

Board and Workforce Diversity

As amended on March 3, 2020

At TransAlta Corporation (“**TransAlta**” or the “**Company**”), board and workforce diversity has historically and remains today a principle that is supported by both TransAlta’s board of directors (the “**Board**”) and senior management (“**Management**”), as is exhibited both by the number of women on the Board and in senior management positions. TransAlta is committed to hiring a diverse workforce, including women, Aboriginal peoples, persons with disabilities and members of visible minorities. TransAlta believes that diversity enhances both the quality and effectiveness of its performance and is an essential element to effective corporate governance. TransAlta’s position is that diversity provides varied insights and perspectives which will produce stronger results across a number of key performance indicators and a strong workplace culture.

The Board and Management has established as its objective that women should comprise at least 50% of the directors on the Board and 40% of the workforce of TransAlta by 2030.

TransAlta’s position is that consideration and selection of candidates should be based on merit, including a review of any candidate’s experience and educational background, with the best suited candidate being selected for the opportunity. To ensure candidates with competitive skills and diverse backgrounds can secure positions at the executive levels of TransAlta, the Company must ensure that critical positions in the central business operations of the Company are open to candidates with diverse backgrounds. The Board and the Governance, Safety and Sustainability Committee of the Board are committed to maintaining and increasing the representation of women on the Board as turnover occurs, taking into account the skills, background and knowledge desired at that particular time to fulfill the Board's mix of skills and experience.

The Company’s position is that its succession planning processes ensure that candidates with diverse backgrounds can build the background it needs to achieve the promotions required to lead key elements of the Company’s business strategy.

In support of our commitment to diversity, the Board and Management will, when considering the merits of a candidate, also consider the diversity needs of the Company having regard to gender, ethnicity, age, sexual orientation, personal abilities, stakeholder perspectives, geographic location and other factors which may enhance the Company’s ability to deliver sustainable value to its shareholders.

TransAlta’s commitment to diversity will enhance its insight, oversight and foresight thereby benefiting both the Company and all its stakeholders.