

**TransAlta Renewables Inc.  
(the “Corporation”)**

**Terms of Reference for the Chair of the Board**

**I. Introduction**

The Board of Directors (the “Board”) is responsible for the stewardship of the Corporation and ultimately accountable to the shareholders for the management of the Corporation. The responsibilities set forth herein are subject to the Management, Administrative and Operational Services Agreement (the “Management Agreement”), which appoints TransAlta Corporation (the “Manager”) as manager for the Corporation and grants the Manager broad discretion to administer and manage the business and operations of the Corporation.

**II. Chair Profile**

The Chair provides overall leadership to the Board. The Chair ensures that the Board, its Committee(s) and individual directors understand their responsibilities. The Chair shall not be an officer or employee of the Company nor shall they be an officer or employee of the Manager. The Chair shall be independent, as defined in Part 3 of Canadian Securities Regulators’ National Instrument 52-110 *Audit Committees*. Determinations as to the Chair’s independence shall be made annually by the Board.

**III. Appointment and Term of the Chair**

The Board selects its Chair from among its members to lead the Board in the course of its work. The Chair is an independent non-management member of the Board, who reports to the Board and is responsible for the overall process involved in the work of the Board as well as the development and effective performance of the Board. The Chair is appointed for a three-year term, contingent upon being elected annually by the shareholders and continuing to be independent as set forth in Section II above. The Chair will normally serve no more than two three-year terms, subject to special circumstances arising.

**IV. Managing the Board**

The Chair of the Board has the responsibility:

- a. to provide leadership to the Board and to assist the Board in its responsibilities to govern the business and affairs of the Corporation, to review and monitor the policies, strategies, and overall direction of the Corporation;
- b. to ensure the Board receives sufficient background information to permit it to make major decisions when such decisions are required;
- c. to establish the frequency of Board meetings and to review such frequency from time to time, as considered appropriate or as requested by the Board;

- d. to chair Board meetings and to co-ordinate the agenda and related events for Board meetings in conjunction with the Chief Executive Officer (or a person acting in such capacity) (“CEO”) and the Corporate Secretary and/or Assistant Corporate Secretary and any requirements that may be set forth in the Management Agreement;
- e. to review the need for, and the performance and suitability of, its committee(s) and its (their) respective function and to recommend adjustments if necessary in conjunction with advice from the CEO;
- f. to conduct Board meetings in an efficient, effective and focused manner, and to attend committee meetings when possible;
- g. to review and assess each Director's attendance and performance; and
- h. to review the size and composition of the Board, subject to the provisions of the Corporation’s constating and governing documents and securities regulations taking into consideration the mix of skills and abilities on the Board.

#### **V. Working with Management**

The Chair of the Board has, to the extent applicable and practicable, giving consideration to the Manager’s broad discretion to administer and manage the business and operations of the Corporation pursuant to the Management Agreement, the responsibility to:

- a. to work with the CEO to review strategies, define issues, maintain accountability and build relationships;
- b. to ensure that the CEO is aware of any concerns raised by the Board, shareholders, other stakeholders or the public which comes to the attention of the Chair of the Board;
- c. to lead the Board in monitoring and evaluating the performance of the CEO and senior management, to ensure the accountability of the CEO, and together with the Manager, review succession and development plans for the senior management team to provide for an orderly succession in the senior management team and thereby fostering continuity of strategy, corporate development and operational and administrative performance in the event of the retirement or resignation of any members of such senior management team, including, for greater certainty, the CEO of the Company; and
- d. to work closely with the CEO to ensure that management strategies, plans and performance matters are presented, as necessary, to the Board, shareholders and relevant stakeholders.

#### **VI. Relations with Shareholders, Other Stakeholders and the Public**

The Chair of the Board has the responsibility:

- a. to chair meetings of shareholders and be prepared to respond to any shareholder questions on the Board's activities; and
- b. in conjunction with the CEO, to participate, when appropriate, at official functions and meetings with major shareholders and other stakeholders.