

Fighting Against Forced Labour and Child Labour in Supply Chains Act 2025 Annual Report

A. INTRODUCTION

TransAlta Corporation ("**TransAlta**") has prepared this report (the "**Report**") pursuant to the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2025 (the "**Reporting Period**").

This Report seeks to enhance transparency in our supply chains by outlining steps taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is used at any step of our supply chains that relate to the production of goods in Canada or elsewhere, or of goods imported into Canada. This Report has been prepared in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

The Report is a joint Report filed by TransAlta on behalf of itself and the following subsidiaries licensed to import goods into Canada: TransAlta Generation Partnership; TransAlta Energy Marketing Corp.; TransAlta Cogeneration L.P.; Keephills 3 Limited Partnership; TransAlta (SC) L.P.; Melancthon Wolfe Wind L.P.; TA Alberta Hydro LP; Garden Plain I LP; Heartland Generation Ltd. and Alberta Power (2000) Ltd. (collectively, the "**Reporting Entities**") The terms the "**Company**", "**TransAlta**", "**we**", "**our**", or "**us**" refer to TransAlta Corporation and the Reporting Entities.

This is TransAlta's third report under the Act, reflecting continued progress in implementing and expanding measures initiated in 2023.

B. OVERVIEW

TransAlta is one of Canada's largest publicly traded power generators, owning and operating a diverse fleet across Canada, the United States and Western Australia. Our portfolio includes hydro, wind, solar, battery storage, natural gas and coal, complemented by our asset optimization and energy marketing capabilities. As one of Canada's largest producers of wind and thermal generation, and Alberta's largest producer of hydro power, TransAlta remains committed to a balanced and diversified generation mix.

The Company's goal is to deliver solutions to meet our customers' needs for reliable power. With over a century of experience, TransAlta is a trusted partner delivering tailored solutions.

C. TRANSALTA'S STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

1. TransAlta Overview

TransAlta is the sole parent company of the Reporting Entities and headquartered in Calgary, Alberta. We have been engaged in the development, production, and sale of electric energy since 1911. We are one of Canada's largest independent power generators and among Canada's largest non-regulated electricity generation and energy marketing companies, with 9,014 megawatts ("**MW**") of gross installed capacity.

2. TransAlta's Supply Chains

During the Reporting Period, we procured goods and services globally from a network of approximately 2,000 suppliers and contractors across North America, Australia, Asia and Europe. Our suppliers range from major Fortune 500 international companies to small, local businesses.

Our supply network largely reflects the geographic footprint of our operations, meaning most of our direct spend during the Reporting Period continued to be in the countries where we have operated assets. Approximately 58 percent of our suppliers were based in Canada, 25 percent in the United States, 16 percent in Australia, and approximately 1 percent in Europe or Asia. We appreciate, however, that some of these suppliers are supplying goods that originated from other jurisdictions. Our Supply Chain team endeavors to understand our vendors' partners and upstream providers where possible.

Our suppliers cover a wide range of disciplines, including construction, engineering, and professional services. Approximately 80 percent of our 2025 spend was allocated to the procurement of fuel, professional services, local construction and operations and maintenance services, as well as the operation of wind turbines across Canada and the United States.

We have a centralized Supply Chain Management ("**SCM**") function that serves the entire Company, including our Canadian, United States and Australian operations. This function is responsible for all aspects of SCM, including strategic sourcing, contract management, and supply chain and commercial risk management, all with the goal of creating maximum value for TransAlta and our shareholders while upholding the principles and standards set out in our Supplier Code.

D. TRANSALTA'S POLICIES AND DUE DILIGENCE PROCESSES

TransAlta recognizes that forced labour, child labour, and other forms of modern slavery are critical issues, and we stand strongly against this exploitation. TransAlta has accordingly developed internal governance documents that take into consideration supply chain and

human rights compliance risks. Our supply chain processes are designed to procure goods and services that meet our standards for environmental stewardship, social responsibility, and ethical practices. We attain this objective by incorporating ESG factors into our supplier lifecycle management framework, encompassing supplier selection and relationship management through various means, including pre-qualification, requests for proposals, proposal evaluations, and contracts.

1. **Policies**

(a) Corporate Code of Conduct (the "Code")

TransAlta's Code sets out the expected behavior of all employees, including independent third-party contractors such as consultants, agents or independent contractors retained to do work or represent TransAlta's interests.

We are dedicated to fostering a workplace where every employee feels safe, respected, and valued for the unique perspectives they bring. To uphold these standards, employees are expected to complete the annual mandatory Code training. This training is reviewed and updated regularly and is a required component of employee's mandatory annual acknowledgment and sign-off process.

We do not tolerate discrimination or harassment in the workplace and are committed to honoring domestic and internationally accepted labour standards and supporting the protection of human rights.

(b) Supplier Code of Conduct (the "Supplier Code")

TransAlta expects suppliers to know and uphold the human rights of all workers, whether temporary or contract employees, and to treat all their workforce members with dignity and respect, providing them with safe working conditions. The Supplier Code specifically addresses the prohibition of human rights abuses, including all forms of forced labour and child labour.

We expect all our suppliers to adhere to and implement the principles and practices expressed in the Supplier Code. In addition, we expect suppliers to cascade these principles and requirements down to their own respective suppliers.

TransAlta encourages all suppliers, workers, and other stakeholders, through the provisions of the Supplier Code, to speak up about any issues, concerns, and suspected violations of TransAlta's policies. All ethical or legal concerns related to the Supplier Code can be reported to TransAlta's Ethics Help Line, which is set out in more detail below.

(c) Human Rights and Discrimination Policy

TransAlta's Human Rights and Discrimination Policy is a global policy that communicates our commitment to human rights in our operations and supply chains. This commitment includes that TransAlta will strive to ensure our operations do not negatively impact human rights of local communities, which is done through meaningful and transparent consultations with stakeholders who are or will be potentially affected by our operations. TransAlta employees will not be complicit in human rights abuses.

The policy states that TransAlta's personnel policies and practices in our operations around the world will respect the following fundamental rights:

- the right to a healthy and safe workplace;
- the right to non-discrimination in the workplace;
- the right to be free from cruel and unusual disciplinary practices;
- the prohibition of exploitative child labour; and
- the prohibition of forced labour and the avoidance of products produced by such labour.

(d) Procurement Policy

TransAlta is committed to upholding our Procurement Policy, which aims to maintain workplaces that strictly prohibit all forms of forced labour.

(e) Whistleblower Policy and Ethics Helpline

Our Whistleblower Policy offers a reporting mechanism for our employees, officers, directors, contractors, and external parties to report concerns or suspected violations of the law or TransAlta policies. Stakeholders may make a report to identify individuals within TransAlta or through the Company's third-party Ethics Helpline. The Ethics Helpline is a confidential and anonymous platform, which can be accessed 24 hours a day, 365 days a year, by phone, mail, or electronically.

Upon receipt of a report, TransAlta will review the facts, and determine whether sufficient information exists to initiate an investigation. Upon completion of an investigation, we seek to address potential impropriety promptly and/or establish a corrective action plan in collaboration with relevant stakeholders. Our Whistleblower Policy prohibits retribution against any individual who reports a complaint honestly and in good faith.

2. Due Diligence Processes

We developed a multi-year roadmap to further integrate additional ESG considerations and opportunities, including the promotion and protection of human rights, into our SCM strategies and programs. This includes thorough pre-screening, self-assessment

questionnaires, on-site and desktop evaluations, and ongoing performance monitoring, each of which is set out in more detail below.

(a) *Pre-screening and Self-Assessment*

We engage internal subject-matter experts, including sustainability and legal teams, to provide input into supplier pre-qualification and the monitoring phases of the supplier lifecycle, as well as to offer guidance on emerging issues. Our aim is to ensure that our standards regarding safety, human rights, sustainability, and environmental practices are upheld throughout our supply chains, and that suppliers follow the high standards set forth in the Supplier Code.

(b) *Requests for Proposals ("RFPs") and Proposal Evaluations*

Following a risk-based assessment of our supplier base, we may include in our RFPs specific questions regarding goods and services associated with medium or high levels of risk. These questions address the origins of critical materials and components, supplier location, ownership, scope of business, etc. In certain instances, we may seek explicit assurances concerning specific risk areas and require proponents to affirm their commitment to specific contractual terms addressing these concerns.

(c) *Contractual Measures*

TransAlta's contracts include appropriate verification, notification requirements, audit, and inspection clauses, and we reserve the right to conduct inspections, assessments and audits to ensure that suppliers comply with applicable laws, rules, and standards, including those related to human rights. In addition, our standard terms require suppliers to commit to adhering to the principles and standards in our Supplier Code and to requiring their own suppliers to commit to similar principles and standards. TransAlta also reserves the right to immediately terminate business relationships in cases of non-adherence to the Supplier Code.

Our suppliers are expected to take steps to ensure that goods and services are procured from ethical sources. This includes refraining from benefiting, directly or indirectly, from child or forced labour or any other discriminatory work practices.

Furthermore, TransAlta may request that a supplier provides information about its corporate structure and supply chains (including relevant subcontractors), its policies (including those related to forced labour and child labour), and the steps the supplier has taken to assess, manage, remediate, or provide training in regard to the principles and requirements covered by the Supplier Code.

(d) Ongoing Monitoring

Compliance monitoring is a central focus for TransAlta. In line with a risk-based approach, we may initiate periodic reassessments linked to contract renewals or anniversaries.

We are committed to continually strengthening various measures, including the terms outlined in our suppliers' contracts, alongside proactive monitoring of diverse information sources, such as the Uyghur Forced Labour Prevention Act Entity List, Global Affairs Canada advisories, industry group updates, and non-governmental organization websites to identify suppliers at risk.

E. POTENTIAL RISKS IN TRANSALTA'S OPERATIONS AND SUPPLY CHAINS

1. Steps Taken In 2025 to Prevent and Reduce Risks of Forced and Child Labour

TransAlta took the following steps during the Reporting Period to prevent and reduce the risk of forced labour or child labour in its business and supply chains:

(a) Enhanced Supplier Risk Management

Throughout the Reporting Period, we prioritized actions to deepen our understanding of child and forced labour risks within our operations and supply chains, enhancing the effectiveness of measures to address these risks. We proactively examined the upstream sourcing of materials, equipment and services from our key vendor partners to support both growth and operational needs.

We also advanced the development of a vendor management database to formally record supplier assessments, including child and forced labour risk ratings and commitments to our Supplier Code.

Following the acquisition of another entity, Heartland Generation, in December 2024, we began assessing and developing a deeper understanding of the suppliers that became part of TransAlta's operations as a result of the transaction. This work is helping us build a more comprehensive view of our expanded supply chain and identify areas that may require additional oversight or engagement.

(b) Expanded Environmental, Social, and Governance ("ESG") Data Collection from Suppliers

During the Reporting Period, we strengthened our supplier ESG data collection and analysis framework to enhance transparency across our supply base. Our modern slavery questionnaire, which includes child and forced labour, is now embedded in the supplier onboarding process for new vendors, gathering comprehensive information on their governance structures, workforce practices, and efforts to mitigate modern slavery risks.

(c) Employee Training Initiatives

We provided annual mandatory Code training for all employees as well as specialized training on Canada's modern slavery legislation for employees involved in the procurement of goods and services. This training was designed to enhance awareness and understanding of responsible procurement practices among our teams.

These actions were applied broadly across TransAlta, except as otherwise noted.

2. Potential Risks in TransAlta's Operations

We have assessed the risk of forced labour or child labour in our operations to be low for the following reasons:

- TransAlta's workforce exists only within Canada, the United States, and Australia, which have comprehensive and robust labour, employment, and human rights laws.
- All site operational and office staff are hired in accordance with the laws and regulations in the jurisdictions where we operate.
- A portion of our workforce in Canada is represented by prominent labour unions.
- All staff have the freedom to join a trade union or other association.
- TransAlta benchmarks employee compensation against three different remuneration surveys.

TransAlta is dedicated to fostering a work environment where all employees feel secure and are valued. TransAlta's Code outlines the expected behavior of individuals doing work for TransAlta. Employees are required on an annual basis to complete mandatory Code training and to acknowledge in writing its requirements. This training was updated and provided to employees during the Reporting Period.

3. Potential Risks in TransAlta's Supply Chains

For TransAlta, our supply chains, organizations that provide goods or services, play a key role in our ability to satisfy our strategic and business objectives, social responsibility commitments and sustainability goals. We strive to work with suppliers who are leaders in their industries, adhere to our fundamental policies and procedures, and share our commitment to meet the highest standards relating to human rights.

Like many entities operating within the energy sector, and particularly the renewable energy space, we recognize risks of forced labour and child labour may exist in our supply chains. As outlined by the *United Nations Guiding Principles on Business and Human Rights*, our primary exposure to forced labour is expected to be beyond the second tier¹ of our third-party relationships rather than direct causative impacts or contributory actions of our business. This is particularly relevant in the following higher-risk sectors and products:

- solar panels;
- battery energy storage equipment;
- wind turbines;
- engineered equipment;
- information and communications technologies;
- industrial consumables;
- electronics and electrical hardware; and
- freight services.

During the Reporting Period, TransAlta has not identified any instances of forced labour or child labour in its supply chains or operations. Accordingly, no remedial steps have been deemed necessary at this time, including steps related to remediation of income loss to the most vulnerable families that result from remediation measures.

We have taken proactive steps to enhance supplier risk identification, assessment, analysis, remediation, and monitoring. We utilize a risk-based approach to our due diligence practices that includes preparing a risk map of our supplier base to evaluate critical suppliers, group and prioritize them, identify potential vulnerabilities, and assess controls in place. We examine the geographic location of suppliers, differentiating between the Organization for Economic Cooperation and Development ("**OECD**") and non-OECD regions, complexity of their supply chains, especially those leading to areas known for forced or child labour, industry-specific risks linked to human rights and labour practices, the critical or unique nature of the products procured versus commodity items, the duration of the supply relationships, and overall spend.

Following the risk mapping, assessment, and analysis, as noted above, no instances of forced labour or child labour were identified during the Reporting Period. However, we have classified certain goods and services as medium risk, such as transformers, due to their manufacturing origin in China, and freight services, given the inherent risk for some child and forced labour practices within the shipping industry. That said, we predominantly procure freight services from low-risk jurisdictions. We are also aware of the elevated risks of forced and child labour associated with certain renewable energy technologies, such as wind turbines, solar panels, and batteries.

Certain manufacturing regions and materials carry a higher risk of forced labour due to its prevalence in specific countries. We understand that many of our direct suppliers rely on global supply chains to provide goods and services to us, which presents challenges in obtaining visibility beyond the first tier.¹

As a whole, considering the factors and processes set out above, we view the risks of forced labour or child labour in our supply chains as low.

F. EMPLOYEE TRAINING

In 2025, 100 percent of employees completed mandatory annual training and acknowledged and signed off on the Code.

During the Reporting Period, we also continued to deliver mandatory training on forced labour and child labour for employees involved in the procurement of goods and services. As this was the second year of implementation, the training was primarily completed by new employees or those newly assuming procurement-related responsibilities.

The course covered key aspects of responsible procurement and sustainability-focused supplier management, including recognizing indicators of human trafficking behaviors. Participants examined the concept of forced labour in depth, reviewed international treaties and definitions, and learned about key indicators and regions where forced labour risks are more prevalent. The training also addressed reporting legislation, trade and government contracting prohibitions, the role of the Canadian Ombudsperson for Responsible Enterprise, and potential legal and reputational risks.

This ongoing program continues to equip employees with the knowledge and tools to support responsible procurement practices and reinforces TransAlta's commitment to ethical and sustainable sourcing across its operations.

G. ASSESSING EFFECTIVENESS OF OUR ACTIONS

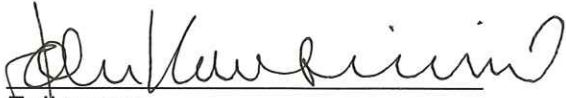
TransAlta recognizes its responsibility to identify and mitigate the risks of child and forced labour within its operations and supply chains over the long term. The Board holds primary oversight of this commitment and has delegated to the Governance, Safety and Sustainability Committee the task of developing strategies, policies, and practices that align with the long-term preservation and enhancement of shareholder value and social well-being. This includes initiatives directed at advancing human rights, improving working conditions, and promoting responsible sourcing.

We are committed to continuously enhancing our program to identify, assess, and manage the risk of child and forced labour in our operations and supply chains. When evaluating the immediate effectiveness of our policies and due diligence processes, we focus on reviewing the operation of existing processes and systems, identifying gaps or opportunities to refine our approach, and designing and implementing improvements to address identified issues.

H. ATTESTATION AND APPROVAL

This Report was approved by the TransAlta Corporation Board of Directors on behalf of itself and the Reporting Entities pursuant to section 11(4)(b)(ii) of the Act.

I have the authority to bind TransAlta Corporation.

A handwritten signature in black ink, appearing to read "D. K. ...", is written over a horizontal line.

Full name:

Title:

Date:

References:

- ¹ *Tier One: supplier of goods or services directly to procuring entity. Produce an end deliverable.*
Tier Two: supplier of goods or services directly to Tier One suppliers. Tier Two suppliers are subcontractors who may not have a direct relationship with the client company.
Tier Three: suppliers of raw material or base product to Tier Two suppliers. Tier Three suppliers may, for example, provide minerals for the manufacture of products by Tier Two suppliers.