

TransAlta Renewables Inc.

Annual Meeting of Shareholders

Event Date/Time: May 18, 2021 — 12:30 p.m. E.T.

Length: 18 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS

David Drinkwater

TransAlta Renewables Inc. — Chair of the Board of Directors

Scott Jeffers

TransAlta Renewables Inc. — Corporate Secretary

Steven Kim

TransAlta Renewables Inc. — Manager, Project Procurement

Chiara Valentini

TransAlta Renewables Inc. — Managing Director, Strategic Finance & Investor Relations

Todd Stack

TransAlta Renewables Inc. — President

PRESENTATION

Operator

Good morning. My name is Amy and I will be your conference Operator today.

At this time, I would like to welcome everyone to TransAlta Renewables Annual Meeting of Shareholders. Thank you for joining us.

Mr. Drinkwater, you may begin your meeting.

David Drinkwater — Chair of the Board of Directors, TransAlta Renewables Inc.

Good morning, fellow shareholders, and welcome to the 2021 Annual Shareholder Meeting of TransAlta Renewables.

Thank you for joining us today. I am David Drinkwater, Chair of the Board of Directors.

Although the meeting is being held virtually, we nonetheless welcome questions from our shareholders. Following the formal business of the meeting, Todd Stack, the Company's president, will make a few remarks, and we will then open up the meeting to a Q&A session.

You can submit your questions at any time through the text box located on your screen, and they will be received by our moderator. If your question is specific to a matter of business to be heard at the time of a motion, please make this explicit in your question. Otherwise, as indicated, all questions will be answered during the Q&A session.

I am joined today by Todd Stack, President; Brent Ward, Chief Financial Officer; and Scott Jeffers, Corporate Secretary. Other members of the Board of Directors and management are joining us by webcast.

A representative from Ernst & Young LLP will also be available to answer any questions.

In order to make the best use of our time, certain shareholders have been asked to move and second the resolutions that will be considered at this meeting. I will call on them at the appropriate times.

I would now like to call this meeting to order. In accordance with the by-laws, as Chair of the Board, I will act as chair of the meeting, and Scott Jeffers will act as secretary of the meeting.

As a procedural matter, I remind you that only eligible shareholders or proxy holders who held shares at the close of business on April 7, 2021, the record date for the meeting, are entitled to take an active part in the business of the meeting.

If you are a registered shareholder or a duly appointed proxy holder and wish to vote during the meeting, you can vote through your ballot on the screen. For those shareholders that are beneficial shareholders and submitted your voting instruction form directly to your intermediary, your votes have already been registered with our transfer agent.

The secretary has provided me with proof that the meeting materials were duly mailed on April 16, 2021 to eligible shareholders.

Kyle Gould of Computershare Trust Company, the Corporation's registrar and transfer agent, will act as scrutineer.

The scrutineers have provided me with a preliminary report on attendance, and the count indicates that there are approximately 75 percent of the common shares outstanding currently represented at this meeting.

I therefore declare that a quorum is present, and this meeting is properly constituted for the transaction of business.

A copy of the scrutineer's final report will be filed with the records of this meeting.

There are three formal items of business to be dealt with today. You will be asked to, one, elect each of the eight nominee directors to the board for the coming year; two, receive the annual report and financial statements of the Corporation for the fiscal year ended December 31, 2020, and the auditor's report on those statements; and three, reappoint the Corporation's auditors, Ernst & Young LLP, for the ensuing year. These items are described in detail in this year's proxy circular.

Voting for all matters will proceed by way of ballot. The polls are now open and will remain open until following the last item of business.

We will now move to the first item of formal business, the election of directors to the Corporation's Board of Directors.

The number of directors to be elected at this meeting has been set by the board at eight. All eight of management's recommended nominees has been approved by the Board of Directors. These eight individuals being proposed for nomination are: Brett Gellner, Allan Hagerman, Georganne Hodges, Kerry O'Reilly Wilks, Todd Stack, Paul Taylor, Susan Ward, and myself, David Drinkwater.

Scott Jeffers, would you please nominate them as directors for the coming year?

Scott Jeffers — Corporate Secretary, TransAlta Renewables Inc.

My name is Scott Jeffers. I am a shareholder, and I move that the proposed nominees be elected as directors of the Corporation, to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

David Drinkwater

Thank you, Scott.

I will now ask Steven Kim to move a motion that nominations be closed and Chiara Valentini to second the motion.

Steven Kim — Manager, Project Procurement, TransAlta Renewables Inc.

My name is Steven Kim. I am a shareholder, and I so move.

David Drinkwater

May I have the motion seconded?

Chiara Valentini — Managing Director, Strategic Finance & Investor Relations, TransAlta Renewables Inc.

My name is Chiara Valentini. I am a shareholder, and I second the motion.

David Drinkwater

Thank you, Steven and Chiara.

We will now proceed to a vote. You are able to vote for or withhold for each of the individual director nominees.

The next item of business is the submission of our 2020 annual consolidated financial statements, together with the auditor's report. A copy of the 2020 annual report, which contains the annual consolidated financial statements for the fiscal year ended December 31, 2020, together with the auditor's report, has been mailed to each registered and beneficial shareholder who requested a copy.

Copies are also available online under the Corporation's profile at [sedar.com](https://www.sedar.com) and on our website.

The Board of Directors has approved these financial statements, and the secretary will now table the financial statements and the auditor's report.

Scott Jeffers

Mr. Chair, the Corporation's annual consolidated financial statements for the fiscal year ended December 31, 2020, together with the auditor's report, are tabled.

David Drinkwater

Thank you, Scott.

The next item of business is the reappointment of the auditors. As you'll see in the Management Proxy Circular, shareholders are being asked to authorize the reappointment of Ernst & Young LLP as the auditors for TransAlta Renewables for the ensuing year at such remuneration as will be fixed by the board.

I'll now ask Steven Kim to move a motion that Ernst & Young LLP be reappointed auditors of the Corporation, to hold office until the close of the next annual meeting of shareholders, and Chiara Valentini to second the motion.

Steven Kim

My name is Steven Kim. I am a shareholder, and I so move.

David Drinkwater

May I have the motion seconded?

Chiara Valentini

My name is Chiara Valentini. I am a shareholder, and I second the motion.

David Drinkwater

Thank you, Steven and Chiara. That brings us to the end of the items for business for this meeting. There being no further business, the polls are now going to close.

The scrutineers will now count the votes and report back to the meeting. This will take a moment or so.

I have received from the scrutineers their preliminary report on the ballots. With respect to the election of directors, I declare that each of the eight nominees have been properly elected as directors of TransAlta Renewables for the ensuing year, each with over a 95 percent approval.

A press release and report on voting results indicating the detailed outcome of the vote will also be publicly filed after this meeting on SEDAR.

With respect to the appointment of Ernst & Young LLP as the auditors of the Corporation for the ensuing year, the voting results show that in excess of 99 percent of the votes were in favour of the reappointment of Ernst & Young LLP as auditor of the Company.

I declare that Ernst & Young LLP is reappointed as auditor of the Company and that the directors are authorized to fix the auditor's remuneration.

That concludes the formal business of the meeting.

Scott, have we received any comments or questions pertaining to the formal matters of business?

Scott Jeffers

No, chair, we have not.

David Drinkwater

I therefore declare that the formal meeting be terminated.

Before I turn the podium over to Todd, I would like to thank all of our shareholders that joined us via webcast today.

I would also like to extend my gratitude to Kathryn McQuade, who will be retiring as a board member immediately following this meeting. Kathryn has been on the board for over seven years and served as a remarkably talented chair of the audit and nominating committee throughout her tenure. Her advice will be greatly missed.

I would also like to be the first to formally welcome our new director nominees, Georganne Hodges, Susan Ward, and Kerry O'Reilly Wilks. They each have a tremendous background that will certainly assist the board as we continue to evaluate and pursue strategic growth opportunities.

I'm also pleased to acknowledge Todd Stack on his recent appointment as President of TransAlta Renewables. He had previously served as chief financial officer for TransAlta Renewables and, in this capacity, earned the significant respect of the board, given his deep knowledge for the business and his drive for excellence.

I am confident that Todd will be an excellent president and look forward to seeing the Company grow under his tenure.

Without further ado, I will now turn the podium over to Todd Stack to make a few remarks.

Todd Stack — President, TransAlta Renewables Inc.

Thank you, David, and welcome, everyone, to the TransAlta Renewables Second Virtual Annual Shareholder Meeting.

All of the information provided during this portion of the presentation is subject to the forward-looking statement qualification set out on the last slide and further detailed in our MD&A and incorporated in full for the purposes of today's call.

All amounts referenced during the call are in Canadian currency unless otherwise stated.

The non-IFRS terminology used, including comparable EBITDA, adjusted funds from operations, and cash available for distribution, are reconciled in the MD&A for your reference.

I would like to begin by saying that as I commence my role as president, I'm excited for the opportunity to lead TransAlta Renewables in this period of expanding renewable demand.

Given the escalation of cases of COVID-19 that we see across all of our operating areas, we are continuing with TransAlta's business continuity plan, which includes having strict COVID protocols and supports in place to ensure that TransAlta employees who serve TransAlta Renewables remain healthy

and able to generate the essential power needed to run the communities and economies where we live and work.

All of our facilities continue to remain fully operational and capable of meeting the needs of our customers.

The TransAlta Renewables strategy and value proposition remains steadfast. We are highly diversified with 47 facilities located across Canada, the US, and Australia.

The majority of our output is sold under long-term contracts with an average contract life of approximately 12 years.

Our cash flows have been unaffected through the pandemic due to the contractedness of our asset base and the financial strength of our customers.

In 2020, 50 percent of our cash flow was produced from wind, hydro, and solar generation. And this will increase in 2021 with the addition of two new wind farms to our fleet.

Our balance sheet is one of the strongest in the industry. And as of March 31, 2021, we have access to \$1 billion of liquidity, including \$400 million of cash, to accelerate growth and further capitalize on the global trend of decarbonization.

TransAlta Renewables' leadership in clean energy was recently recognized with our inclusion in the recently expanded S&P Global Clean Energy Index. The S&P Clean Energy Index is currently comprised of 81 companies with a high score on clean energy that are involved in the production of clean energy or provision of clean energy technology and equipment.

Since our IPO in 2013, our growth program continues to progress and remains focused on contracted renewables and gas facilities. Over the past seven years, TransAlta Renewables has invested \$3.4 billion in growth and has added over 2 gigawatts of assets.

We are pleased to report that the Windrise drop-down closed in February of this year, and the investment in the Skookumchuck wind and Ada cogen facilities closed on April 1st. These three assets will add approximately \$39 million of incremental EBITDA when fully operational and add significantly to our weighted average contract life.

Through our sponsor, TransAlta Corporation, we have access to a talented development team and a large pipeline of development opportunities. Demand for renewables is expected to continue to increase in the coming years, and we expect many of these projects to contribute to growth at TransAlta Renewables.

In addition to greenfield projects, the development team continues to look at a broad range of opportunities to add to our portfolio through M&A transactions. We are exceptionally well positioned to grow our portfolio in order to meet the expanding demand for clean, sustainable electricity for customers focused on decarbonization.

In March, we announced our results for 2020 and our outlook for 2021. Our 2020 results were in line with expectations, and the Company delivered another solid year of cash flows. We continue to target a dividend payout of 80 percent to 85 percent of CAFD.

Comparable EBITDA for 2020 was \$462 million, and CAFD was \$304 million or \$1.14 per share. Comparable EBITDA for 2021 is targeted to be in the range of \$480 million to \$520 million, an approximate 8 percent growth year over year as a result of the investment in the Skookumchuck Wind and Ada cogen facilities, as well as contributions from Windrise, which will be operational in the latter part of 2021.

AFFO and CAFD are expected to be in line with 2020 levels, as stronger EBITDA is partially offset by higher interest expense and higher sustaining capital. We currently have great liquidity and financial capacity, thanks in part to our South Hedland financing, and we are well positioned to add additional drop-

down projects like Garden Plain and invest in new projects in Australia with our customer BHP-Nickel West.

In closing, I want to thank the TransAlta employees and contractors that serve TransAlta Renewables facilities. The Company's success over the past year was driven by your unwavering commitment to maintaining health and safety, your ongoing resilience, and your productivity over the past year.

On behalf of management, I would like to thank our departing director, Kathryn McQuade, for her guidance and oversight in steering TransAlta Renewables since our initial public offering in 2013. Kathryn was most recently our audit committee chair, but her contributions have been many over the last eight years, and we are grateful to her for them.

Finally, I want to thank our entire board for their support and contribution to the success of TransAlta Renewables.

With that, I'll turn the call back over to David to address any questions that have been submitted over the Lumi platform. Thank you.

Q&A

David Drinkwater

Thank you, Todd. We will now move to the question-and answer-period. Questions may only be asked by registered shareholders and duly appointed proxy holders and should be of interest to all shareholders. Questions can be asked by typing the question into the screen on your webcast and, after being moderated, will be read aloud by our corporate secretary.

We will now pause for a moment to allow shareholders an opportunity to ask questions.

Mr. Jeffers, have we received any questions?

Scott Jeffers

No, Chair, we have not received any questions.

David Drinkwater

If there are no questions, on behalf of management of TransAlta Renewables and our board, I would like to thank everyone for attending our meeting today and for your participation. Thank you for joining us. This is the end of the meeting.