



Document Number: 003

003: Ethics Helpline Procedures

Applies to TransAlta Corporation and all Subsidiaries

Policy Owner: **President and Chief Executive Officer**

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Content Interpretation and Approver: **Managing Director, Legal & Compliance**

Introduction

TransAlta's Code of Conduct is designed to help all employees understand their responsibilities and make appropriate choices during daily business activities. Any actual, possible or suspected violation of the Code of Conduct must be reported immediately.

Procedure

Employees, have several options for sharing their concerns about Code of Conduct issues, such as ethical business conduct, accounting, internal accounting controls or auditing matters. While TransAlta would prefer that an individual provide contact information, the Ethics Help-Line process has mechanisms for providing anonymity that include:

- Confidential telephone service, free of caller identification technology:
Australia 1-800-339276
Canada 1-855-374-3801
United States 1-855-374-3801
- Internet web access: <http://transalta.ethicspoint.com>; or
- Corresponding with Chair of the Audit and Risk Committee of the Board of Directors directly by addressing your letter to Chair of the Audit and Risk Committee, Subject Matter "003", c/o Box 1900 Station "M", 110 - 12th Avenue S.W. Calgary AB, T2P 2M1; or
- Externally reporting under the Dodd Frank Wall Street Reform and Consumer Protection Act via e-mail address whistleblower@cftc.gov .

Receiving Process

By Internet

1. An initial assessment to determine the category of the matter being requested will be performed.
2. The sender may elect to remain anonymous.
3. The sender must provide enough detail for the situation to be evaluated.
4. Senders who would like to receive feedback may provide a return email address for information to be provided.

By Telephone

1. Allegation details will be noted and an initial assessment to determine the category of call will be performed. Recording devices will not be used.
2. A caller may elect to remain anonymous.
3. Callers who remain anonymous must provide enough detail for the situation to be evaluated.
4. Callers who would like to receive feedback may provide a means for that information to be provided to them.

By Mail

1. If the letter is directed to the Audit and Risk Committee, it will automatically be redirected.
2. An initial assessment to determine the category of the matter being requested will be performed.
3. The sender may elect to remain anonymous.
4. The sender must provide enough detail for the situation to be evaluated.
5. Senders who would like to receive feedback may provide contact details for information to be provided.

Types of Calls or Messages

Calls or messages will be classified as an Inquiry or an Allegation.

Inquiry

An inquiry includes topics about policy or a request for general guidance. If an immediate answer cannot be provided, the appropriate resource will be consulted and feedback provided to the caller or sender.

Allegation

An allegation is the reporting of suspected fraudulent or illegal activities, or a contravention of TransAlta's Corporate Code of Conduct, and may include;

- Sale, assignment or purchase of fictitious or misrepresented assets;
- Improper payments such as illegal political contributions, bribes, kickback, and payoffs to government officials, intermediaries, or government officials, customers or suppliers;
- Acceptance of gifts, free services or entertainment outside of the normal business environment which violate our code of conduct;
- Improper representation of valuation of transactions, assets, liabilities or income;
- Improper transfer pricing, such as valuation of good or services exchanged between related entities;
- Improper related party transactions in which one party received some benefit not obtainable in an arm's-length transaction;
- Failure to record or disclose significant information to improve the financial picture of the organization to outside parties;
- Prohibited business activities or conduct such as those that violate governmental statutes, rules, regulations contacts or the corporate code of conduct;
- Diversion to an employee or outsiders of a potentially profitable transaction that would normally generate profits for the organization;
- Embezzlement, such as misappropriation of money or property, often combined with falsification of financial records;
- Concealment or misrepresentation of events or data;
- Claims submitted for reimbursement of goods or services not actually received or provided; or,

A workplace issue, such as harassment or unfair treatment that an individual feels cannot be resolved through the existing Human Resource procedures.

Investigative Procedure

Any resulting investigative activities will be conducted in a manner described in the investigation procedure as described in TransAlta Policy 132.09

Quarterly Reporting

The Managing Director, Legal & Compliance will prepare a quarterly report of all financial related Ethics Helpline activities for the preceding quarter which will be provided to the Audit and Risk Committee.