

Policy Type: 100 Administrative
Policy #: 130
Policy Name: Indigenous Relations

Policy Applies to TransAlta Corporation and all Subsidiaries

This Indigenous Relations Policy (the “Policy”) shall be reviewed every three years or earlier as determined by the Executive Vice President, Legal, Commercial and External Affairs of TransAlta Corporation (collectively with its subsidiaries and affiliates, “TransAlta” or the “Company”).

Commitment

TransAlta’s values are the essence of its identity. They represent how the Company does business and engage with its stakeholders.

Safety: TransAlta ensures the health and safety of its people, partners and stakeholders

Innovation: TransAlta develops and embraces innovative solutions to challenges

Sustainability: TransAlta reduces the impact of resource use in everything it does

Respect: TransAlta supports its people, partners, communities and environment

Integrity: TransAlta focuses on honest, transparency and doing what’s right (collectively, the “Values”)

TransAlta is committed to upholding the Values by engaging with Indigenous communities where it has activities.

At TransAlta, acting with respect means respecting the rights of Indigenous people whose legally recognized lands and traditional territories are within, or in close proximity to, the areas where the Company operates and acknowledging TransAlta’s role in engaging with Indigenous communities with honour, respect and fairness.

TransAlta acknowledges and understands the intent of the recommendations of the United Nations Declaration on the Rights of Indigenous People (“UNDRIP”) within the context of existing law and the commitments that governments in Canada, the United States and Australia have made to protect the rights of Indigenous people.

TransAlta values diversity to enhance its performance, culture and as an essential element of effective corporate governance. The Company acknowledges the diversity of Indigenous people in Canada, the United States and Australia, and are committed

to building trusting relationships based on respect of customs and culture, a shared understanding of issues, transparency, inclusiveness, two-way dialogue, and collaborative and solutions oriented problem-solving.

Purpose and Scope

The Policy is an affirmation of the Values and reflects the emphasis placed on these values throughout the organization. It reinforces TransAlta's commitment to foster opportunities for Indigenous people and communities to participate in the economic, environmental and social benefits of TransAlta's business, ensuring these benefits reflect community interest and the Company's commitment to responsible and sustainable development.

The purpose of the Policy is to ensure that all employees, contractors and suppliers pursue and develop long-term respectful and trusting relationships with Indigenous people in support of TransAlta's business and sustainable principals across Canada, the United States and Australia.

The Policy shall guide TransAlta in establishing trusting and lasting relationships with Indigenous communities and supporting Indigenous engagement.

The Policy applies to all employees, contractors and suppliers of TransAlta.

Compliance With the Policy

We expect the Company's employees, contractors and suppliers to comply with all aspects of the Policy and support others in doing so.

Guidelines

1. Community Engagement and Consultation

TransAlta is committed to Indigenous people and communities through effective engagement and consultation in a meaningful, respectful and inclusive manner that fosters trust and reconciliation and is reflective of the policy intent underlying UNDRIP.

2. Business Development

TransAlta is committed to providing sustainable local economic and social benefits to impacted Indigenous communities through commercial relationships. TransAlta will aim to partner with Indigenous communities where possible to create social and economic value to Indigenous people. This commitment may include contracting and procurement opportunities for Indigenous business partners so that they can fully participate in TransAlta's supply chain.

3. Community Investment

TransAlta is committed to establishing partnerships with Indigenous communities. For example, TransAlta invests in communities where we

operate to promote sustainable and resilient communities through supporting education and building local capability.

4. Employment

TransAlta recognizes the value created by a diverse workforce. TransAlta is committed to seeking opportunities to employ Indigenous people and creating a diverse, inclusive and equitable work environment to retain and promote Indigenous people within its workforce.

5. Training and Awareness

TransAlta is committed to fostering opportunities for training and education that supports Indigenous people to achieve equitable access to employment opportunities. In addition, TransAlta has committed to providing Indigenous awareness learning opportunities for employees to enhance knowledge of Indigenous communities and raise cultural awareness through skills-based training.

Raising a Concern

TransAlta is committed to a culture of transparency and accountability. TransAlta encourages all employees, contractors, suppliers and other stakeholders to speak up about any issues, concerns and suspected violations of TransAlta's policies. All ethical or legal concerns related to the Policy can be reported to TransAlta's Ethics Help Line. All concerns raised will be kept in confidence to the extent appropriate and permitted by law. Information will only be shared in circumstances where it is necessary to completely and fairly resolve the concern.

The Ethics Helpline can be reached at 1-855-374-3801 (Canada/US) and 1-800-399-9276 (Australia) or via internet: <http://transalta.ethicspoint.com>.