality, fisheries risk and incidents related to birds, bats, fish and others) is material to our operations but was not included in this table because the TNFD has not provided the associated materiality ratings. Metrics related to the state of nature were included in our analysis and are summarized under the "Biodiversity" heading in the "Environmental Performance" section of this report.

(2) Biological alterations or interferences include the impact from activities that directly introduce nonnative invasive species into areas of operation.

Potential Risks, Opportunities and Mitigation Measures

Nature-related risks are the potential threats posed to an organization linked to its dependencies on nature and its impacts on nature. These can derive from physical and transition risks.

The analysis of TransAlta's nature-related risks and opportunities was conducted with a focus on physical risks. These risks were evaluated to help us understand how our operations result in changes in the state of nature and how this affects ecosystem service provision.

Transition risks such as regulatory and policy, reputation, market and technology risks related to the Company are discussed in the "Risk Management" section of TransAlta's 2025 Annual Report. Transition risks related to climate change are disclosed in the "Climate-Related Risks and Opportunities" section of this report.

Nature-related opportunities are activities that create positive outcomes for organizations and nature by avoiding or reducing impact on nature, or contributing to its restoration.

The metrics we use to assess and manage material nature-related dependencies and impacts as well as risks and opportunities in line with our strategy and risk management process can be found in the "Environmental Performance" section of this report. Current and future nature-related targets can be found in the "2025 Sustainability Performance" and "2026+ Sustainability Targets" sections of this report.

TransAlta's nature-related risks and opportunities and their mitigation measures are summarized in the following table.

Identified Potential Risks and Opportunities and Mitigation Measures

Potential risks	Mitigation measures and opportunities
<p>Hydro</p> <p>Substantial alteration of natural water flow regimes is typical, leading to major changes in water levels, flow timing and velocity.</p> <p>Two facilities are located within 35 km of a World Heritage site as defined by the United Nations Educational, Scientific and Cultural Organization (UNESCO). These facilities are not within 35 km of Key Biodiversity Areas.</p> <p>Minimal impact related to land pollution, including spills, may occur.</p> <p>Facilities are located in areas with very low to low water stress, as determined by the Aqueduct Water Risk Atlas.</p> <p>Some facilities are located within critical habitat for species at risk. While there is potential for fish mortality, species extinction risk and mortality risk related to species listed by the International Union for Conservation of Nature (IUCN) are minimal.</p> <p>Typically, there is minimal impact from the emissions of GHG, SO₂, NO_x, particulate matter and mercury.</p>	<p>Most facilities maintain minimum or riparian flows to help support fish habitats despite the fluctuations in natural water flows. These measures aim to moderate the effects of dam operations on local water systems and wildlife.</p> <p>Our Cascade (36 MW) and Spray (112 MW) facilities are located within the Canadian Rocky Mountain Parks (UNESCO World Heritage Site). Cascade is located in and Spray is adjacent to Banff National Park. These facilities are Ecologo certified. This means that their energy products or services have undergone third-party testing for reduced impacts on aquatic, riparian and terrestrial ecosystems.</p> <p>In 2021, we renewed our previous agreement with the Government of Alberta for another five years to manage water flow on the Bow River at our Ghost Reservoir facility to aid in potential flood mitigation efforts, as well as at our Kananaskis River System (which includes the Interlakes, Pocaterra and Barrier hydroelectric plants) for drought mitigation efforts.</p>
<p>Wind</p> <p>No measurable impact on water natural flow regimes. Facilities are located in areas with very low to moderate water stress.</p> <p>Some facilities are located within a Key Biodiversity Area, but not within 35 km of UNESCO World Heritage sites. Minimal impact related to land pollution, including spills, may occur. While there is potential for wildlife mortality, species extinction risk and mortality risk related to IUCN-listed species are minimal to low.</p> <p>Typically, there is minimal impact from the emissions associated with wind facilities.</p>	<p>Wind facilities can be associated with bird and bat mortalities. Given this, our wind facilities are required to complete post-construction mortality monitoring for a set number of years after the start of operations. If mortality exceeds acceptable levels, additional monitoring and mitigation measures are usually required (e.g., curtailment).</p> <p>Further information on mortality of species at risk can be found under the "Biodiversity" heading in the "Environmental Performance" section of this report.</p>
<p>Solar</p> <p>No measurable impact on water natural flow regimes. Facilities are located in areas with moderate water stress. Minimal impact related to land pollution, including spills, may occur.</p> <p>Some facilities are located within a Key Biodiversity Area, but not within 35 km of UNESCO World Heritage sites. While there is potential for wildlife mortality, species extinction risk is minimal. Mortality risk related to IUCN-listed species is moderate.</p> <p>Typically, there is minimal impact from the emissions associated with solar facilities.</p>	<p>Facilities are located in areas with moderate water stress. However, their water use is minimal.</p> <p>Typically, solar facilities can have high impacts on land use and land use change. These impacts could be reduced if facilities are small in size. This is the case with our North Carolina solar facility (122 MW), which is composed of 20 small sites throughout the state.</p>

Identified Potential Risks and Opportunities and Mitigation Measures (Continued)

Potential risks	Mitigation measures and opportunities
<p>Natural gas</p> <p>Some modification of water flow, affecting specific local stretches of water bodies is typical. Seasonal or operational impacts on flow may exist but are limited in scope and duration. Most facilities are located in areas with low water stress, but our Western Australian operations are located in areas with very high water stress.</p> <p>Facilities are not located within 35 km of Key Biodiversity Areas or UNESCO World Heritage sites. Minimal impact related to land pollution, including spills, may occur. Facilities are not located within critical habitat for species at risk. Species extinction risk and mortality risk related to IUCN-listed species are minimal to moderate.</p> <p>High to major impacts from the emissions of GHG, NO_x and particulate matter are typical, with minimal impact from SO₂ and mercury.</p>	<p>Water for gas operations is withdrawn primarily from rivers where we hold permits and must therefore adhere to regulations on the quality of discharged water.</p> <p>Our largest water withdrawal and discharge occurs at our Sarnia gas cogeneration facility (which produces both electricity and steam for our customers). The facility operates as a once-through, non-contact cooling system for our steam turbines. In 2025, we returned approximately 97 per cent of the water withdrawn from the adjacent St. Clair River to support our Sarnia operations.</p> <p>Our facilities in Western Australia have been designed to minimize water consumption. Water supply at these facilities is provided at no cost under PPAs with our mining customers, hence our risk is significantly mitigated. Water used in our operations is returned to our customers, who repurpose this water for vegetation and dust suppression in their mining operations. In addition, the South Hedland facility has developed a Water Efficiency Management Plan with Water Corporation WA, the principal supplier of water, wastewater and drainage services in Western Australia. Initiatives are aimed at reducing water consumption and costs through innovative technology and efficiencies identified through facility management.</p> <p>In 2025, we achieved our 2026 target to reduce scope 1 and 2 GHG emissions by 75 per cent from 2015 levels. Since 2015, we have reduced scope 1 and 2 GHG emissions by 30.7 MT CO₂e or 76 per cent.</p>
<p>Coal</p> <p>TransAlta's sole remaining coal-fired generation facility, Centralia, is located in an area with very low water stress. Some modification of water flow, affecting specific local stretches of water bodies is typical. Seasonal or operational impacts on flow may exist but are limited in scope and duration.</p> <p>Centralia is not located within 35 km of Key Biodiversity Areas or UNESCO World Heritage sites. Minimal impact related to land pollution, including spills, may occur. Centralia is not located within critical habitat for species at risk. Species extinction risk and mortality risk related to IUCN-listed species are minimal.</p> <p>Typically, there is major impact from the emissions of GHG, SO₂, NO_x, particulate matter and mercury.</p>	<p>TransAlta historically operated three coal mines. The Whitewood mine in Alberta is completely reclaimed and the land was donated to the community.</p> <p>The Highvale mine in Alberta closed in 2021 and the Centralia mine in Washington State closed in 2006. Both Highvale and Centralia are actively reducing their footprint through site reclamation, with targeted completion by 2046 and 2040, respectively.</p> <p>In 2021, we retired or converted all coal plants in Canada to natural-gas-fired generation. In the U.S., TransAlta's last remaining coal-fired generation facility, Centralia Unit 2 in Washington state, was on track to cease operations by Dec. 31, 2025. On Dec. 16, 2025, the Company received a federal executive order from the U.S. Department of Energy requiring that Centralia remain available to operate on coal, upon request, for a period of 90 days ending March 16, 2026. The Company is currently continuing to work with the state and federal governments to understand the operation and implications of the Order.</p>

Environmental Performance

Our performance on managing environmental aspects is presented in the following sections.

Energy Use

TransAlta uses energy in a number of different ways. We burn natural gas, diesel and coal to generate electricity. We harness the kinetic energy of water and wind to generate electricity. We also generate electricity from the sun.

In addition to tracking our combustion of fuel sources, we also track combustion of gasoline and diesel in our vehicles and the electricity use and fuel use for heating (such as natural gas) in the buildings we occupy. Knowledge of how much energy we use allows us to optimize and create energy efficiencies. As an electricity generator, we continually and consistently look for ways to optimize and create efficiencies related to the use of energy.

The following table captures our energy use (petajoules). Energy use decreased by 18 per cent in 2025 from 2024. Some values do not sum to the indicated total due to rounding. Zeros (0) indicate truncated values.

Year ended Dec. 31	2025	2024	2023
Hydro	0	0	0
Wind and Solar	0	0	0
Gas	86	122	123
Energy Transition	58	52	73
Corporate and Energy Marketing	0	0	0
Total energy use (petajoules)	144	175	197

Air Emissions

In 2025, TransAlta set a new target "By 2030, achieve a 90 per cent reduction of SO₂ emissions intensity from 2023 base year". This target is in line with the UN SDGs, specifically "Goal 9: Industry, innovation and infrastructure."

As per guidance from SASB, detailed air emissions disclosure is required when a facility is located within 49 kilometres of an area with a population greater than 50,000 persons.

Many of our gas facilities are located in very remote and unpopulated regions, away from dense urban areas. However, our Sarnia, Windsor, Ottawa, Fort Saskatchewan, Joffre and Ada gas facilities and Centralia coal facility are located within 49 kilometres of dense or urban environments. In 2025, these facilities accounted for 56 per cent of total NO_x, 99 per cent of total SO₂, 34 per cent of total particulate matter and 65 per cent of total mercury.

Our total air emissions in 2025 show a decrease of 11 per cent for SO₂ and 24 per cent for NO_x from 2024 levels. This is primarily due to the decrease in production from our coal facility.

The following table represents our material air emissions. Figures have been rounded for SO₂ (to the nearest ten), NO_x (to the nearest one hundred), particulate matter (to the nearest ten) and mercury (to the nearest whole number).

Year ended Dec. 31	2025	2024	2023
SO ₂ (tonnes)	940	870	1,100
NO _x (tonnes)	8,100	8,700	11,000
Particulate matter (tonnes)	340	320	460
Mercury (kilograms)	14	16	21

Water

Our principal water use is for cooling and steam generation in our coal and gas facilities, and our hydro operations also require water flow for operations. Water for coal and gas operations is withdrawn primarily from rivers where we hold permits and must therefore adhere to regulations on the quality of discharged water. The difference between withdrawal and discharge, representing consumption, is due to several factors, which include evaporation loss and steam production for customers.

In 2025, TransAlta set a new target "By 2030, maintain water consumption intensity at 2023 levels". This target is in line with the UN SDGs, specifically "Goal 6: Clean Water and Sanitation."

In 2025, we withdrew approximately 470 million m³ (2024 – 237 million m³) and returned approximately 434 million m³ (2024 – 212 million m³) or 92 per cent. Overall, water consumption was approximately 36 million m³ (2024 – 25 million m³) and water consumption intensity was 1.17. Total water consumption increased in 2025 relative to 2024 due to the acquisition and operation of four natural gas-fired facilities from Heartland.

The following table represents our water withdrawal, water discharge and total water consumption (million m³). Some values do not sum to the indicated total due to rounding. The figures below have been rounded to the nearest million m³.

Year ended Dec. 31	2025	2024	2023
Water withdrawal	470	237	273
Water discharge - surface water (million m ³)	421	209	238
Water discharged to different sources (million m ³)	3	2	1
Water evaporation during withdrawal, usage and discharge (million m ³)	10	0	0
Total water consumption (million m³)	36	25	34

Dam Safety

Our dam safety programs include all hydroelectric developments, constructed ponds and fluid retaining structures such as ash lagoons and canals, as well as associated equipment and structures and the personnel required to operate, maintain and inspect these items. They are governed through our Dam Safety Policy and Dam Safety Management System, which includes requirements on design, modification and decommissioning, operation, maintenance and surveillance, public safety, emergency management and risk management.

TransAlta's Board and its President and CEO oversee the effectiveness of our dam safety programs and receive regular updates. In addition, TransAlta engages an external Dam Safety Review Panel to provide external review of the program and its management, including overall assessment and benchmarking against other national and international programs. Our monitoring programs include:

- Regular operations and engineering inspections;
- Testing critical equipment;
- Numerous instruments in the dams monitoring water level, temperature, movement and earthquake detection;
- Use of drones and satellite remote movement monitoring;
- Emergency plans and exercises with internal and external stakeholders; and

- Regular third-party reviews that are shared with regulators.

We work closely with local stakeholders including conservation authorities and public agencies on watershed management, emergency planning and flood response. In 2022, we started decommissioning the Keephills Ash Lagoon, a facility that is no longer needed for ash storage following the coal-to-gas conversion of Keephills Unit 2. This project will reshape the existing lagoon so that it is stable for the long term and is the first step towards decommissioning the structure. Similar work is underway to remove the coal combustion waste storage ponds at the Centralia facility in Washington state.

TransAlta is proud of its reputation in dam safety. We participate in many industry associations including the Canadian Dam Association, Dam Safety Interest Group of the Centre for Energy Advancement through Technological Innovation, United States Society on Dams, Canadian Geotechnical Society, Dam Integrity Advisory Committee of the Alberta Chamber of Resources and Association of State Dam Safety Officials.

For information on our corporate emergency management program, refer to the "Public Health and Safety" heading in the "Engaging with Our Stakeholders" section of this report.

Waste

The importance of environmental protection and waste management is outlined in our Environmental Policy as a corporate responsibility for TransAlta and its employees, and contractors working on TransAlta's behalf. Our waste data is reported annually to a number of different regulatory bodies.

In 2025, our operations generated approximately 188,000 tonnes equivalent of waste (2024 – 384,000 tonnes). Of the total waste generated, 98 per cent was non-hazardous waste and 0.3 per cent was directed to landfill (2024 – 0.3 per cent). Since its retirement, we have been selling ash from our Highvale and Centralia Mine, which accounts for 97 per cent of the total waste generated.

The following table represents our total waste generation (tonnes equivalent). Figures have been rounded to the nearest one thousand.

Year ended Dec. 31	2025	2024	2023
Waste to landfill (tonne eq.)	580	1,000	1,000
Waste recycled (tonne eq.)	5,500	12,000	19,000
Waste reuse (tonne eq.)	182,000	372,000	457,000
Total waste generation (tonnes equivalent)	188,000	384,000	479,000
Percentage of total waste to landfill	0.3	0.3	0.2
Percentage of total waste: hazardous	1.9	2.4	3.5
Percentage of hazardous waste to landfill	0.0	0.0	0.0

Our reuse waste or byproduct waste is generally sold to third parties. Our operating teams are diligent at not only minimizing waste, but also maximizing recoverable value from waste. We have invested in equipment to capture byproducts from the combustion of coal, such as fly ash, bottom ash, gypsum and cenospheres, for subsequent sale. These non-hazardous materials add value to products like cement and asphalt, wallboard, paints and plastics.

Coal Ash Management

Given our transition off coal, we ceased producing fly ash waste in Canada at the end of 2021 and plan to no longer produce it in 2026 in the U.S., subject to regulatory and legal requirements. In 2023, Lafarge Canada and TransAlta entered into an agreement designed to advance low-carbon concrete projects in Alberta. The project repurposes landfilled fly ash, a waste product from TransAlta's Highvale mine, which ceased operations in 2021. The ash is used to replace cement in concrete manufacturing. Turning the recovered product into something marketable, reduces the amount of cement produced and consequent emissions while offering new job and economic growth opportunities. This innovative technology contributes to reducing waste and is expected to reduce reclamation liabilities for TransAlta.

Land Use

Our largest land use had been associated with land disturbed by surface mining of coal, which we ceased to do in 2021. Of the three mines we operated, the Whitewood mine in Alberta is completely reclaimed and the land certification process is ongoing. Our Centralia mine in Washington State is currently in the reclamation phase and we have adopted a target to fully reclaim this mine by 2040.

Our Highvale mine in Alberta ceased operations on Dec. 31, 2021, when we discontinued coal-fired power generation in Canada. The mine reclamation of Highvale has been progressively executed as part of our regulatory approvals and our target is to have it fully reclaimed by 2046. In 2022, our reclamation team submitted our final reclamation plans. The updated plans align with community priorities for the reclaimed land. In 2025, we continued contouring disturbed areas, re-establishing drainage, replacing topsoil and subsoil, and advancing re-vegetation and land management.

Our land use practices regarding previous mining activities incorporate progressive reclamation where the final end use of the land is considered at all stages of planning and development. To date, we have reclaimed approximately 5,070 hectares, which is equivalent to 40 per cent of land disturbed (12,523 hectares).

Biodiversity

The importance of environmental protection and biodiversity is outlined in our Environmental Policy as a corporate responsibility for TransAlta and a responsibility of each employee and contractor working on TransAlta's behalf.

In 2022, the Company adopted the target to "achieve zero biodiversity-related incidents". This means zero biodiversity-related incidents that affected habitats and species included on the Red List of the IUCN from near threatened to critically endangered.

The following table represents our biodiversity incidents in accordance with the IUCN Red List classification.

Year ended Dec. 31	2025	2024	2023
Critically endangered	0	0	0
Endangered	0	0	0
Vulnerable	0	0	0
Near threatened	0	0	0
Total biodiversity-related incidents	0	0	0

Environmental Incidents and Spills

Protecting the environment supports healthy ecosystems and mitigates our environmental compliance risk and reputational risk. We maintain corporate incident management procedures, as part of our Total Safety Management System, for response, investigation and lessons learned to minimize environmental incidents. With respect to biodiversity management (management of ecosystems, natural habitats and life in the areas we operate), we seek to establish robust environmental research and data collection to establish scientifically sound baselines of the natural environment around our facilities to ensure we can accurately evaluate the level of significance to biodiversity following an incident.

We closely monitor the air, land, water and wildlife in these areas to identify and curtail potential impacts.

In 2025, no regulatory non-compliance environmental incidents were recorded (2024 – no incidents). No fines or environmental enforcement actions occurred.

The following table represents our regulatory non-compliance environmental incidents.

Year ended Dec. 31	2025	2024	2023
Regulatory non-compliance environmental incidents	0	0	0

Regarding spills and releases, efforts are placed on providing immediate response to all environmental spills to ensure assessment, containment and recovery of spilled materials result in minimal impact to the environment.

The volume of spills in 2025 was zero (0) m³ (2024 – 0 m³).

The following table represents our significant environmental incidents.

Year ended Dec. 31	2025	2024	2023
Significant environmental incidents	0	0	0

Engaging with Our Stakeholders

We strive to create shared value for our stakeholders through social and relationship value creation at TransAlta. The most material impacts on our social and relationship performance are fostering positive relationships with Indigenous neighbours, communities, stakeholders, governments, industry and landowners in the areas where we operate, as well as public health and safety.

Inclusive Transition

In support of our energy transition, from 2012 to 2023, TransAlta invested US\$55 million to support energy efficiency, economic and community development and education and retraining initiatives in Washington state. The investment is part of the TransAlta Energy Transition Bill passed in 2011. This bill was a historic agreement between policymakers, environmentalists, labour leaders and TransAlta to transition away from coal in Washington by ceasing Centralia's coal-fired generation by the end of 2025.

Three funding boards were formed to invest the US\$55 million starting in 2015: the Weatherization Board (US\$10 million), the Economic and Community Development Board (US\$20 million), and the Energy Technology Board (US\$25 million). These boards are independent from TransAlta and provide grants to local businesses, non-profit organizations and local governments to improve energy efficiency, educate and retrain workers for the next generation of jobs and fund energy technology projects. To date, the Weatherization Board has invested US\$10 million, the Economic and Community Development Board US\$20 million and the Energy Technology Board US\$21 million. Further information on Centralia Coal Transition Grants can be found on the website <https://cctgrants.com/>.

Additionally, in 2016, TransAlta announced that we had reached an agreement with the Government of Alberta for the cessation of emissions from coal-fired electricity generation facilities in Alberta (Off-Coal Agreement). As part of the Off-Coal Agreement, TransAlta has and continues to invest in programs and initiatives to support the communities surrounding the plants negatively impacted by the phase-out of coal generation during the transition.

Our experience in developing and operating power facilities is highlighted below.

Power generation type	Operating experience (years)
Hydro	114
Natural gas	75
Wind	28
Solar	11
Battery energy storage systems	5

Customers

TransAlta serves industrial and commercial customers with power and energy services across its fleet in Canada, the U.S. and Western Australia. We are focused on customer-centred growth to bring high levels of service quality and reliability for our customers. As one of the largest electricity generators in Canada, our team serves businesses with:

- Energy solutions starting from the design phase;
- Energy consumption and cost management solutions;
- Market price risk and volume exposure mitigation; and
- Monitoring of energy market design changes, price signals and applicable and available incentives.

The Customer Solutions team at TransAlta has maintained a large portfolio of customers in Alberta across a broad range of industry segments, including commercial real estate, municipal, manufacturing, industrial, hospitality, finance and oil and gas. Our work has been recognized by our customers through an average retention rate of 90 per cent over the last three years.

Across our business in Canada, the U.S. and Western Australia, we provide on-site generation for large mining and industrial customers. This requires us to continually engage with these customers, ensuring that current electricity requirements are provided safely, reliably and cost-effectively. We continue to explore opportunities to develop renewable energy facilities to support customers achieving their sustainability goals and targets, such as 100 per cent renewable power targets and/or GHG emissions reduction targets. Production from renewable electricity in 2025 resulted in the avoidance of approximately 2.7 million tonnes of CO₂e for our customers. For further details on how we support our customers' sustainability objectives, please refer to the "Enabling Innovation and Technology Adoption" section of this report.

Human Rights

TransAlta is committed to honouring domestic and internationally accepted labour standards and supports the protection of human rights of all its employees, contractors, suppliers, partners, Indigenous partners and other stakeholders. We abide by human rights and modern slavery legislation in Canada, the U.S. and Australia. We have a zero tolerance approach to discrimination based on age, disability, gender, race, religion, colour, national origin, political affiliation or veteran's status or any other prohibited ground as defined by human rights legislation in the jurisdictions in which we operate. We afford equal opportunities for all gender identities, support the right to freedom of association and the right to organize unions and bargain collectively. We do not conduct operational human rights reviews or impact assessments, but we have governance practices in place for the protection of human rights.

Our Human Rights and Discrimination Policy outlines our commitment to human rights in our operations and supply chain to ensure that our personnel policies and practices in our global operations respect fundamental rights. Expected behaviours of all our employees are set out in our Corporate Code of Conduct. We are committed to creating a work environment where all workers feel safe and are valued for the diversity they bring to our business. Our annual mandatory Code of Conduct training is required for employees prior to signing off the Code of Conduct. In 2025, 100 per cent of employees completed the training and acknowledged and signed the Code of Conduct. We also have adopted a Supplier Code of Conduct that defines the principles and standards expected of suppliers, their employees and contractors to meet while providing goods and/or services to TransAlta.

Our Whistleblower Policy provides a mechanism for our employees, officers, directors and contractors to report, among other things, any actual or suspected ethical or legal violations. We would seek to remedy the impact promptly in order to establish a corrective action plan in collaboration with the relevant individuals and stakeholders.

TransAlta files annual reports under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* and Australia's *Modern Slavery Act 2018*. Such reports set forth the actions that we have taken to assess and address modern slavery risks within our operations and supply chain.

Supply Chain

We continue to seek solutions to advance supply chain sustainability. As we explore major projects, we assess vendors both at the evaluation stage and as part of information requests on such elements as safe work practices, environmental practices and Indigenous spend. For select procurement engagements, this could mean getting information on:

- Estimated value of services that will be procured through local Indigenous businesses;
- Estimated number of local Indigenous persons that will be employed;
- Understanding overall community spend and engagement; and
- Understanding the state of community relations through interview processes and stakeholder work.

In the coming years, we plan to develop ESG criteria for supply chain engagement and work to understand our direct suppliers' GHG emissions profile and targets. Our long-term plan is to collaborate with suppliers to explore enhancement of their GHG emissions targets and to consider setting direction for engaging suppliers with GHG emissions reduction targets.

All vendors and suppliers of TransAlta are required to adhere to our Supplier Code of Conduct. Under this code, suppliers of goods and services to TransAlta are required to adhere to our core values, including health and safety, ethical business conduct and environmental leadership. The code also allows suppliers to report ethical or legal concerns via TransAlta's Ethics Helpline.

Indigenous Relationships and Partnerships

At TransAlta, we use our core values—safety, innovation, sustainability, respect and integrity—to guide our business practices and our engagement with stakeholders and Indigenous communities. We seek to build and nurture relationships and work to listen and understand the impacts our operations may have on local communities. We maintain open communication channels and are dedicated to resolving issues promptly and professionally through dialogue.

In addition to the Company's core values, engagement practices are guided by industry best practices and standards, corporate policies and regulatory requirements. Our commitment to Indigenous relations is spearheaded by a centralized corporate team that fosters a relationship-based approach, involving employees at our facilities and within each business unit.

TransAlta's Indigenous Relations Policy focuses on five key areas: awareness, community engagement, community investment, business development, employment and training. Efforts are focused on building and maintaining solid relationships and strong communication channels that enable TransAlta to: share information regarding operations and growth initiatives; gather feedback to inform project planning; and understand priorities and interests from communities to better address concerns and unlock opportunities.

Methods of engagement include:

- Relationship building through regular communication and meetings with representatives at various levels within Indigenous communities and organizations;
- Hosting company-community activities to share both business information and cultural knowledge;
- Maintaining consistent communications with each community and following appropriate community protocols and procedures;
- Participating in community events such as pow wows and blessing ceremonies; and
- Providing both monetary and in-kind sponsorships for community initiatives.

TransAlta strives to maintain relationships through the life cycle of our facilities, from project development and construction, through operation, until decommissioning phases are complete. This is recognized in our Indigenous Relations Policy, which includes acknowledgement and understanding of the intent of the recommendations of the United Nations Declaration on the Rights of Indigenous Peoples.

Support for Indigenous Youth, Education and Employment

TransAlta recognizes the importance of investing in Indigenous students and our financial support helps students complete their education, become self-sufficient and move forward to become future leaders in their communities.

In 2025, TransAlta provided approximately \$307,000 to support Indigenous youth, education and employment programs, representing ten (10) per cent of TransAlta's total community investment. Highlights include:

- **Spirit North:** In 2025, TransAlta renewed its partnership with Spirit North, a Canadian organization that empowers Indigenous youth through sport and play. Working in partnership with schools and communities, Spirit North delivers programs to over 10,000 Indigenous youth in 96 communities and 170 schools, across Canada and the communities in which we operate .
- **Bringing Them Home:** In 2025, TransAlta donated through the Miskanawah Centre towards the Bringing Them Home event. This investment provides a sacred space for Elders in Alberta to replenish their spirits, and find solace and support in their own healing journey in the days after Truth and Reconciliation Day in Canada. The days are a special occasion for the Elders, who often place the community's needs before their own. They receive collective care and intentional healing.

Indigenous Cultural Awareness Training

In line with our sustainability target set in 2023, the Company made a deliberate effort to ensure that every new employee participated in Indigenous Cultural Awareness training. In 2025, TransAlta reached 100 per cent completion of the Indigenous Cultural Awareness Training program during the onboarding of all new employees across our operating jurisdictions in Canada, the U.S. and Western Australia. This initiative has been instrumental in providing valuable insights into the rich history, culture and perspectives of Indigenous communities within the jurisdictions where we operate.

Case Study: Blackfoot Nation – Ribstones Repatriation and Kiitoki (Prairie Chicken) Dance World Championship

TransAlta was honoured to sponsor and participate in two significant cultural events in Alberta with the Siksika Nation: the Sacred Repatriation Ceremony and the Kiitoki Dance World Championship. Our contribution supported the repatriation of the Ribstones—etched bison bone artifacts historically used for meditation, prayer, and to bring prosperity to buffalo hunts. These sacred stones, held in the Canadian Museum of History for over a century, were ceremonially returned to the Siksika Nation at Blackfoot Crossing Historical Park. This historic event

represented a profound act of spiritual renewal and cultural affirmation, bringing together Elders, Knowledge Keepers, community members, and partners. TransAlta also sponsored the Kiiitoki Dance World Championship, reinforcing its commitment to supporting Indigenous traditions and cultural preservation.

Stakeholder Relationships

Fostering positive relationships with our stakeholders is important to TransAlta. Driven by our core values, we see stakeholder transparency as an integral part of our business success. We work to build relationships and understand the importance of early and regular dialogue to determine what opportunities or impacts our activities may have on local stakeholders.

Our Stakeholders

To act in the best interests of the Company and optimize the balance between financial, environmental and social values of our stakeholders and TransAlta, we seek to:

Our principal stakeholder groups are listed in the following table.

TransAlta Stakeholders

Non-governmental organizations	Community associations	Transmission facility operators
Regulators	Industry associations	Communities
Charitable organizations/Non-profits	Standards organizations	Retirees
All levels of government	Media	Residents/Landowners
Suppliers	Business partners	Investor organizations
Contractors	Unions/Labour organizations	Financial institutions
Government agencies	Resource industry associations	Mineral rights owners
System operators	Think tanks	Railroad owners
Customers	Academics	Utility owners
Shareholders	Employees	Creditors

Stakeholder Engagement

Our stakeholder engagement practices are guided by industry best practices, international standards, corporate policies and regulatory requirements. Examples of our methods of engagement are listed in the following table.

Information and communication	Dialogue and consultation	Relationship building
Open houses, town halls and public information sessions	In-person meetings with local groups and communities	Community advisory bodies
Newsletters, telephone conversations, emails and letters	Meetings with individual stakeholders (e.g., landowners and residents)	Capacity agreements
Websites	Targeted audience sessions	Sponsorships and donations
Social media postings	Tours of our facilities and sites	Hosting and attending events

- Build relationships through regular engagement with stakeholders regarding our current and potential future operations;
- Consider feedback and changes to project designs and plans to resolve and/or accommodate concerns expressed by our stakeholders; and
- Respond in a timely and professional manner to stakeholder inquiries and concerns and work diligently to resolve issues or complaints.

Through decades of establishing stakeholder relationships in the areas of our facilities, we have developed a strong knowledge of who our stakeholders are and have gained understanding of our stakeholders' issues and concerns. In many of our operating areas, we have decades of established relationships and work to maintain a consistent level of communication and trust. In newer areas, we spend time and effort on site listening and learning to ensure we consider all perspectives.

In growth areas, proactive identification and engagement with stakeholders in our geographic operating areas in Canada, the U.S. and Western Australia is a key element of our business process. This helps to identify stakeholder concerns, build relationships, minimize project delays and maximize efforts to develop projects in conjunction with community interests. Ongoing communication and feedback loops continue through the remainder of the project's lifecycle. We conduct consultation during project development and construction phase and maintain engaged communication throughout operations to decommissioning phase.

In 2025, TransAlta was active in many communities in the jurisdictions where we operate. We delivered open houses, hosted community barbecues, held meetings and had conversations with environmental, recreation and civil society groups and non-profit organizations on a number of different topics.

Community Investments

In 2025, TransAlta contributed \$3 million in donations and sponsorships (2024 – \$2.9 million), with a continued focus in three priority areas: youth and education, environmental leadership and community health and wellness.

One of our significant community investments each year is to United Way campaigns in Alberta. This year, TransAlta employees, retirees, contractors and the Company raised over \$1.3 million for the United Way of Calgary and Area.

In 2025, TransAlta made a number of other significant investments, including the following highlights:

- **Community Health and Wellness:** In 2025, TransAlta supported community wellness through donations that support both women's and men's health across Western Australia with contributions towards Goldfields Women's Refuge and Headland Men's Shed.
- **Youth and Education:** In 2025, TransAlta reinforced its commitment to community development through a donation to the Cyril School District in Oklahoma. This contribution supported the renovation of the school's roof, addressing a critical infrastructure need identified by local landowners and school representatives.
- **Community Health and Wellness:** TransAlta donated to Pathways Alliance, a vital provider of clinical services for over 4,900 children annually in Lambton County. Our support helps sustain essential programs outreach to communities and care for families.

Case Study: TransAlta's Donation to STARS Air Ambulance

In 2025, TransAlta announced a new signature partnership with STARS Air Ambulance, providing \$400,000 in funding over the next five years. STARS provides rapid emergency medical transport, often serving remote and rural areas, including those near our operations. This new funding will be used to upgrade existing helicopters, enhancing the fleet's performance and significantly improving their capabilities.

TransAlta has a long history of supporting STARS, including the donation of land in 2022 to build a helipad at our Whitewood reclamation site, enabling safer, more efficient patient transfers without the need to shut down highways during emergencies.

Public Health and Safety

We are committed to protecting the public and our assets, as well as the physical, psychological and social well-being of our employees.

We specifically look to minimize the following risks:

- Harm to people;
- Damage to property;
- Operational liability; and
- Loss of organizational reputation and integrity.

We work to prevent incidents and lower our risk by administering security controls such as restricting physical access around and into our operating facilities. We use security technology, such as surveillance cameras and electronic access, to ensure the control of secure areas. Regular audits and security risk assessments are conducted to ensure continuous improvement of the Security Management Program. Our Security Management Program is focused on the protection of people, property, information and reputation.

The Corporate Emergency Management Program prepares employees should an emergency incident occur. The program receives executive sponsorship and includes an emergency management policy and standard, which sets an expectation for employees to continuously prepare for emergencies. It provides an overarching framework for each business unit to provide an Emergency Response Plan and Business Continuity Plan. We implement our Incident Command System, which is a standardized on-scene emergency and incident management system that provides an organizational structure capable of responding to single or multiple incidents. Designed to aid in the management of resources during incidents, it combines facilities, equipment, personnel, procedures and communications operating within a common organizational structure. It is used as part of an all-hazards approach for incident management and is officially recognized for

multi-agency response in emergency situations, however complex the incident might be.

We develop strong relationships with local emergency responders. We periodically conduct multi-agency training events at our facilities. This ensures continuous improvement and familiarity with our assets and builds strong communication channels for emergency response.

Our processes designate how we communicate with stakeholders in the event of a crisis. This is managed by our Crisis Communications Team. The team has the responsibility and goal to provide a unified message on behalf of the Company throughout the response and recovery, ensure all messaging is approved by the Incident Commander, co-ordinate messaging with any applicable external agencies and, if necessary, deploy them to an incident site.

Annual training, exercise and drill requirements are adhered to by our employees operating at our facilities. The results are tracked, audited and presented at our annual executive review. The findings and recommendations assist in maintaining an effective program across the organization.

Data and Digital Asset Protection

We work diligently to protect our digital assets, including our corporate data and our digital identities that provide access into line of business applications. Cybersecurity threats that compromise these assets include the manipulation of data integrity, system and network hacking; use of social engineering tactics through email phishing; and compromise of operations and infrastructure through the use of ransomware, credential breaches and attacks introduced through unknowing third-party vendors and service providers.

Given the ever-evolving nature of cyberattacks, we are continuously adapting our cybersecurity program to focus on three key pillars: technology, processes and people. Each of these pillars can be reinforced independently to address specific cybersecurity risks and threats through a comprehensive and multi-faceted program. TransAlta continually assesses our cyber threat and risk levels through independent auditing and simulated cyber-attacks (i.e., penetration testing). Results from these assessments and exercises guide our cybersecurity strategy and practices, implementing measures and controls to proactively mitigate internal and external cybersecurity risks and threats posed to the organization.

TransAlta's Cybersecurity Policy defines how we identify and manage cybersecurity risks and threats, as well as how we detect, respond, and recover from cybersecurity incidents. We comply with all relevant legal, regulatory, industry standards and compliance requirements such as the North American Electric Reliability Corporation Critical Infrastructure Protection Standards (NERC CIP), the Australian *Security of Critical Infrastructure Act* and the U.S. *Sarbanes-Oxley Act*, where applicable. The NERC CIP and Australian Security of Critical Infrastructure rules are a set of standards aimed at regulating, enforcing, monitoring and managing the security of the North American and Australian power systems. These compliance standards apply specifically to address cybersecurity risks.

In 2025, there were no identified cybersecurity breaches to our technology environment. For further details on cybersecurity risks, refer to the "Risk Management" section of TransAlta's 2025 Annual Report.

Building a Diverse and Inclusive Workforce

Engaging our workforce, developing our employees, creating an equitable, diverse and inclusive work environment and minimizing safety incidents are the keys to human capital value creation at TransAlta and our most material areas for management. In 2025, we continued our efforts to enhance the Company's ESG performance by promoting an equitable, diverse and inclusive workforce.

Equity, Diversity and Inclusion

TransAlta's commitment and focus on excellence in equity, diversity and inclusion (ED&I) is found in our workplace and among our co-workers who advocate for the values of equity and inclusion at all working levels. This commitment is outlined in our Board and Workforce Diversity Policy and Diversity and Inclusion Pledge. We believe that a strong focus on ED&I will create a culture of belonging, allowing our employees to bring their authentic selves to work where they can thrive, innovate, improve service to our customers, deliver company results and positively impact the communities that we live in.

In 2025, TransAlta delivered the fifth and final year of its ED&I strategy and formally integrated the program into our culture portfolio, ensuring long-term continuity and impact.

Gender Diversity

A number of case studies have highlighted the link between gender diversity and additional business value. TransAlta is an active supporter of gender diversity as a driver for value, but also as an ethical business practice. Our commitment to gender diversity in our business is evidenced by our female participation rates on both our executive team and Board. In 2025, women made up 33 per cent of our executive team and 36 per cent of our Board.

To further support female advancement, we have set targets to: (i) maintain equal pay for women in equivalent roles, (ii) achieve 50 per cent representation of women on our Board by 2030 and (iii) achieve 40 per cent representation of women among all employees by 2030. Currently, women employees represent 27 per cent of all employees. Though the majority of our operational roles are currently held by male employees, we remain committed to achieving the 40 per cent goal in this time period.

In 2025, we continued with the Women in Trades Scholarship that provides eligible students enrolled in post-secondary trade programs with financial support. The program seeks to break down barriers and create opportunities for women to thrive in fields with historically lower female representation.

Workforce Health and Safety

At TransAlta, safety is a core value and is the foundation of how we operate. While generating affordable and reliable electricity for our customers is important, nothing is more important than the health and safety of our people and the communities we serve. We are committed to fostering a culture where we work and learn together to keep each other safe. Our focus on operational excellence puts into action our mission to safely do the right work at the right time to power and empower our communities.

Our management systems underpin the delivery of safe, reliable and competitive electricity to our customers and partners. The Company's Total Safety Management System is a combination of recognized best practices in process safety, risk management, asset management, occupational health, safety and environmental management.

At TransAlta, safety is a core part of everyone's role and a shared responsibility. As our safety culture maturity progresses, we are focused on cultivating a positive safety experience for everyone. We believe that the overall safety experience depends on the interaction between three elements: the physical work environment, the social environment and the individual environment. We made significant progress on our safety culture transformation journey through training and initiatives that support the three elements of positive safety. This training provides the tools and strategies to increase employees' ability to identify and control high-energy hazards, enhance psychological safety and support mental health. At TransAlta, a positive safety culture is not only the absence of harm but the presence of protective factors that increase well-being.

In 2025, TransAlta continued to demonstrate strong safety performance, guided by our commitment to protecting people and preventing serious injuries and fatalities (SIFs). Our approach is anchored in three strategic priorities: advancing our safety culture, deepening risk understanding, and standardizing safety systems and information.

A key achievement in 2025 was the completion of our Safety Climate Survey, which provided valuable insights into employee perceptions of safety across our operations. The results confirmed high confidence in leadership's commitment to safety and strong engagement in hazard identification. Importantly, the survey highlighted a culture of psychological safety, where employees feel empowered to speak up about concerns without fear—an essential foundation for preventing life-altering events.

Our focus on SIF prevention remained central to our strategy. Through rigorous identification and control of high-energy hazards, we maintained strong performance in eliminating serious injuries. In 2025, we recorded zero serious injuries, reinforcing the effectiveness of proactive risk management and leadership engagement. We also monitor Total Recordable Injury Frequency (TRIF) as one of our lagging indicators. TRIF measures injuries requiring

treatment beyond first aid relative to total exposure hours worked. In 2025, we achieved our TRIF target of below 0.37 with a goal of 0.00. TransAlta's TRIF result for 2025 was 0.12, compared to 0.56 in 2024. While this provides insight into overall injury trends, our primary focus remains on preventing serious injuries and fatalities through robust hazard controls and a strong safety culture.

The following table represents our corporate safety performance and includes employees and contractors.

Year ended Dec. 31	2025	2024	2023
Lost-time injuries	0	0	1
Medical aids	1	6	4
Restricted work injuries	1	2	0
Exposure hours	3,441,000	2,844,000	3,362,000
Total Recordable Injury Frequency (TRIF)	0.12	0.56	0.30

We focus on leading indicators and participation through Total Safety Reports (hazard, near miss, positive observations, and cybersecurity reports). Total Safety Report Frequency demonstrates the proactive activities, per worker per year, we are taking to identify and prevent an injury from occurring. We also report and recognize positive behaviours in the workplace to enhance psychological safety. This allows us to not only respond to incidents if they occur but find opportunities to strengthen barriers and layers of protection to mitigate potential incidents.

In 2025, TransAlta successfully met its leading indicator performance target, achieving 12 proactive safety reports per worker across Generation. This milestone reflects strong engagement and a steadfast commitment to safety during a year of significant transition, including the onboarding of more than 300 new employees. The positive impact of proactive engagement is evident in our overall safety performance, highlighted by zero serious injuries recorded in 2025. Our continued focus on hazard identification and leadership accountability remains central to driving meaningful results.

We are also proud to share that TransAlta was recognized in 2025 for its outstanding safety performance, earning the Alberta Mine Safety Association's Safety Excellence Award in the 150,000 – 1,000,000 Workforce Hours category. Our Highvale reclamation team had zero recordable injuries in 2025, a remarkable accomplishment that underscores our dedication to maintaining the highest safety standards.

Organizational Culture and Structure

Our employees are central to value creation. Our corporate culture has evolved and adapted throughout our 114-year history. Our values are safety, innovation, sustainability, respect and integrity. These five values help provide clarity for our employees and guide our behaviour and decision-making. They also provide a foundation for leadership, collaboration, community support, personal growth and work-life balance. Through corporate initiatives and support throughout all levels of leadership, we encourage our employees to maximize their potential.

Culture Transformation

We began our culture transformation journey in 2022 and remain committed to building a high-performing workplace culture where employees can thrive. We developed a three-year culture strategy and Culture Charter. Annually, we develop a Culture Roadmap that defines specific cultural milestones that are important for the Company and its employees. For alignment and transparency, all of these documents are available to our employees. Part of our culture transformation involves improving employee psychological safety to encourage employees to speak up with a view to increase innovation, creativity and ultimately, results.

We conduct employee engagement and bi-annual culture diagnostic surveys to gauge the employee experience, and based on survey results, leaders create action plans to drive improvement and increase engagement at the business unit and team level.

Finally, we are focused on improving employee health and well-being. To increase awareness, we have launched education sessions on a variety of topics such as mental health, women's health, men's health, nutrition, resiliency, etc.

Organizational Structure

In 2025, we had 1,350 (2024 – 1,205) active employees. With approximately 32 per cent of our employees being unionized, we strive to maintain open and positive relationships with union representatives and regularly meet to exchange information, listen to concerns and share ideas that further our mutual objectives. Collective bargaining is conducted in good faith and we respect the rights of employees to participate in collective bargaining.

Our business continues to operate four generating segments, with Gas, Wind and Solar, Hydro and Energy Transition, with support from our Corporate and Energy Marketing segments. Our operations portfolio is run by a single leadership team, which provides operational and financial synergies, thus enhancing our competitiveness.

Employee Retention and Recognition

ESG-Linked Compensation

At TransAlta, we have linked our ESG performance to our employees' compensation including that of our executive leadership team. Our annual and long-term incentive pay for performance plans are linked to TransAlta achieving various sustainability goals, where the targets and metrics are reviewed and approved annually by our Board of Directors and further outlined in our annual compensation plans.

In 2025, 20 per cent of our annual incentive plan was linked to achieving specific ESG targets: 10 per cent referred to our organizational culture improvements and 10 per cent was linked to safety. In 2025, our long-term incentive plans included strategic goals related to leading in ESG policy development and progress towards our ESG targets. Refer to TransAlta's Management Proxy Circular for additional details on our ESG-related compensation.

Employee Performance and Recognition

Coaching, feedback and management are fundamental to our performance philosophy, with leaders and employees being asked to participate in regular meetings to discuss work progress, and professional and career development throughout the year.

In 2025, a Leadership Assessment program was piloted to managers and above with the objective to improve and measure leadership performance and the impact of their people management. The program focuses on three categories: leadership performance, people management and operating results. These categories align with the leadership development focus areas identified under the "Organizational Culture Milestones" of Managing Performance, Providing Feedback, Fostering Psychological Safety.

We strive to be an employer of choice through our human resources and total rewards programs, which include pay-for performance incentive plans, as reviewed and approved by the Board of Directors. TransAlta's annual and long-term incentive plans are designed to measure and recognize employees' contributions towards metrics and targets. To motivate and engage employees in a timely manner, we continue to utilize employee recognition programs, including a quarterly recognition program and a peer-to-peer recognition program.

Talent Development

TransAlta places significant focus on talent development and retaining its employees. Annually, employees complete a combination of optional, mandatory and customized training as part of their roles. All employees have access to learning sessions from speakers who are experts on topics as varied as psychological safety, ED&I, mental and physical health, culture, financial wellness, core skills and leadership development.

Delivering Reliable and Affordable Energy

TransAlta's goal is to be a leading customer-centred electricity company, one that is committed to a sustainable future. Our strategy is focused on meeting our customers' need for reliable and affordable electricity, operational excellence and continual improvement.

Energy Affordability

TransAlta helps commercial and industrial customers manage their cost of energy. TransAlta has a full suite of procurement strategies and products with various terms available to our customers to assist them in understanding and reducing their energy costs.

For customers interested in making a long-term commitment to obtain predictable costs, TransAlta has the experience to develop renewable energy facilities, battery energy storage systems and hybrid solutions, or long-term offtake agreements from its existing and future renewable and gas-fired facilities.

End-Use Efficiency and Demand

TransAlta's commercial and industrial customers have access to an extensive set of monthly reports that provide detailed tracking of customer usage, allowing for corrective action as required, as well as cost-saving recommendations.

Our Power Factor Report advises customers if their sites are operating at less than a 90 per cent power factor so they can consider installing energy-efficient equipment. By reducing the customer's power system demand charge through power factor correction, the customer's site puts less strain on the electricity grid and reduces its carbon footprint. TransAlta's Site Health Report advises customers if the peak demand of a site has been permanently reduced for a variety of reasons from its initial in-service date. The customer may be paying a higher demand charge each month to the distribution company based on the original peak demand expected at the site. TransAlta collaborates with the customer and determines the new peak demand based on the customer's operation. The customer, working with the distribution company, may find it economic to buy down the distribution contract to reduce the monthly distribution costs going forward.

Grid Resiliency

As a large electricity generator, TransAlta works diligently to ensure the power we provide our customers is reliable and affordable. We provide decentralized and customized power solutions to industrial customers. We also supply power to centralized power systems and own and operate transmission grid infrastructure in Alberta that addresses system reliability needs.

In all jurisdictions where we operate, we work closely with the system operators to ensure overall supply adequacy and reliability of the grid. We consider a myriad of factors in our planning and operation decisions that could put grid resiliency at risk, including renewable energy intermittency, cyberattacks, extreme weather events and natural disasters. We are also committed to ensuring strong compliance with North American Electric Reliability Corporation standards, Alberta Reliability Standards and the Power System Security and Reliability Standards in the Western Electricity Market in Australia for the power plant and transmission infrastructure that we own and operate.

As a Company, we are keenly focused on deploying renewable and gas-fired power generation and new technology solutions to meet the emerging and future needs of the electric system that we operate in.

In 2020, WindCharger was the first battery energy storage asset ever developed in Alberta and was a leading participant in the Alberta Electric System Operator's pilot fast frequency response project. Fast frequency response is a novel and critical new fast-acting transmission reliability service that helps meet the needs of a more renewable-based grid by augmenting the electricity system's ability to maintain system frequency at 60 Hz in normal and abnormal grid operating conditions, such as when Alberta is weakly connected or frequency is landed to the North American Western Interconnection. WindCharger continues to provide fast frequency response services to support system frequency response as well as contingency reserves that are procured to backstop system reliability in situations where there is a sudden loss of generation.

In 2025, TransAlta launched the development of a project to augment the capabilities of our largest hydro plant, the 355 MW Brazeau facility on the North Saskatchewan river system, with battery storage. This project, the Brazeau Hydro Hybridization Project, adds battery energy storage capabilities (20 MW) that augment the ability of the existing Brazeau Dam generating units to respond to over-frequency system conditions and adds millisecond response characteristics to further improve the range of system reliability services that the facility can provide. For more information on technologies to support grid resiliency, refer to the "Enabling Innovation and Technology Adoption" section of this report.

Asset Management

TransAlta's asset management program is structured to deliver operational excellence by maximizing the total lifecycle value from physical assets and informing asset strategy across the Company's generation portfolio in Canada, the U.S. and Western Australia. The program is administered by a team of engineers and specialists who collaborate with operations and maintenance groups to deliver lifecycle maintenance and sustaining capital plans. This team supports the delivery of these plans through annual business planning processes, remote monitoring and diagnostics, compliance reviews, asset health assessments, technical issue escalations and major maintenance execution.

In 2025, TransAlta continued to enhance its asset management program by adopting new digital tools and analytics to further improve operational reliability and efficiency. The centralized team expanded its use of remote monitoring technologies and predictive analytics, enabling even earlier detection of equipment anomalies and facilitating more targeted maintenance planning. These advancements contributed to improved asset performance and supported TransAlta's commitment to safe and reliable energy production.

Advanced Analytics

TransAlta's Data Analytics team in IT is committed to transforming data management, utilization and trust across the organization. By leveraging reliable data foundations, the team drives transformational capabilities and operational decisions that add business value. The team collaborates with various business units, utilizing data science models, modern technology platforms, and advanced analytics to achieve business outcomes.

In 2025, the Data Analytics team has developed several high-value capabilities. These include supporting long-range forecasting and short-to-medium-term asset strategies, predicting optimized deal margins using historical deals, market trends and customer data, as well as identifying optimal outage windows through scenario analysis by integrating market data, internal schedules, and weather forecasts.

Sustainability Performance Indicators

Refer to "Discussion and Notes on Numbers" for footnote explanations. ✓ 2025 data has been assured to a limited assurance level by Ernst & Young LLP.

Environment, Health and Safety (EHS) Management Systems⁽¹⁾	2025	2024	2023
EHS management system audits	4	5	5
Health and Safety compliance audits	7	11	3
Total EHS audits	11	16	8
Environmental Performance⁽²⁾	2025	2024	2023
Resource or energy use⁽³⁾			
Coal combustion (tonnes)	1,959,000	1,772,000	2,492,000
Diesel combustion (L)	4,351,000	6,479,000	6,920,000
Gasoline combustion (L)	17,000	18,000	3,000
Natural gas combustion (TJ)	125,000	122,000	123,000
Oil combustion (L)	29,000	20,000	26,000
Propane combustion (L)	740	1,000	2,000
Biodiesel consumption: vehicle (L)	8,000	8,000	10,000
Diesel consumption: vehicle (L)	2,185,000	2,262,000	2,315,000
Ethanol consumption: vehicle (L)	28,000	11,000	7,000
Gasoline consumption: vehicle (L)	700,000	696,000	608,000
Propane consumption: vehicle (L)	3,500	8,000	8,000
Electricity: building operations (MWh)	205,000	162,000	126,000
Kerosene: building operations (L)	0	0	0
Natural gas: building operations (GJ)	285,000	148,000	94,000
Propane: building operations (L)	127,000	93,000	110,000
Total resource or energy use (TJ)	184,000	175,000	197,000
Greenhouse gas (GHG) emissions			
Scope 1 and 2 GHG emissions⁽⁴⁾			
Carbon dioxide (tonnes CO ₂ e)	9,506,000	9,463,000	10,862,000
Methane (tonnes CO ₂ e)	51,000	49,000	26,000
Nitrous oxide (tonnes CO ₂ e)	54,000	52,000	36,000
Sulphur hexafluoride (tonnes CO ₂ e)	50	230	80
Total scope 1 and 2 GHG emissions (tonnes CO₂e)⁽⁵⁾ ✓	9,611,000	9,564,000	10,924,000
GHG emission intensity (tonnes CO ₂ e/MWh) ⁽⁶⁾ ✓	0.31	0.35	0.41
Scope 1 emissions (tonnes CO ₂ e)	9,534,000	9,497,000	10,871,000
Scope 1 emissions (percentage of total GHG emissions)	99	99	100
Scope 1 emissions reported to national regulatory bodies (percentage)	100	100	100
Scope 2 emissions (tonnes CO ₂ e) ⁽⁴⁾	77,000	67,000	53,000
Scope 2 emissions (percentage of total GHG emissions)	1	1	0
Total GHG emissions avoided (tonnes CO ₂ e) ⁽⁷⁾	2,747,000	2,818,000	2,280,000
Scope 3 GHG emissions⁽⁸⁾			
Upstream scope 3 emissions			
Category 1: Purchased goods and services ⁽⁹⁾ ✓	36,000	30,000	32,000
Category 2: Capital goods ⁽¹⁰⁾ ✓	21,000	24,000	86,000
Category 3: Fuel and energy related activities ⁽¹¹⁾ ✓	1,016,000	950,000	954,000

Environmental Performance <i>(continued)</i>	2025	2024	2023
Downstream scope 3 emissions			
Category 11: Use of sold products ⁽¹²⁾ ✓	609,000	583,000	716,000
Category 15: Investments ⁽¹³⁾ ✓	3,634,000	1,834,000	1,651,000
Other relevant categories ⁽¹⁴⁾	453,000	242,000	308,000
Total scope 3 GHG emissions (tonnes CO₂e)	5,768,000	3,664,000	3,747,000
Air emissions⁽¹⁵⁾			
Total sulphur dioxide emissions (tonnes)	940	870	1,100
Sulphur dioxide emission intensity (kg/MWh) ✓	0.03	0.03	0.04
Total nitrogen oxide emissions (tonnes)	8,100	8,700	11,000
Nitrogen oxide emission intensity (kg/MWh) ✓	0.26	0.32	0.40
Total particulate matter emissions (tonnes)	340	320	460
Particulate matter emission intensity (kg/MWh)	0.01	0.01	0.02
Total mercury emissions (kilograms)	14	16	21
Mercury emission intensity (mg/MWh) ⁽¹⁵⁾	0.45	0.61	0.80
Water management⁽¹⁶⁾			
Water withdrawal – surface water (million m ³)	466	236	272
Water withdrawal – other sources (million m ³)	4	1	1
Water withdrawn – all sources (million m³)	470	237	273
Water discharge – surface water (million m ³)	421	209	238
Water discharged to different sources (million m ³)	3	2	1
Water evaporation during withdrawal, usage and discharge (million m ³)	10	0	0
Total water consumption (million m³)	36	25	34
Water consumption intensity (m ³ /MWh) ⁽¹⁷⁾ ✓	1.17	0.92	1.25
Waste management⁽¹⁸⁾			
Diverted from disposal - Non-hazardous⁽¹⁹⁾			
Solid recycled (tonnes)	660	2,000	2,600
Liquid recycled (tonne eq.)	56	210	120
Reuse (tonnes)	182,000	372,000	457,000
Storage (tonnes) ⁽²⁰⁾	1,300	6	1,400
Compost (tonnes)	0	0	1
Total non-hazardous waste diverted from disposal (tonnes)	184,000	374,000	461,000
Diverted from disposal - Hazardous			
Solid recycled (tonnes)	1	2,600	10
Liquid recycled (tonne eq.)	3,500	6,700	17,000
Total hazardous waste diverted from disposal (tonnes)	3,500	9,300	17,000
Total waste diverted from disposal (tonnes)	187,000	383,000	478,000
Directed to disposal - Non-hazardous⁽²¹⁾			
Solid landfill (tonnes)	480	780	1,300
Liquid landfill (tonne eq.)	72	34	39
Total non-hazardous waste directed to disposal (tonnes)	560	820	1,300
Directed to disposal - Hazardous			
Solid landfill (tonnes)	11	29	0
Liquid landfill (tonne eq.)	14	29	10
Total hazardous waste directed to disposal (tonnes)	25	58	10
Total waste directed to disposal (tonnes)	580	880	1,300

Environmental Performance <i>(continued)</i>	2025	2024	2023
Land use and reclamation ⁽²²⁾			
Land used in mining activities – disturbed (cumulative hectares) ⁽²²⁾	12,500	12,500	12,500
Land used in mining activities – reclaimed (cumulative hectares) ⁽²²⁾	5,100	5,000	5,000
Reclamation of land used in mining activities (percentage of land disturbed) ⁽²²⁾ ✓	40	40	40
Environmental incidents ⁽²³⁾			
Significant environmental incidents	0	0	0
Regulatory non-compliance environmental incidents	0	0	0
Total environmental incidents	0	0	0
Environmental enforcement actions ⁽²⁴⁾	0	0	0
Environmental fines (\$ thousands)	0	0	0
Environmental spills ⁽²⁵⁾			
Volume of significant environmental spills (m ³)	0	0	0
Biodiversity-related incidents ⁽²⁶⁾			
Critically endangered	0	0	0
Endangered	0	0	0
Vulnerable	0	0	0
Near threatened	0	0	0
Total biodiversity-related incidents	0	0	0
Social Performance	2025	2024	2023
Workplace practices			
Employees	1,350	1,205	1,257
Employees represented by independent trade union organizations (percentage) ⁽²⁷⁾	32	29	30
Voluntary employee turnover rate (percentage) ⁽²⁸⁾	6	7	5
Health and safety			
Health and safety enforcement actions ⁽²⁹⁾	3	0	0
Health and safety fines (\$ thousands)	10	0	0
Employee and contractor fatalities	0	0	0
Lost-time injury (LTI) incidents (absence from work) ⁽³⁰⁾	0	0	1
Medical aid (MA) incidents (no absence from work) ⁽³¹⁾	1	6	4
Restricted work injury (RWI) incidents (no absence from work) ⁽³²⁾	1	2	0
Total recordable injuries to employees and contractors	2	8	5
Exposure hours ⁽³³⁾	3,441,000	2,844,000	3,362,000
Total Recordable Injury Frequency (TRIF) (employees and contractors) ⁽³⁴⁾ ✓	0.12	0.56	0.30
Community relations			
Community investments (\$ millions) ⁽³⁵⁾	3.0	2.9	3.2
Governance Performance	2025	2024	2023
Diversity			
Women in workforce (percentage of all employees)	27	28	27
Women in senior management (percentage)	33	32	26
Women on Board of Directors (percentage)	36	42	46

Alignment of Sustainability Performance Indicators with Best Practice Sustainability Reporting Frameworks

The following outlines our sustainability performance indicator alignment with key criteria of GRI, SASB and the GHG Protocol. Internally developed criteria are described in the footnotes to the Sustainability Performance Indicators.

Environment, Health and Safety (EHS) Management Systems	Criteria
EHS management system audits	Internally developed criteria ⁽¹⁾
Health and Safety compliance audits	Internally developed criteria ⁽¹⁾
Total EHS audits	
Environmental Performance	Criteria
Resource or energy use	
Coal combustion (tonnes)	GRI 302-1
Natural gas combustion (GJ)	GRI 302-1
Diesel combustion (L)	GRI 302-1
Gasoline consumption: vehicle (L)	GRI 302-1
Diesel consumption: vehicle (L)	GRI 302-1
Propane consumption: vehicle (L)	GRI 302-1
Electricity: building operations (MWh)	GRI 302-1
Natural gas: building operations (GJ)	GRI 302-1
Propane: building operations (L)	GRI 302-1
Kerosene: building operations (L)	GRI 302-1
Total resource or energy use (GJ)	GRI 302-1
Greenhouse gas (GHG) emissions	
Scope 1 and 2 GHG emissions	
Carbon dioxide (tonnes CO ₂ e)	SASB IF-EU-110a.1
Methane (tonnes CO ₂ e)	SASB IF-EU-110a.1
Nitrous oxide (tonnes CO ₂ e)	SASB IF-EU-110a.1
Sulphur hexafluoride (tonnes CO ₂ e)	SASB IF-EU-110a.1
Total scope 1 and 2 GHG emissions (tonnes CO₂e)	GHG Protocol ⁽⁵⁾
GHG emission intensity (tonnes CO ₂ e/MWh)	GRI 305-4 ⁽⁶⁾
Scope 1 emissions (tonnes CO ₂ e)	SASB IF-EU-110a.1
Scope 1 emissions (percentage of total GHG emissions)	SASB IF-EU-110a.1
Scope 1 emissions reported to national regulatory bodies (percentage)	SASB IF-EU-110a.1
Scope 2 emissions (tonnes CO ₂ e)	GRI 305-2
Scope 2 emissions (percentage of total GHG emissions)	GRI 305-2
Total GHG emissions avoided (tonnes CO ₂ e)	Internally developed criteria ⁽⁷⁾
Scope 3 GHG emissions	
Upstream scope 3 emissions	
Category 1: Purchased goods and services	GHG Protocol
Category 2: Capital goods	GHG Protocol
Category 3: Fuel and energy related activities	GHG Protocol
Downstream scope 3 emissions	
Category 11: Use of sold product	GHG Protocol
Category 15: Investments	GHG Protocol
Other relevant categories	GHG Protocol
Total scope 3 GHG emissions (tonnes CO₂e)	GHG Protocol

Environmental Performance <i>(continued)</i>	Criteria
Air emissions	
Total sulphur dioxide emissions (tonnes)	SASB IF-EU-120a.1
Sulphur dioxide emission intensity (kg/MWh)	Internally developed criteria ⁽¹⁵⁾
Total nitrogen oxide emissions (tonnes)	SASB IF-EU-120a.1
Nitrogen oxide emission intensity (kg/MWh)	Internally developed criteria ⁽¹⁵⁾
Total particulate matter emissions (tonnes)	SASB IF-EU-120a.1
Particulate matter emission intensity (kg/MWh)	Internally developed criteria ⁽¹⁵⁾
Total mercury emissions (kilograms)	SASB IF-EU-120a.1
Mercury emission intensity (mg/MWh)	Internally developed criteria ⁽¹⁵⁾
Water management	
Water withdrawal – surface water (million m ³)	SASB IF-EU-140a.1
Water withdrawal – other sources (million m ³)	SASB IF-EU-140a.1
Water withdrawn – all sources (million m³)	SASB IF-EU-140a.1
Water discharge – surface water (million m ³)	SASB IF-EU-140a.1
Water discharged to different sources (million m ³)	SASB IF-EU-140a.1
Water evaporation during withdrawal, usage and discharge (million m ³)	SASB IF-EU-140a.1
Total water consumption (million m³)	SASB IF-EU-140a.1
Water consumption intensity (m ³ /MWh)	Internally developed criteria ⁽¹⁷⁾
Waste management	
Diverted from disposal - Non-hazardous	
Recycled (tonnes)	GRI 306-4
Recycled (L)	GRI 306-4
Reuse (tonnes)	GRI 306-4
Storage (tonnes)	GRI 306-4
Total non-hazardous waste diverted from disposal (tonnes)	GRI 306-4
Diverted from disposal - Hazardous	
Recycled (tonnes)	GRI 306-4
Recycled (L)	GRI 306-4
Total hazardous waste diverted from disposal (tonnes)	GRI 306-4
Total waste diverted from disposal (tonnes)	GRI 306-4
Directed to disposal - Non-hazardous	
Landfill (tonnes)	GRI 306-5
Landfill (L)	GRI 306-5
Ash disposal – mine (tonnes)	GRI 306-5
Ash disposal – lagoon (tonnes)	GRI 306-5
Compostable (tonnes)	GRI 306-5
Total non-hazardous waste directed to disposal (tonnes)	GRI 306-5
Directed to disposal - Hazardous	
Landfill (tonnes)	GRI 306-5
Landfill (L)	GRI 306-5
Total hazardous waste directed to disposal (tonnes)	GRI 306-5
Total waste directed to disposal (tonnes)	GRI 306-5
Land use and reclamation	
Land used in mining activities – disturbed (cumulative hectares)	Internally developed criteria ⁽²²⁾
Land used in mining activities – reclaimed (cumulative hectares)	Internally developed criteria ⁽²²⁾
Reclamation of land used in mining activities (percentage of land disturbed)	Internally developed criteria ⁽²²⁾

Environmental Performance <i>(continued)</i>	Criteria
Environmental incidents	
Significant environmental incidents	Internally developed criteria ⁽²³⁾
Regulatory non-compliance environmental incidents	GRI 2-27
Total environmental incidents	Internally developed criteria ⁽²⁴⁾
Environmental enforcement actions	GRI 2-27
Environmental fines (\$ thousands)	GRI 2-27
Environmental spills	
Volume of significant spills (m ³)	GRI 306-3
Biodiversity-related incidents	
Critically endangered	Internally developed criteria ⁽²⁶⁾
Endangered	Internally developed criteria ⁽²⁶⁾
Vulnerable	Internally developed criteria ⁽²⁶⁾
Near threatened	Internally developed criteria ⁽²⁶⁾
Total biodiversity-related incidents	Internally developed criteria ⁽²⁶⁾
Social Performance	Criteria
Workplace practices	
Employees	GRI 102-7
Number of full-time employees	Internally developed criteria
Number of part-time employees	Internally developed criteria
Number of contingent employees	Internally developed criteria
Employees represented by independent trade union organizations (percentage)	GRI 102-41
Voluntary employee turnover rate (percentage)	GRI 401-1
Health and safety	
Health and safety enforcement actions	Internally developed criteria ⁽²⁹⁾
Health and safety fines (\$ thousands)	Internally developed criteria ⁽²⁹⁾
Employee and contractor fatalities	SASB IF-EU-320a.1
Lost-time injury (LTI) incidents (absence from work)	SASB IF-EU-320a.1
Medical aid (MA) incidents (no absence from work)	SASB IF-EU-320a.1
Restricted work injury (RWI) incidents (no absence from work)	SASB IF-EU-320a.1
Total injuries to employees and contractors	SASB IF-EU-320a.1
Exposure hours	SASB IF-EU-320a.1
Total Recordable Injury Frequency (TRIF) (employees and contractors)	SASB IF-EU-320a.1
Community relations	
Community investments (\$ millions)	GRI 203-1
Governance Performance	Criteria
Diversity	
Women in workforce (percentage of all employees)	GRI 405-1
Women in senior management (percentage)	GRI 405-1
Women on Board of Directors (percentage)	GRI 405-1

Discussion and Notes on Numbers

TransAlta strives to improve the accuracy and scope of our sustainability performance data. We continually review our processes and controls relating to the measurement and calculation of key sustainability data annually. Several footnotes appear throughout the statistical summary and are intended to provide clarity on specific boundary conditions, changes in methodology and definitions. For questions or clarity on any key performance indicators, please contact us at sustainability@transalta.com.

1. EHS management system audits are conducted annually to assess conformance to our environmental, health and safety management systems. Health and Safety compliance audits are conducted to verify compliance to internal health and safety standards and procedures and defined occupational health and safety regulatory requirements.
2. Environmental performance figures have been rounded based on the following methodology: i) All environmental data between 0-100 are rounded to the nearest whole number, 100-1,000 to the nearest 10, 1,000-10,000 to the nearest hundred, and above 10,000 to the nearest thousand; ii) Water data is rounded to the nearest million; iii) Land use data, which is smaller in magnitude compared with other environmental indicators, is rounded to the nearest 100 to represent a more accurate picture of management and progress. Some values may not sum to the indicated total due to rounding.
3. Energy use is calculated and reported from TransAlta-operated facilities following the same approach we use for GHG emissions reporting, which is the application of an "Operational Control" boundary as per guidance from the GHG Protocol: A Corporate Accounting and Reporting Standard.
4. Scope 1 and 2 GHG emissions are calculated and reported from TransAlta-operated facilities in line with carbon compliance regulations from the geographic jurisdiction where the facility is located. We follow guidance from the GHG Protocol: A Corporate Accounting and Reporting Standard (specifically "Setting Organizational Boundaries: Operational Control" methodology). As per the operational control methodology, TransAlta reports 100 per cent of GHG emissions from facilities at which we are the operator, irrespective of financial ownership. GHG emissions include emissions from stationary combustion, transportation use, building use and fugitive emissions. We report both scope 1 and 2 emissions. We compile our corporate GHG inventory using our business segment GHG calculations. All of our scope 1 emissions (100 per cent) are reported to national regulatory bodies in the country in which we operate. This includes: Australia (National Greenhouse and Energy Reporting Scheme), Canada (Greenhouse Gas Reporting Program, National Pollutant Release Inventory) and the U.S. (Environmental Protection Agency (EPA)). Our scope 1 and 2 emissions use global warming potentials and emissions factors that vary with respect to regional compliance guidance and include IPCC Fifth Assessment Report, Canada's GHG Inventory 1990-2023, U.S. Emission Factors for Greenhouse Gas Inventories 2024, U.S. EPA eGRID Summary Tables 2025 and Australia Greenhouse Account Factors 2025. Scope 2 emissions are calculated using location-based methodology.
5. Total scope 1 and 2 GHG emissions is the sum of applicable gases that include carbon dioxide, methane, nitrous oxide and sulphur hexafluoride (SF₆).
6. GHG emission intensity is calculated by dividing total scope 1 and scope 2 emissions by 100 per cent of production from both electricity and steam generation (MWh) from operated facilities, irrespective of financial ownership.
7. Avoided emissions are defined as the emissions that are displaced from the power grid through renewables generation instead of standard consumption via the grid. This is calculated by multiplying the total renewable production with the grid carbon intensity of the jurisdiction it operates in.
8. Scope 3 emissions are all indirect emissions (not included in scope 1 or 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. TransAlta's scope 3 emissions are calculated using methodologies consistent with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and with reference to the additional guidance provided in the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions. Upstream scope 3 emissions are the indirect emissions related to TransAlta's suppliers. Downstream scope 3 emissions are the emissions related to TransAlta's customers. Of the 15 categories described in the GHG Protocol Scope 3 Guidance, four are not relevant to our business and, therefore, are not included in the calculation: Category 8: Upstream leased assets, Category 12: End-of-life treatment of sold products, Category 13: Downstream leased assets, and Category 14: Franchises. Our scope 3 emissions use global warming potentials sourced from the IPCC Fifth Assessment Report.
9. Category 1: Purchased goods and services includes emissions associated with purchased of goods and services described as operating expenses less labour, wages and other related costs. The accounting approach includes all upstream (cradle to gate) GHG emissions from the extraction, production, and

transportation of goods and services purchased or acquired by the Company in the reporting year, where not otherwise included in categories 2 to 8. The methodology uses the spend-based approach and emissions are calculated from the operating expense of purchases of goods and services and the emission factors from U.S. EPA Environmentally-Extended Input-Output (EEIO) models.

10. Category 2: Capital goods includes emissions associated with purchased of capital goods and services described as capital expenditures. The accounting approach includes all upstream (cradle to gate) GHG emissions from the production of capital goods or services purchased or acquired by the Company in the reporting year, where not otherwise included in Categories 1 and from 3 to 8. The methodology utilizes the spend-based approach and emissions are calculated from the capital expense of purchases of capital goods and the emission factors from U.S. EPA Environmentally-Extended Input-Output (EEIO) models.
11. Category 3: Fuel and energy related activities includes emissions associated with the extraction, production and midstream transportation of natural gas (pipeline). It excludes the emissions associated with electricity consumption as these have been accounted for in our scope 2 GHG emissions but includes the transmission and distribution losses. The activities applicable are a) upstream emissions of purchased fuels and c) transmission and distribution losses of purchased electricity. The methodology utilizes the average-data approach and emissions are calculated from the resource or energy use and the emission factors from Canada's GHG Inventory, U.S. Emission Factors for Greenhouse Gas Inventories and Australia National Greenhouse Account Factors.
12. Category 11: Use of sold products includes emissions associated with natural gas combustion during electricity production where the sales and delivery of physical natural gas occur. TransAlta is considered an intermediary between the natural gas producer whom we purchased it from to the client, for sole purpose of combustion for electricity production. As such, we account for the direct use-phase emissions associated with the combustion of natural gas, categorized under fuels and feedstocks. The methodology multiplies the amount of fuel sold in Alberta and British Columbia in Canada multiplying it with representative emission factors from Canada's National Inventory Report 1990-2023: Greenhouse Gas Sources and Sinks in Canada.
13. Category 15: Investments includes emissions from our assets that are owned (as a joint venture or other ownership structure) but not operated by TransAlta. The emissions of these joint venture assets are accounted for using the proportional scope 1 and 2 GHG emissions of equity investments which are provided by the joint venture operators.
14. In 2025, relevant scope 3 categories that did not receive limited assurance by a third-party provider include Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, Category 6: Business travel, Category 7: Employee commuting, Category 9: Downstream transportation and distribution, and Category 10: Processing of sold products.
15. Air emissions which are applicable to TransAlta's operations are NO_x, SO₂, particulate matter (PM_{2.5} and PM₁₀) and mercury. The applicable air emissions are calculated and reported from TransAlta-operated facilities, following the same approach we use for GHG emissions reporting, which is the application of an "Operational Control" boundary as per guidance from the GHG Protocol: A Corporate Accounting and Reporting Standard. Air emissions are expressed in tonnes, except for mercury emissions, which are represented in kilograms. Particulate matter emissions include both PM_{2.5} and PM₁₀. Air emission intensities are calculated by dividing total applicable air emissions by 100 per cent of production from both electricity and steam generation (MWh) from operated facilities, irrespective of financial ownership.
16. Water consumption is calculated and reported from TransAlta-operated facilities, following the same approach we use for GHG emissions reporting, which is the application of an "Operational Control" boundary as per guidance from the GHG Protocol: A Corporate Accounting and Reporting Standard. Total water consumption is calculated by total water withdrawal minus water discharge, where water withdrawal are sourced from surface water, groundwater, third-party, or non-freshwater, and water discharge refers to the volume of freshwater leaving the organization's boundary and released to surface water, groundwater, or to third parties, water discharged to different sources and water evaporation during withdrawal, usage and discharge. Water is used primarily for cooling at our thermal power facilities and steam production from our co-generation facilities.
17. Water intensity is calculated by dividing total operational water consumption (m³) by 100 per cent of production from both electricity and steam generation (MWh) from operated facilities, irrespective of financial ownership.
18. Waste is categorized as either non-hazardous or hazardous waste. Non-hazardous waste includes, but is not limited to, water treatment chemicals, coal refuse (including ash byproducts), metals, paper, cardboard and building materials. Hazardous wastes can be harmful to people, plants, animals or the environment, either in the short or the long term, and TransAlta is

- required in all of its operating jurisdictions to follow proper procedures for landfill/recycling of these materials. We measure and report the total weight of all types of waste generated and use several methods for calculation, including direct measurement of quantity onsite, by transporters at the point of shipping or loading (consistent with shipping papers), by waste disposal contractor at the point of waste disposal or by transporters, at the point of shipping or loading, and engineering estimates or process knowledge. The unit measurement for all types of waste is reported as metric tonne. Unless specified that it is on-site, all waste generated are disposed off-site from our facilities.
19. Waste diverted from disposal refers to the recycling or reuse of waste that would otherwise end up in the landfill.
 20. Storage waste is ash product from coal production, which is stored on-site for treatment prior to sales for cement production.
 21. Waste directed to disposal refers to waste that ends up in the landfill.
 22. Land used in mining activities – disturbed refers to the total active footprint of our mining operations, which includes the cumulative hectares for land cleared of vegetation, soil disturbed, ready for reclamation, soils placed, and permanently reclaimed: (i) Disturbed means soil has been disturbed; (ii) Cleared means vegetation has been removed and soils are intact; (iii) Reclamation means the restoration of disturbed lands to similar pre-development condition, other economically productive use, or natural or semi-natural habitat. Land reclamation refers to the ratio between the land that has been permanently or temporarily reclaimed and the total active footprint of our mining operations. Reclamation is presented as a cumulative number; therefore, the total number of hectares reported from year to year may increase or decrease depending on whether reclamation has occurred or whether re-disturbance of previously reclaimed areas was required.
 23. Environmental incidents are separated into two categories: significant environmental incidents (internally defined) and regulatory non-compliance environmental incidents (aligned to GRI 2-27). We define significant environmental incidents as an incident that is internally classified as moderate, significant, major or extreme, that resulted in an impact to the ecosystem that is reversible or irreversible. Factors that impact this classification include mortalities of greater than 0.01 per cent of a given species when compared to the overall population, as well as other relevant qualitative factors. We define regulatory non-compliance environmental incidents as violations or non-compliance to regulations or exceedance of limits in company operating approvals that result in enforcement action including fines or stop work orders that suspend overall facility or site operations, but did not have an impact on the environment. For example, a technical issue with a computer system for gathering real-time data could cause us to be out of compliance with local regulation or our EMS, but there is no direct consequence for the physical environment.
 24. Environmental enforcement actions are a violation or non-compliance to regulations or exceedance of limits in company operating approvals that result in an impact on the environment and enforcement action including stop work orders, fines or suspension of operating approvals.
 25. Environmental spills generally happen in low environmental impact areas and are almost always contained and fully recovered. It is extremely rare that we experience large spills, which could adversely impact the environment and the Company.
 26. Biodiversity incidents are the number of total biodiversity-related incidents that are classified as a significant environmental incident and that affect habitats and species included on the Red List of the International Union for Conservation of Nature and are classified as near-threatened, vulnerable, endangered and critically endangered.
 27. In 2025, TransAlta employed approximately 437 unionized workers working primarily in our operational business units.
 28. Voluntary turnover is aligned with our Human Resources voluntary turnover reporting methodology. As per this methodology, voluntary turnover is any full-time, part-time or contingent employee-initiated exit, excluding retirement. Summer students and temporary workers are not considered within voluntary turnover. We have restated our 2024 voluntary turnover following the discovery of a calculation error. The restatement reduces the original 2024 data to seven (7) from 18.
 29. Health and safety enforcement actions are a violation of or non-compliance with regulations or exceedance of limits in company operating approvals that result in enforcement action including stop work orders, fines or suspension of operating approvals.
 30. Lost-time injuries (LTI) are injuries that resulted in the worker being away from work beyond the day of the injury.
 31. Medical aids (MA) are injuries that resulted in medical treatment beyond first aid.
 32. Restricted work injuries (RWI) are injuries that resulted in the worker being unable to perform all normally scheduled and assigned work activities.
 33. Exposure hours are total hours worked by all TransAlta employees and contractors, and include full-time, part-

time, direct, contract, executive, labour, salary, hourly and seasonal employees in all locations, but exclude prime contractors. A prime contractor is the person responsible for legislative compliance for safety in multiple employer work site situations under applicable law in the jurisdictions where we operate. Exposure hours from prime contractors are excluded as we do not direct their work. Exposure hours have been rounded to the nearest thousand. Exposure hours have increased in 2025 partially due the Heartland acquisition in 2024.

34. Total Recordable Injury Frequency (TRIF) is calculated by adding the total lost-time injuries (LTI), medical aids (MA) and restricted work injuries (RWI) multiplied by 200,000 hours then divided by total exposure hours. It does not include near miss as per the SASB IF EU 320a.1 criteria.
35. Cumulative of donations and sponsorship totals in the respective calendar year. This investment figure does not include donations from our employees.

Independent Practitioner's Assurance Report

To Management of TransAlta Corporation

Scope

We have been engaged by TransAlta Corporation ("TransAlta") to perform a 'limited assurance engagement', as defined by International Standards on Assurance Engagements, hereafter referred to as the engagement, to report on select performance indicators detailed in the accompanying schedule (the "Subject Matter") and contained in TransAlta's 2025 Sustainability Report (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, this engagement did not include performing assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by TransAlta

In preparing the Subject Matter, TransAlta applied relevant guidance contained within the Sustainability Accounting Standards Board ("SASB") Standards, Global Reporting Initiative ("GRI") Sustainability Reporting Standards, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard ("GHG Protocol") and internally developed criteria, as detailed in the accompanying Schedule, collectively referred to herein as (the "Criteria"). The internally developed criteria were specifically designed for the preparation of the Report. As a result, the Subject Matter may not be suitable for another purpose.

TransAlta's responsibilities

TransAlta's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and ISAE 3410, Assurance Engagements on Greenhouse Gas Statements. These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been

performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducting interviews with relevant personnel to obtain an understanding of the processes for collecting, collating and reporting on the Subject Matter
- Undertaking analytical procedures over data and making inquiries with relevant personnel to obtain explanations, where applicable
- Testing, on a sample basis, data to underlying source information and reperformance of select calculations
- Checking presentation and disclosure of the Subject Matter in the Report

We also performed such other procedures as we considered necessary in the circumstances.

Inherent limitations

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Non-financial information, such as the Subject Matter, is subject to more inherent limitations than financial information, given the more qualitative characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques which can result in materially different evaluation and can impact comparability between entities and over time.

Conclusion

Based on our procedures and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter for the reporting periods outlined in the accompanying schedule and the Report, are not prepared, in all material respects, in accordance with the Criteria.

The signature of Ernst & Young LLP is written in a black, cursive script.

Chartered Professional Accountants

February 26, 2026
Calgary, Canada

Schedule

Our limited assurance engagement was performed on the following Subject Matter for the year ended December 31, 2025:

Performance Indicator	Criteria	Reported Value ⁽¹⁾	Unit of Measure	Report Page
Greenhouse Gas Emissions				
Total Scope 1 and Scope 2 GHG emissions ⁽²⁾	GHG Protocol	9,611,000	Tonnes CO ₂ e	S53
GHG emissions intensity ⁽³⁾	GRI 305-4	0.31	Tonnes CO ₂ e/MWh	S53
Scope 3 Category 1: Purchased goods and services ⁽⁴⁾	GHG Protocol	36,000	Tonnes CO ₂ e	S53
Scope 3 Category 2: Capital goods ⁽⁴⁾	GHG Protocol	21,000	Tonnes CO ₂ e	S53
Scope 3 Category 3: Fuel and energy related activities ⁽⁴⁾	GHG Protocol	1,016,000	Tonnes CO ₂ e	S53
Scope 3 Category 11: Use of sold products ⁽⁴⁾	GHG Protocol	609,000	Tonnes CO ₂ e	S54
Scope 3 Category 15: Investments ⁽⁴⁾	GHG Protocol	3,634,000	Tonnes CO ₂ e	S54
Air Emissions				
Sulphur dioxide emission intensity	Internally developed ⁽⁵⁾	0.03	kg/MWh	S54
Nitrogen oxide emission intensity	Internally developed ⁽⁵⁾	0.26	kg/MWh	S54
Water Management				
Water consumption intensity	Internally developed ⁽⁶⁾	1.17	m ³ /MWh	S54
Land Reclamation				
Reclamation of land used in mining activities	Internally developed ⁽⁷⁾	40	% of land disturbed	S55
Health and Safety				
Total Recordable Injury Frequency (TRIF) (employees and contractors)	SASB IF-EU-320a.1 ⁽⁸⁾	0.12	Rate	S55

(1) All figures have been rounded based on the methodology disclosed in Endnote 2 of the Report.

(2) Significant contextual information necessary to understand how the data has been compiled has been disclosed in Endnote 4 - 5 of the Report.

(3) GHG emission intensity is calculated by dividing total scope 1 and scope 2 emissions by 100 per cent of production from both electricity and steam generation (MWh) from operated facilities, irrespective of financial ownership, as disclosed in Endnote 6 of the Report.

(4) Significant contextual information necessary to understand how the data has been compiled has been disclosed in Endnote 9 - 13 of the Report.

(5) Air emission intensities are calculated by dividing total applicable air emissions by 100 per cent of production from both electricity and steam generation (MWh) from operated facilities, irrespective of financial ownership, as disclosed in Endnote 15 of the Report.

(6) Water intensity is calculated by dividing total operational water consumption (m³) by 100 per cent of production from both electricity and steam generation (MWh) from operated facilities, irrespective of financial ownership, as disclosed in Endnote 17 of the Report.

(7) Land reclamation refers to the ratio between the land that has been permanently or temporarily reclaimed and the total active footprint of mining operations, as disclosed in Endnote 22 of the Report.

(8) Total Recordable Injury Frequency (TRIF) is calculated by adding the total lost-time injuries (LTI), medical aids (MA) and restricted work injuries (RWI) multiplied by 200,000 hours then divided by total exposure hours. It does not include near miss as per the SASB IF EU 320a.1 criteria, as disclosed in Endnote 34 of the Report.



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