

Whistleblower Policy

I. Introduction

TransAlta Corporation and its subsidiaries, including for greater certainty TransAlta Renewables Inc. (collectively referred to in this document as the “**Company**” or “**TransAlta**”), are committed to the highest standards of openness, honesty and accountability, as well as the cultivation of an environment in which individuals can confidentially and anonymously report complaints and concerns without the fear of retaliation, discrimination or disadvantage. These high standards guide the decisions of the Board of Directors of TransAlta Corporation (the “**Board**”) and the Board of Directors of TransAlta Renewables Inc., and are also relied upon by TransAlta’s stakeholders and the financial markets. For these reasons and in furtherance of the Company’s commitment to good and transparent governance, it is critical that TransAlta maintains a workplace that preserves, protects and reflects the values represented by these standards.

II. Purpose

The purpose of this TransAlta Values Policy 003: Whistleblower Policy (this “**Policy**”) is to execute on the commitment outlined above, as well as to encourage those affiliated with the Company to act responsibly to uphold TransAlta’s reputation and maintain public confidence in the Company. This Policy is intended to encourage and enable TransAlta stakeholders to raise concerns and complaints with respect to any misconduct of the Company, including any potential violation of applicable laws, accounting, internal accounting controls, auditing or financial reporting standards, as well as potential contraventions of the Company’s Code of Conduct (the “**Code of Conduct**”).

III. Scope and Application

This Policy applies to the Company’s directors, officers, full and part-time employees, contractors, and other stakeholders (collectively referred to in this document as “**Personnel**”).

Personnel have an important role to play in achieving TransAlta’s goals while adhering to the Code of Conduct. Personnel are likely to be the first to know when someone inside the Company or connected with the Company is acting improperly, illegally or otherwise violating the Code of Conduct. TransAlta takes all Personnel misconduct very seriously. Misconduct by any Personnel reflects poorly on TransAlta’s reputation, exposes the Company to legal sanctions, and does not reflect the values entrenched in the Code of Conduct.

IV. Financial Reporting and Internal Controls

The Company is committed to providing financial disclosure to the public and to its shareholders that is timely, full, true and plain. The Company employs internal controls to prevent and detect improper accounting activities that could affect reporting.

The Board has established the Audit, Finance and Risk Committee (“**AFRC**”), which is responsible for ensuring that TransAlta Corporation has appropriate procedures for the receipt, retention, and treatment of complaints and concerns relating to potential violations of applicable laws, accounting, internal accounting controls, auditing or financial reporting standards, as well

as potential contraventions of the Code of Conduct. In addition, the AFRC is responsible for ensuring that TransAlta Corporation has an adequate process for the confidential, anonymous submission to TransAlta of these concerns.

Comparably, the Audit and Nominating Committee of the Board of Directors of TransAlta Renewables Inc. (the "**ANC**") requires TransAlta Corporation to maintain procedures for the confidential receipt, retention and treatment of complaints relating to potential violations of applicable laws, accounting, internal accounting controls, auditing or financial reporting standards, as well as potential contraventions of its Code of Conduct. Accordingly, the ANC is responsible for ensuring that the Company has an adequate process for the confidential, anonymous submission of these concerns.

V. What to Report

Personnel are strongly encouraged to report any misconduct that they become aware of during the course of their employment or dealings with the Company including, but not limited to, the following:

- a) suspected violations of the Company's policies or the Code of Conduct;
- b) suspected violations of the law, whether civil or criminal;
- c) fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements;
- d) inadequate internal accounting controls;
- e) misleading or coercion of auditors;
- f) misrepresentations or false statements to or by Personnel regarding a matter contained in the financial records, financial reports or audit reports;
- g) failure to record or disclose significant information relating to the financial picture of the Company;
- h) fraud or other questionable practices related to invoicing and other purchasing matters;
- i) improper transfer pricing, such as valuation of goods or services exchanged between related entities;
- j) improper related party transactions in which one party receives some benefit not obtainable in an arm's-length transaction;
- k) improper diversion by any Personnel of opportunities presented to the Company;
- l) embezzlement, such as misappropriation of money or property, often combined with falsification of financial records;
- m) claims submitted for reimbursement of goods or services not actually received or provided;
- n) acceptance of gifts, free services or entertainment outside of the normal business environment that violate the Code of Conduct;
- o) improper payments, such as illegal political contributions, bribes, kickbacks or payoffs to government officials, intermediaries, customers or suppliers;
- p) breaches of occupational health and safety legislation or environmental legislation;
- q) danger to health, safety or security of any Personnel or the public;
- r) significant risk to the Company's assets, property or resources;
- s) instances of abusive, harassing or offensive conduct in the workplace; or
- t) actions that have the effect of concealing any of the foregoing.

VI. Who to Contact

The Company encourages employees and contractors to report concerns to an immediate supervisor. Where a satisfactory response is not achieved, or if the individual is uncomfortable addressing concerns with a supervisor, such individual should report the concerns to a TransAlta Human Resources Business Partner.

Stakeholders and other members of the public, as well as any employee or contractor who is uncomfortable providing a complaint to an immediate supervisor or to a TransAlta Human Resources Business Partner, should submit complaints confidentially and anonymously through the Company's bilingual Ethics Helpline, available 7 days a week, 24 hours a day:

Online: transalta.ethicspoint.com

Toll Free Call Centre (Canada/United States): 1 (855) 374-3801

Toll Free Call Centre (Australia): 1 (800) 399-9276

In doing so, the individual may request that the complaint be forwarded to the Chairperson of the AFRC or the Chairperson of the ANC.

If the individual does not wish to use the Company's Ethics Helpline, complaints and concerns may also be submitted in writing by mail directly to the Chairperson of the AFRC:

Private and Strictly Confidential
Chairperson of the Audit, Finance and Risk Committee of TransAlta Corporation
Subject Matter "003"
TransAlta Corporation
110 - 12 Ave SW
PO Box 1900, Station "M"
Calgary, AB T2P 2M1

Envelopes so marked will be forwarded to the Chairperson of the AFRC. Where the complaint relates to TransAlta Renewables Inc., the complaint will be directed to the Chairperson of the ANC.

Nothing in this Policy prevents Personnel from making a report through an applicable securities regulator.

VII. Receipt of Complaints

Upon receipt of a complaint, unless provided directly to the Chairperson of the AFRC or the Chairperson of the ANC, the complaint must be promptly forwarded to the Chairperson of the Ethics Committee (as defined below), on behalf of the Ethics Committee (as defined below).

The members of the Ethics Committee will each advise the Chief Officers of their respective business units of all complaints, unless the complaint involves such Chief Officer.

The Chairperson of the Ethics Committee shall promptly forward any complaint that raises a material issue or concern to the Chief Executive Officer of TransAlta Corporation, provided that the complaint does not involve the Chief Executive Officer. If the complaint involves the Chief Executive Officer, the Chairperson of the Ethics Committee will provide a copy of the complaint to the Company's Chief Officer, Legal, Regulatory & External Affairs, and the Chairperson of the AFRC or the ANC, as applicable.

The Chairperson of the Ethics Committee shall promptly forward all complaints of potential or suspected material breaches of applicable laws, accounting, internal accounting controls, auditing or financial reporting standards, as well as potential material contraventions of the Code of Conduct to the Chairperson of the AFRC and, to the extent applicable to TransAlta Renewables Inc., also to the Chairperson of the ANC.

To the extent appropriate, the members of the Company's senior management team will be apprised of relevant complaints and issues by the Ethics Committee and/or the Chairperson of the AFRC or ANC, as applicable, unless the complaint or issue involves a member of the senior management team and the complaint or issue could give rise to a potential conflict of interest. In such a case, the relevant member of the senior management team will not be apprised of the applicable complaint or issue or the details of any related investigation.

VIII. Reporting of Complaints

The Chairperson of the Ethics Committee will provide a quarterly report of any complaints of potential or suspected material breaches of applicable laws, accounting, internal accounting controls, auditing or financial reporting standards, as well as potential material contraventions of the Code of Conduct in the preceding quarter to the AFRC and the ANC, as applicable. A copy of this report will also be provided to the Company's internal auditors.

At each AFRC or ANC meeting, as applicable, the respective committee will review and consider the details contained in the quarterly report and take any action that it deems appropriate.

IX. Investigation of Complaints

i) Ethics Investigation Committee

To respond to complaints, TransAlta has established an Ethics Investigations Committee (the "**Ethics Committee**"), which is committed to receiving, screening and overseeing the investigation of complaints submitted pursuant to this Policy.

The Ethics Committee is comprised of representatives from the following business units:

- Legal Department;

- Corporate Security;
- Human Resources; and
- Subject Matter Experts (SME) as required.

The Ethics Committee will meet quarterly, and more frequently if required to respond to complaints. Unless otherwise determined by the Ethics Committee, the Managing Director, Legal & Communications will serve as the Chairperson of the Ethics Committee (the “**Chairperson of the Ethics Committee**”). The Ethics Committee will adopt such internal processes as may be reasonably necessary to carry out the provisions of this Policy.

ii) Roles and Responsibilities

The Ethics Committee is responsible for ensuring that investigations are conducted properly.

Business unit leaders and managers, at the request of the Ethics Committee, must support the conduct of any investigation on a confidential basis.

All Personnel must comply with this Policy, including but not limited to the following:

- a) cooperating with any investigation and sharing all available information;
- b) being open and honest about concerns and incidents that they may have witnessed; and
- c) to the extent they are involved in an investigation, maintaining confidentiality during and subsequent to the investigation's completion.

iii) Investigation Procedure

Subject to the other provisions of this Policy, the procedures set out below apply to all complaints received by the Ethics Committee.

- a) All complaints will be kept in confidence, subject to the terms of this Policy and applicable law. Information will only be shared to the extent necessary to completely and fairly investigate and resolve a complaint.
- b) The individual making a complaint may elect to remain anonymous. An individual making an anonymous complaint may be advised that maintaining anonymity could hinder an effective investigation. Regardless of the situation, and to the extent permitted by applicable law, the anonymity of the person making the complaint shall not be divulged without the direct consent of that person.
- c) The individual making a complaint must provide enough detail for the complaint to be evaluated, including names, dates, location, description of events that took place, and description of why the incident(s) may constitute misconduct subject to this Policy.
- d) If the individual making a complaint would like to receive feedback, the individual will be provided with a reference number and internet address where they may check the status of their complaint.

- e) The Ethics Committee will conduct an initial assessment to determine the nature, scope, and materiality of the complaint.
- f) After completing its initial assessment, the Ethics Committee may refer a complaint to any appropriate Company business unit (*i.e.*, Human Resources) to consider, assess and respond to the complaint.
- g) For complaints concerning material breaches of securities laws, accounting, internal accounting controls, auditing or financial reporting standards, the Ethics Committee will assess, evaluate and investigate the complaint at the direction of the AFRC or the ANC, as applicable. The Company is firmly committed to compliance with all applicable securities laws, accounting standards and controls, and audit practices.
- h) For all other complaints, the Ethics Committee will assess, evaluate and investigate the complaint in accordance with this Policy.
- i) If the Ethics Committee deems it appropriate, the Ethics Committee may engage independent external advisors, at the expense of the business unit to which the complaint relates or as directed by TransAlta Corporation's Chief Executive Officer, to examine or seek to resolve any complaint. Such advisors may include external legal counsel, investigators, or auditors (who are not affiliated with the Company's external auditor) for the purpose of undertaking any investigation and/or recommending appropriate action.
- j) Following investigation and evaluation of a complaint, the Ethics Committee shall prepare a draft report (in a format deemed appropriate by the Ethics Committee) and include recommended disciplinary or remedial action, if any.
- k) The Chairperson of the Ethics Committee, in conjunction with the Chief Officer of the Company's business unit to which the complaint relates, will jointly present the draft report to the Chief Executive Officer, Chief Operations Officer, and the Chief Officer, Legal, Regulatory & External Affairs of TransAlta Corporation.
- l) Upon approval by the Chief Executive Officer, Chief Operations Officer, and the Chief Officer, Legal, Regulatory & External Affairs of TransAlta Corporation, the draft report will be finalized and any recommendations will be brought to the appropriate members of senior management for implementation.

X. Retaliation, Discrimination and Harassment

The Company will not tolerate any retaliation, discrimination, harassment or intimidation of any Personnel who report misconduct. Disciplinary action, up to and including dismissal for cause, will be taken against anyone who retaliates (or encourages others to do so), directly or indirectly, against any Personnel who reports misconduct.

Any such attempt should be reported immediately to a TransAlta supervisor, Human Resources Business Partner, through the Ethics Helpline or to the Chairperson of the AFRC or ANC, as applicable.

XI. False, Malicious and Bad Faith Complaints

The sensitive nature of corporate and professional reputation demands that the Company view very seriously any complaint that, in a material respect and at the time and in the light of the circumstances under which it was made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading. The Company regards the making of such complaints as a serious offence that may result in disciplinary action, up to and including dismissal for cause.

XII. Policy Exceptions

Exceptions to this Policy can only be given through the written authorization of the Chief Executive Officer of TransAlta Corporation, or the Chairperson of the AFRC or ANC, as applicable.

XIII. Policy Enforcement

The Code of Conduct and other policies governing Personnel conduct have an important role in defining the culture of the Company. Any violation of this Policy may result in disciplinary action, up to and including dismissal for cause. It is the responsibility of all Personnel to understand and abide by the contents of this Policy or seek clarification where required.

XIV. Policy Review and Update

A review of this Policy shall be conducted annually by the Ethics Committee to ensure that this Policy and associated procedures remain current and applicable in light of the environment in which TransAlta operates.