

Modern Slavery Statement 2023

**Submitted by:
TransAlta Energy (Australia) Pty Ltd**

Modern Slavery Statement 2023

Introduction

This Statement is made by TransAlta Energy (Australia) Pty Ltd (ACN 602 135 844) (TEA, we, us, our) for the financial year ending 31 December 2023 (Reporting Period) and sets out the actions we have taken to assess and address modern slavery risks within our operations and supply chain. An annexure has been included at the end of this document which sets out the specific criteria addressed in this document and the relevant page number to find the information.

TEA is a subsidiary of TransAlta Corporation (TransAlta) which is based in Canada. TransAlta Corporation has prepared its first report under Canada's new *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. This report is available on the TransAlta website at www.transalta.com.

Our structure, operations, and supply chains

Overview of TransAlta

TransAlta and its subsidiaries have been engaged in the development, production, and sale of electric energy since 1911. We are one of Canada's largest publicly traded power generators and among Canada's largest non-regulated electricity generation and energy marketing companies, with 6,583 megawatts (MW) of gross installed capacity.

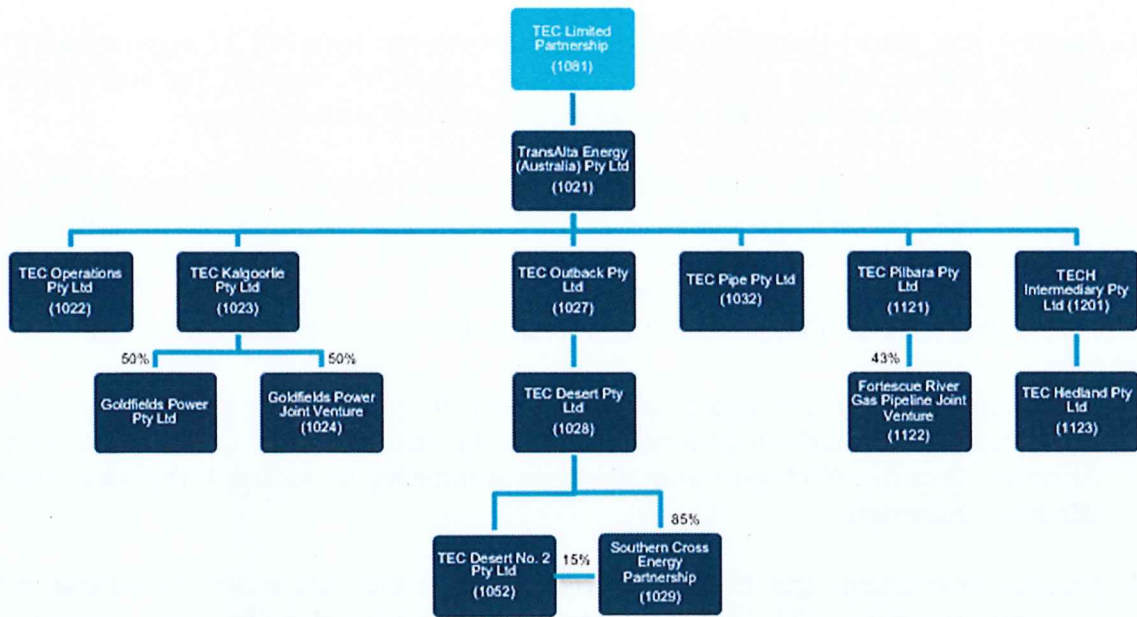
We own, operate, and manage a highly contracted and geographically diversified portfolio of assets using a broad range of technologies and fuels, including water, wind, solar, natural gas, energy storage, and coal. We are focused on generating and marketing electricity in Canada, the United States and Western Australia through our diversified portfolio of facilities. Our mission is to provide safe, low-cost, and reliable clean electricity.

TransAlta is incorporated under the *Canada Business Corporations Act*. Our common shares are listed on the Toronto Stock Exchange and on the New York Stock Exchange. We have operating subsidiaries in Canada, the United States, and Australia.

Australian structure

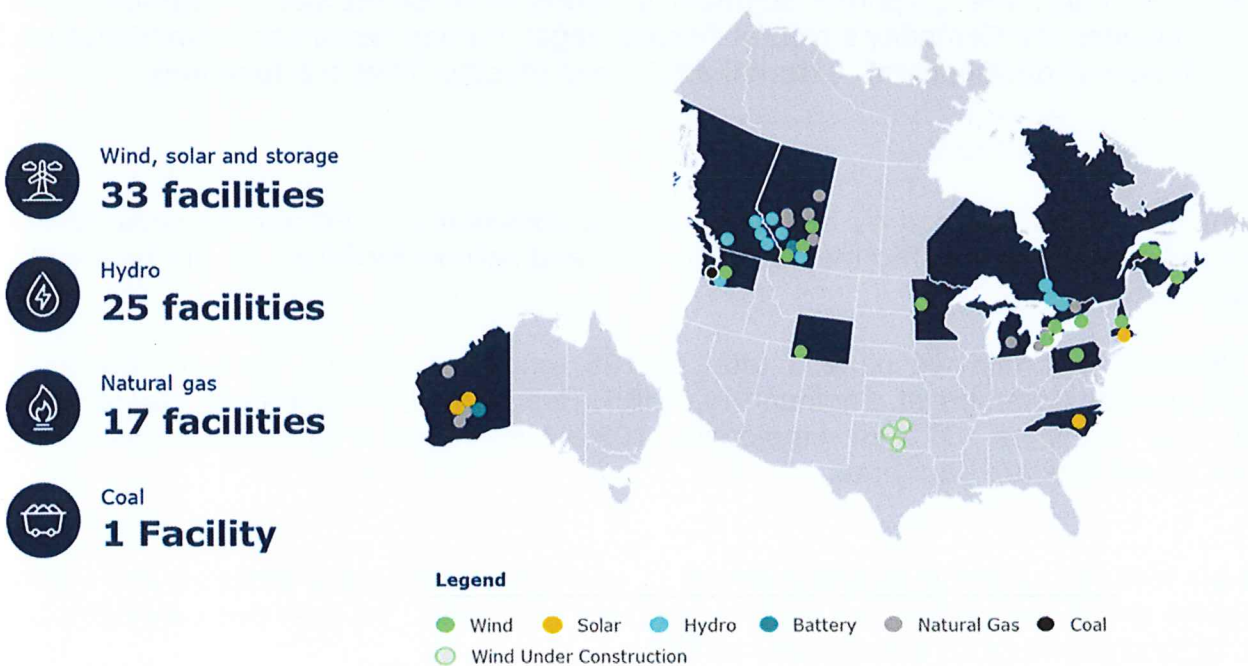
TEA's parent company is TEC Limited Partnership, which is a Canadian entity whose ultimate parent company is TransAlta. TEA has been operating for over 25 years in Australia, and its head office is based in Perth, Western Australia.

Our Australian corporate structure and joint ventures are depicted in the following diagram.¹



TransAlta’s Global Operations

TransAlta’s Hydro, Wind, Solar, Gas and Energy Transition segments are responsible for operating and maintaining the Company’s electrical generation facilities in Canada, the United States and Australia. Our Energy marketing segment is responsible for marketing and scheduling our merchant asset fleet in North America (excluding Alberta) along with the procurement of gas transport, and storage for our gas fleet. All the segments are supported by a Corporate segment. Our operations, as of 31 December 2023, are outlined in the below map:



Energizing the future.

TransAlta's business segments are categorised as follows:

1. Hydro: the Hydro segment has a net ownership interest of approximately 922 MW of owned hydro electrical-generating capacity. The 24 facilities within this segment are located in Alberta, British Columbia and Ontario.
2. Wind and Solar: the Wind and Solar segment has a net ownership interest of approximately 1,878 MW of owned wind and solar electrical-generating capacity, as well as battery storage, and includes 29 facilities located in Alberta, Ontario, New Brunswick and Québec, and the states of Massachusetts, Minnesota, New Hampshire, North Carolina, Pennsylvania, Washington and Wyoming.
3. Gas: the Gas segment has a net ownership interest of approximately 2,775 MW of owned gas electrical-generating capacity and includes 17 facilities located in Alberta, Ontario, Michigan and Western Australia, including a pipeline located in Western Australia.
4. Energy Transition: the Energy Transition segment has a net ownership interest of approximately 671 MW of owned coal electrical-generating capacity. The segment includes one remaining operating unit at Centralia, the Skookumchuck Hydro facility, the retired Centralia unit, retired Alberta thermal units, and the Highvale mine and the mine reclamation activities.
5. Energy Marketing: the Energy Marketing segment is responsible for marketing production through short-term and long-term contracts, for securing cost-effective and reliable fuel supply, and for maximizing margins by optimizing assets as market conditions change. Our Energy Marketing segment is actively engaged in the trading of power, natural gas and environmental products across several markets.
6. Corporate: the Corporate segment supports each of the above segments and includes the Company's central finance, legal, human resources, administrative, business development, external affairs and investor relations functions.

Australian Operations

Of the 76 facilities owned by TransAlta and its subsidiaries, TEA and its subsidiaries own and operate six gas facilities and two solar and battery facilities. All are located in Western Australia.

In Western Australia we have a total of 105 employees across Finance, Business Development, Commercial, Engineering, EH&S, Head Office, Procurement, Operations, and IT Service lines. Of these employees, 102 are employed on a full-time basis, and three employees are part-time.

Labour hire for skilled electrical workers is used on a temporary basis as and when required and is not part of our normal business operation. All staff are employed by TEC Operations Pty Ltd, a subsidiary of TEA.

Further detail of the assets in Australia and the legal owner is described below:

- **South Hedland Power Station** (TEC Hedland Pty Ltd) – 150MW power station located in the Pilbara region of Western Australia. The combined-cycle natural gas generation facility is one of the most efficient plants in the region and is contracted to supply Horizon Power, the state energy utility serving residential and commercial customers in the region, and Fortescue Metals Group Ltd to service its mining operations.
- **Parkeston Power Station** – 50% Ownership (Goldfields Power Joint Venture, TEC Kalgoorlie Pty Ltd) – 110MW power station located in the Goldfields region of Western Australia. This asset is also connected to the South West Interconnected System and can export to the market.
- **Southern Cross Energy assets** (TEC Desert Pty Ltd and TEC Desert No 2 Pty Ltd trading as Southern Cross Energy Partnership) – this asset comprises four power stations totalling a capacity of 300MW located in the Goldfields region of Western Australia. The stations are in Kambalda, Kalgoorlie, Mt Keith and Leinster. Southern Cross Energy Partnership also owns and operates transmission lines in the same region. Our Southern Cross power stations are fueled by natural gas through the Goldfields Gas Transmission Pipeline, and when gas is not available, diesel through a variety of sources.

During 2023, commercial operation was achieved on a solar and battery storage project with our customer, BHP Nickel West. This asset will provide BHP Nickel West with 48MW of renewable electricity with battery storage to support its mining operations in Leinster and Mt Keith. The project will lower BHP Nickel West's emissions by approximately 12%.

In 2023, construction continued on a 132KV expansion project for BHP Nickel West at Mt Keith. This project has an Engineering, Procurement and Construction (EPC) contract and an equipment supply contract.

TEA has an interest in two joint venture entities:

- **Goldfields Power Pty Ltd JV:** TEA's share is 50% and we have an agreement to operate and maintain the power station. Information in relation to the activities of this joint venture can be found on our website at <https://transalta.com/about-us/our-operations/facilities/parkeston/>
- **Fortescue River Gas Pipeline JV:** TEA's share is 43% which is owned via TEC Pilbara Pty Ltd, and our JV partner operates and maintains the pipeline. Information in relation to the activities of this joint venture can be found on our website at <https://transalta.com/about-us/our-operations/facilities/fortescue-river-gas-pipeline-2/>

Supply Chain

We work with suppliers in Australia, North America, Asia and Europe, including large international businesses to small local businesses.

We have a centralized Supply Chain Management function located in Canada that serves the entire Company including our Canadian, United States and Australian operations. This function is responsible for all aspects of Supply Chain, including strategic sourcing, contract management, and managing supply chain and commercial risks, 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 of Conduct. In Western Australia, we have one full time role that manages the Australian Source-to-Pay elements of the supply chain with support from the Canadian Corporate team where required.

During the Reporting Period, TEA and its subsidiaries procured approximately \$86M million worth of goods and services globally from a network of approximately 303 suppliers and contractors.

Of this spend, approximately \$17 million was for work or commitments for work on completing construction projects for new assets or growth and development type spend. We had one growth project that completed construction and one project that was under construction during the reporting period. The expenditure for these projects includes commitments under Engineering, Procurement and Construction (EPC) contracts that has spanned two reporting periods. Work was undertaken during the tender process to assess the modern slavery risks in our EPC's contractors supply chain.

TEA is in a growth phase, and all tender documentation and development contract templates have been updated to ensure we are incorporating modern slavery expectations and requirements in our agreements and contracts with suppliers. These provisions have been revised by external lawyers and comply with our upstream Power Purchase agreements where appropriate.

We appreciate, however, that some of these suppliers may be supplying goods that originated from other jurisdictions. As such, our Supply Chain team does endeavour to understand our vendor partner's upstream providers where possible.

Modern slavery risks in our operations and supply chains

In our operations

We consider modern slavery risk occurring within our operations to be low for the following reasons:

- All site operational staff are hired in accordance with an enterprise agreement pursuant to applicable legislation
- All other staff are hired on common law contracts
- TransAlta manages the remuneration process. In doing so, all roles are benchmarked against three different remuneration surveys. During 2023, substantial work was undertaken to review Australian remuneration packages against industry averages. For the operational staff, their remuneration is required to satisfy the Better Off Overall Test outlined in the *Fair Work Act 2009* (Australia).
- Remuneration for contract-based staff in Australia is above minimum wage and is based on market-based rates
- During the onboarding process, checks are undertaken in relation to rights to work and whether the workers are choosing to work of their own free will
- All staff are free to join a trade union or other association

In our joint ventures

We are satisfied with the processes and practices in relation to modern slavery that the manager, Australian Gas Infrastructure Group, of the Fortescue River Gas Pipeline Joint Venture has put in place. Specific risks in relation to modern slavery within our joint venture have not been flagged with us during the consultation process and we are satisfied that our joint venture manager has implemented adequate processes (e.g., supplier onboarding) to assess and address modern slavery risks within the operations and supply chain of the Fortescue River Gas Pipeline.

As the manager of the Goldfields Power Joint Venture, we have included this Joint Venture in our assessment of risk in this Statement.

In our supply chain

For TransAlta, our supply chain — those organizations that provide goods or services to TransAlta — plays a key role in our ability to live up to our social responsibility commitments and attain our sustainability objectives. To that end, 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 those in the renewable energy space, we recognize that risks of forced labour and child labour may exist in our supply chain. As outlined by the United Nations Guiding Principles on Business and Human Rights (UNGP), our primary exposure to forced labour is expected to be beyond the second tier 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; and
- electronics and electrical hardware.

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.

Actions taken to assess and address modern slavery risks

In TransAlta's operations

As described above, TransAlta is dedicated to fostering a work environment where all employees feel secure and are valued for the diversity they bring to the Company. TransAlta has a comprehensive Code of Conduct that outlines the expected behavior of individuals doing work for TransAlta. Employees are required on an annual basis to complete mandatory Code of Conduct training and to acknowledge in writing its requirements. This training was updated and provided to employees during the Reporting Period. The training completion rate was 100 percent.

In our supply chain

TEA has adopted a Supplier Code of Conduct that defines the principles and standards expected of suppliers, their employees and contractors in connection with the provision of good and/or services to TransAlta.

A link to the Supplier Code of Conduct is published on our website and is accessible here:

<https://testtransaltapublic.azureedge.net/wp-content/uploads/2022/06/Supplier-Code-of-Conduct-approved-2021-11-02.pdf>

Our Supplier Code of Conduct provides a declaration of expectations both internally and externally for our vendor community and those that manage such relationships with regard to modern slavery and human rights. Expectations in our Supplier Code of Conduct cover the following topics:

1. Health and Safety
2. Labour Issues and Human Rights
3. Environmental Leadership
4. Stakeholders and Society
5. Ethical Business Conduct
6. Conflicts of Interest
7. Engagement with External Parties
8. Raising a Concern

The Supplier Code of Conduct requires formal acknowledgement from our Suppliers prior to being engaged. Additionally, our Terms and Conditions have been strengthened to reference the Supplier Code of Conduct and also strengthened the expectations around modern slavery and human rights in supply chains in our market sourcing events (which is effectively our tendering process).

We require all new suppliers to complete a Modern Slavery Questionnaire which assists us in gathering additional information around their policies and practices to mitigate modern slavery risks in their workplace and supply chains. We recognise the need to continue to strengthen our procurement processes to incorporate modern slavery considerations and we are looking for ways to engage further with our suppliers as a result of the data provided.

TransAlta's approach to remediation

Our Whistleblower Policy offers a reporting mechanism for our employees, officers, directors, contractors, suppliers, and members of the public to report ethical or legal violations, among other concerns. Stakeholders may make a report to identified individuals within TransAlta or through the Company's third-party Ethics Helpline. Upon receipt of a report, TransAlta will conduct a review of the facts, which often includes a comprehensive investigation. Upon completion of an investigation, we seek to remedy the impact of any impropriety promptly in order to establish a corrective action plan in collaboration with the relevant individuals and stakeholders. Our Whistleblower Policy prohibits retribution against any individual who reports an ethical complaint.

Our Supplier Code of Conduct includes information on the Ethics Helpline, which suppliers can use to raise concerns. During the Reporting Period, TransAlta received no reports of actual or suspected instances of modern slavery. However, if we concluded that TransAlta had caused or contributed to modern slavery, we would seek to remedy the impact promptly, ensuring the safety and wellbeing of the victim(s) as priority and investigating the circumstances in order to establish a corrective action plan in collaboration with the relevant individuals and stakeholders.

Should we identify an issue of forced labour or child labour within any of our suppliers' businesses, we are committed to employing a multifaceted approach to address the situation effectively. This approach incorporates a range of strategies, which includes exploring contractual avenues, leveraging our partnership with the supplier to develop a corrective action plan that will comprehensively address the issue, or terminate the arrangement.

As part of our commitment to responsible business practices, community engagement plays a crucial role in our remediation efforts. We would seek to engage with local communities to understand their specific needs and preferences, aligning our remediation efforts with their goals.

Recognizing the importance of ongoing improvement, we understand that regular monitoring and evaluation of the impact of our remediation measures are essential. This would help us adapt and improve our strategies over time, ensuring they are effective in mitigating the loss of income to vulnerable families.

By undertaking these measures, we not only aim to resolve issues with our suppliers but also to contribute to broader efforts in eradicating forced labour and child labour and promoting ethical business practices within our supply chain.

In addition, TransAlta developed mandatory employee training on forced labour and child labour during the Reporting Period, which is scheduled for delivery in 2024 to all employees involved in the procurement of goods and services where the risk of forced labour has been deemed to be medium or high, including the Supply Chain Management team. This training will focus on critical aspects of responsible procurement and sustainability-oriented supplier management, including the recognition of human trafficking behaviors. Participants will delve into the concept of forced labour, exploring international treaties and definitions, and identifying key indicators of forced labour. Furthermore, it will offer insights into the "hot geographies" where forced labour is more prevalent, reporting legislation, trade prohibitions, government contracting prohibitions, the role of the Canadian Ombudsperson for Responsible Enterprise in addressing complaints, litigation and reputational risks. This holistic training will incorporate practical applications of the acquired knowledge and will equip TransAlta employees with the tools and awareness required to foster responsible procurement practices.

Assessing the effectiveness of our actions

TransAlta understands that it has a responsibility to assess and mitigate the risks of modern slavery in its operations and supply chains over the long term.

In our last modern slavery statement, we aimed to assess the effectiveness of our actions going forward by reference to the following goals to be achieved during 2023:

- Continue to increase the completion rate of the Modern Slavery Questionnaires and record statistics from these surveys;
- Seek to gather further ESG information from our suppliers;
- Seek to further understand upstream sourcing of materials and equipment; and
- Re-establish our vendor management database.

We have continued to increase the completion rate of our Modern Slavery Questionnaires to approximately now 85% completion rate and seek to further understand the upstream sourcing of our suppliers. This will be a continuous process and will be jointly undertaken with Canada. The work on the vendor management database didn't progress during 2023.

During the course of our next reporting period, we will further review the data provided as part of the Modern Slavery Questionnaire and analyse this in further detail. We will:

1. Undertake further training specific to Supply Chain teams to focus on modern slavery.
2. For existing suppliers, we will issue a Modern Slavery survey to gather information about their operations, supply chains, and environmental social impacts with a specific focus on slavery. This will be undertaken globally across the business.
3. Continue to actively seek to understand the upstream sourcing of materials, equipment and services of our key vendor partners for both growth and operations.
4. Continue to establish a vendor management database to formally record the assessment of modern slavery risk and commitment to the Supplier Code by our suppliers.

These improvements will further solidify our commitment to combatting modern slavery in our business and supply chains, aligning with our mission to uphold the highest standards of ethical and responsible business practices.

Other relevant information

Canada has enacted legislation to combat modern slavery in the form of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. TransAlta's first statement has been completed and published on its website.

At a corporate level, the Board has delegated to the Governance, Safety and Sustainability Committee the development of strategies, policies and practices to create value consistent with the long-term preservation and enhancement of shareholder value and social wellbeing, including human rights, working conditions and responsible sourcing. An internal working group comprising of representatives from legal, supply chain and sustainability groups has been established to assess opportunities to change the current framework to manage modern slavery risks.

As TransAlta further establishes policies around these issues, this will only strengthen the global focus of TransAlta to improve modern slavery risk within the business.

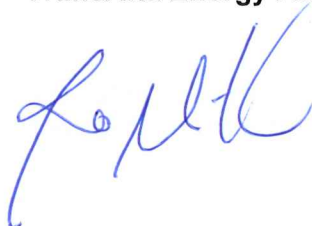
Consultation and Approval

TEA and its subsidiaries share a common set of policies and procedures and are managed by the same Vice President and Leadership Team in Australia. This Statement was prepared in consultation with a team of key stakeholders from across the business to review and compile the Statement. Accordingly, this Statement was prepared in consultation with TEA's owned or controlled entities.

This Statement was approved by the Board of Directors of TransAlta Energy Australia Pty Ltd on 24th June 2024.

Submitted by:

TransAlta Energy Australia Pty Ltd



Name: Robert O Millard

Title: Vice President, Australia

Annexure - Reporting Criteria

Reporting criteria	Page
1 and 2. Identify the reporting entity and describe its structure, operations, and supply chains	2 - 6
2 Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	7 - 8
3 Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes	8 - 10
4 Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	11
5 Describe the process of consultation with any entities the reporting entity owns or controls	12
7. Any other relevant information	12

