

Energy Trading Code of Conduct

Policy Applies to TransAlta Corporation and all Subsidiaries

Purpose

The TransAlta Leadership Team is committed to a robust and transparent Energy Trading Compliance Program with the Company (the "Program"). The Program is designed to prevent, detect and deter violations of laws, guidelines, regulations and corporate policies relating to TransAlta's energy trading and marketing business, while cultivating a culture of compliance, promoting honest and ethical behaviour in the energy trading business. This Energy Trading Code of Conduct (the "Code") provides specific direction in respect of such behaviour.

Code of Conduct

TransAlta expects all Energy Trading staff to meet the standards and guiding principles in the Code and the overarching TransAlta Corporate Code of Conduct. If an Employee has a concern regarding the discharge of their duties under the Code or becomes aware of a potential breach of the Code, they are required to consult their supervisor, senior management, a member of the TransAlta Market Compliance team, or call TransAlta's Ethics Helpline.

TransAlta endeavours to provide an environment where its personnel, including Energy Trading staff, can safely and comfortably raise concerns about ethical matters or compliance with any law, regulation, tariff, market rule, or internal policy or process. TransAlta's Corporate Code of Conduct prohibits retribution against another Employee who identifies possible legal or ethical misconduct in good faith. TransAlta will not penalize Energy Trading staff for inadvertent errors where appropriate care and diligence is maintained, but will pursue remedial or disciplinary action for deliberate or reckless violations of the Code or any law, regulation, market rule or requirement.

I. ETHICAL STANDARDS

TransAlta Energy Trading staff will:

1. Conduct business in compliance with all applicable laws, regulations, tariffs, exchange rules and TransAlta policies, procedures, or directives.
2. Conduct business in good faith and with a commitment to honest dealing.
3. Engage only in transactions with a legitimate business purpose.

II. PROHIBITED TRADING PRACTICES

In addition to the aforementioned standards and principles, the following practices have been identified as prohibited activities. This list is not intended to be exhaustive but is rather to provide examples of those practices that TransAlta understands to be in violation of this Code. TransAlta Energy Trading staff will not:

1. Engage in any fraudulent behaviour.
2. Transact in a way that is intended to or that foreseeably could manipulate market prices or market conditions, or act in a way that is knowingly contrary to the spirit, intent or purpose of a market rule.
3. Collude with other market participants to unlawfully restrain competition, including through agreement to fix price, supply or territories for the sale of a commodity.
4. Engage in deceptive practices intended to inject false or misleading information into a market.
5. Engage in predatory pricing strategies or attempts to abuse or unlawfully exercise market power.
6. Misrepresent the operational capabilities of facilities in a manner expressly calculated to affect market prices by unlawfully withholding available supply from the market in order to create artificial supply shortages.
7. Engage in activities that are intended to create congestion in order to manipulate prices or affect the security of dispatch operations.
8. Offer reliability services that TransAlta does not intend to provide.
9. Knowingly submit false or misleading information to a system operator or regulator.
10. Enter into wash trades, which are understood to be pre-arranged and offsetting transactions entered into with the purpose of artificially affecting reported revenues, trading volumes, or prices.
11. Enter into trades for the purpose of misrepresenting the financial results of TransAlta.
12. Enter into trades based on information that has been misappropriated from a third party or an affiliate (or obtained in a manner that violates a fiduciary or other legal obligation of the Employee or TransAlta).
13. Attempt to influence a published index by executing a transaction to manipulate market prices for any purpose, including to benefit the value of a related position.

14. Enter into trades that act as a "payback" for, or to obtain any sort of gift, gratuity, bribe, kickback, entertainment or trip.
15. Buy or sell energy products for their personal or their immediate family's accounts, except for standard retail purchases for consumption. Employees may not share or convey confidential information concerning energy related products obtained during the scope of their employment with TransAlta with any non-TransAlta persons, except as may be required in the performance of their duties. Any questions regarding this issue should be discussed with Market Compliance or Legal.
16. Act as a commodity trading advisor ("CTA"), including but not limited to, acting as a CTA under the United States Commodities Exchange Act without approval from Compliance or Legal. This prohibition includes engaging in the business of advising others, either directly or through publications, writings, or electronic media, as to the value of or the advisability of trading in or recommending positions in energy-related commodities.
17. Enter into a commercial arrangement where TransAlta is the owner of interstate pipeline capacity in the United States and arranges to buy gas at the direction of, on behalf of, or directly from another entity, ships that gas through its interstate pipeline capacity, and then resells an equivalent quantity of gas to the same entity at the delivery point.
18. Transact in a way that violates disruptive trading practice rules on exchanges or other registered trading facilities, including
 - violating bids and offers by selecting offers higher than the lowest available, or selecting bids lower than the highest available;
 - by not executing trades in an orderly manner during the closing period; or
 - trading with the specific intent to cancel a bid or offer before execution.

III. INFORMATION DISCLOSURE AND DOCUMENTATION

To the best of their ability, TransAlta Employees will:

1. Provide market and transaction information to regulators and market monitors in compliance with all applicable rules and requirements and cooperate with regulators and market monitors as reasonably necessary to assist in their understanding of market operations.
2. Adhere to internal TransAlta procedures designed to ensure that all trades are properly documented in a timely fashion and that no trades are intentionally concealed or misrepresented.

3. Maintain documentation on all transactions for an appropriate period of time as required under applicable laws and regulations.
4. Abide by the terms of confidentiality agreements by which they are bound.

In accordance with TransAlta's policy to not report price or transaction data to index publishers, not provide transaction reporting to index publishers.

IV. COMPLIANCE

TransAlta Leadership supports ongoing compliance in its energy trading business through the Program, the Code, and ongoing training and education of Energy Trading staff. In addition to these core measures, Employees are obligated to make reasonable efforts to be aware of and comply with current and evolving regulatory and market requirements.