Board Policy Manual

your NEW HAMPSHIRE Electric Co-op

A Touchstone Energy® Cooperative

December 19, 2017

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.
Board of Directors
Policy Manual

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NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.
BOARD OF DIRECTORS
Board Policy No. B-1

TITLE: Statement of Purpose, Mission, Vision & Values

ORIGINATION DATE: May 1, 1986

CURRENT REVISION DATE: December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I. PURPOSE

To serve our Members.

II. MISSION

Our mission is to provide our members the ability to access affordable, reliable electric service options that support and simplify their lives.

III. VISION

Our members will have the energy they need, the information they want and a partner they can trust.

IV. VALUES

These are our core values. We will hold ourselves to them without compromise in everything we do and will encourage others to do so as well.

Member-Focused—Our sole purpose is to serve our members. We consistently focus on how we can best meet their needs.

People Matter—We will show respect and empathy for others, work safely at all times, and consider the impact of our actions on the individual directly affected as well as the community at large.

Integrity—We are consistently and reliably honest and ethical in everything we do, keeping our commitments to each other, our members and others we deal with.

V. RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

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NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-2

TITLE: Board Committees

ORIGINATION DATE: August 30, 1988

CURRENT REVISION DATE:

REAFFIRMED:
December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

To provide for the establishment of committees and to ensure that their functions are clearly defined and reviewed periodically.

II OBJECTIVES

A. The Board of Directors may establish or abolish such executive, standing or special committees as it deems desirable.

B. Each committee shall have such powers and duties as may be delegated to it by the Board of Directors. Functions of the committees shall be defined in a written Statement of Functions that shall be reviewed annually to determine if revisions are needed or if the committee is still required, and an appropriate recommendation shall be made to the Board of Directors.

C. The President, or that person's designee, shall attend each committee meeting to provide staff advice, assistance and support.

D. There shall be an Executive Committee consisting of the Chair of the Board and the President as an ex-officio non-voting member, with the Chair of the Board also serving as Executive Committee Chair. The other Directors on this Committee shall be the Board Treasurer, the Board Secretary, the Vice Chair of the Board, the Board Assistant Treasurer, and one member-at-large. The member-at-large shall be appointed by the Board Chair and will be one of the Directors having served the longest on the Board of Directors.

E. The Chair of the Board shall annually appoint members of the standing committees for a one-year term. The Chair of the Board and President shall serve as ex-officio members of all standing or special committees, with the President being a non-voting member. Each member of the Board of Directors shall serve on one or more standing committees. The Chair of each of the standing committees shall be appointed by the Chair of the Board.

F. The Committee Chair may convene a meeting of the committee with dates of the meeting coordinated with the Vice President working with the committee. A majority of the committee may also call a meeting of the committee. All meetings shall be noticed and open to all Directors.

G. The President shall provide staff support to keep minutes of each committee meeting. Minutes of each committee meeting will be provided to all members of the Board of Directors. A report shall be made by the Committee Chair to the Board of Directors at the next regularly scheduled Board of Directors meeting.

H. Standing committees of the Board of Directors shall consist of at least three directors. The standing committees shall be:

1. Executive
2. Corporate Services
3. Engineering and Operations
4. Member Solutions
5. Power Resources & Access
6. Audit

I. Committee assignments shall be rotated to the extent practicable to provide each director an opportunity to serve on each committee.

J. Attachments A, B, C, D, E and G shall contain the functions and authorities of the committees. Unless otherwise designated, the committees shall be advisory to the Board of Directors and Management.

III RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

Attachments

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-2, Attachment A

TITLE: Executive Committee

ORIGINATION DATE: October 25, 1988

CURRENT REVISION DATE: December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I STATEMENT OF FUNCTIONS AND AUTHORITIES

A. The Executive Committee may act on behalf of the Board of Directors under unusual or emergency situations.

B. The Executive Committee shall:

1. Recommend a Statement of Functions and Authorities of the Committee to the Board of Directors for approval and review the Statement annually recommending to the Board of Directors any changes deemed appropriate.
2. Review the New Hampshire Electric Cooperative, Inc.'s Bylaws, on or before December 31st of each year, and make appropriate recommendations to the Board of Directors.
3. Review all policies, for which it is responsible, annually and make appropriate recommendations to the Board of Directors.
4. Review, with the President, major or significant changes in NHEC's organizational structure, wage and salary plan, union contract, and employee benefits, and make appropriate recommendations to the Board of Directors. Annual salary increases submitted as part of the Board approved budget, and addendums to the union contract providing clarification would not be considered significant according to this policy.
5. Keep current with legislative issues, both state and federal, and make recommendations to the Board of Directors for their approval regarding policies carried out by NHEC relating to those issues.

II RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-2, Attachment B

TITLE: Corporate Services Committee

ORIGINATION DATE: October 25, 1988

CURRENT REVISION DATE: July 26, 2016

REAFFIRMED: December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I STATEMENT OF FUNCTIONS AND AUTHORITIES

The Corporate Services Committee shall:

1. Recommend a Statement of Functions and Authorities of the Committee to the full Board for approval and review the Statement annually recommending to the Board any changes deemed appropriate.
2. The Chair of this Committee shall be the Treasurer of the Board.
3. Review NHEC's short and long-range plans with respect to financial operations with the support of management for recommendation to the full Board to provide the best possible service to members and maintain a sound financial structure for the future.
4. Annually review with the support of management the operating budget, construction work plan and other capital expenditure budgets for recommendation to the full Board for approval.
5. Periodically review rates and rate design with the support of management and recommend any changes deemed appropriate to the full Board.
6. Annually review NHEC's Disbursement Funds Safeguard Policy and Signatory Authority listing and recommend appropriate changes to the full Board.
7. Semi-annually review and discuss the miscellaneous and accounts receivable write-offs proposal and make recommendations to the full Board.
8. Annually review and discuss the results of the Material Inventory and inventory adjustments proposal and make recommendations to the full Board.

II RESPONSIBILITY

The Corporate Services Committee is responsible for the annual review of this policy and making recommendations to the full Board.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-2, Attachment C

TITLE: Engineering & Operations Committee

ORIGINATION DATE: August 30, 1988

CURRENT REVISION DATE:

REAFFIRMED:
September 26, 2017

AUTHORIZED:

Secretary, Board of Directors

I STATEMENT OF FUNCTIONS AND AUTHORITIES

The Engineering & Operations Committee shall:

1. Recommend a Statement of Functions and Authorities of the Committee to the full Board for approval and review the Statement annually recommending to the Board any changes deemed appropriate.
2. Periodically review the Cooperative's plans for its distribution and real property assets to ensure alignment with strategic initiatives of the Cooperative.
3. Annually review the Cooperative's Construction Work Plan for its distribution assets and review the need for construction, operation and maintenance of cooperative office facilities and ascertain their conformance with strategic planning and Balanced Score Card (BSC) initiatives,
4. Annually review the quality of distribution services to members to ascertain that the Cooperative is providing services to its members consistent with the guidelines established by industry standards and governmental regulations and the objectives and goals of the Cooperative.
5. Periodically review the trends of the distribution system, compare them to the objectives and goals of the Cooperative, and set strategic plans, operational directives and BSC initiatives.
6. Annually review with support of management and recommend to the Board the Capital Construction Budget.

II RESPONSIBILITY

The Engineering & Operations Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-2, Attachment D

TITLE: Member Solutions Committee

ORIGINATION DATE: August 24, 2004

CURRENT REVISION DATE: November 28, 2017

AUTHORIZED:

Secretary, Board of Directors

I STATEMENT OF FUNCTIONS AND AUTHORITIES

The Member Solutions Committee shall:

1. Recommend a Statement of Functions and Authorities of the Committee to the Board of Directors for approval, and review the Statement annually, recommending any changes deemed appropriate.

2. Review and report to the Board of Directors, as it deems appropriate, regarding NHEC's service offerings.

3. Review and report to the Board of Directors, as it deems appropriate, regarding conservation and load management programs subject to regulation by the New Hampshire Public Utilities Commission, and the integration of those programs with NHEC's portfolio of unregulated energy solutions offerings.

4. Oversee NHEC's public relations programs.

5. Oversee NHEC's Voice of the Member platform.

6. Review and make recommendations regarding member forums and events, including the annual meeting.

7. Review and make recommendations regarding programs concerning economic development.

8. Review, as appropriate, other functions affiliated with member relations and with energy solutions, recommending any appropriate changes to the Board of Directors.

9. Periodically review donation reports in accordance with Policy B-12.

II RESPONSIBILITY

The Member Solutions Committee is responsible for ensuring the provisions of this policy are carried out and for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-2, Attachment E

TITLE: Power Resources & Access Committee

ORIGINATION DATE: January 28, 1992

CURRENT REVISION DATE: September 24, 2013

REAFFIRMED: March 28, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I STATEMENT OF FUNCTIONS AND AUTHORITIES

The Power Resources & Access Committee shall:

1. Recommend a Statement of Functions and Authorities of the Committee to the Board of Directors for approval and review the Statement annually, recommending to the Board any changes deemed appropriate.
2. Review and report to the Board of Directors, for approval where necessary, strategies for providing NHEC's members with:
   a. Retail electricity options through resale of NHEC-owned and/or purchased wholesale electricity resources, including distributed resources, and related environmental products, and
   b. Transmission and other products and services necessary or related to providing electricity options and retail access to the members.
3. Review and report to the Board of Directors, for approval where necessary, on risk management issues and policy related to NHEC's activities in providing for wholesale electricity supply options and related environmental products, and retail access.
4. Review annually and report to the Board of Directors, for approval when appropriate, estimates of capital requirements and operating costs related to wholesale electricity supply options and related environmental products, and retail access for use in preparing the capital and operating budgets.
5. Review with management and report to the Board of Directors developments and trends in wholesale electricity markets, including related renewable credits and environmental attributes markets, and retail access strategies and technologies.
6. Review, and report to the Board of Directors on, regional wholesale electricity and related renewable products markets and retail access issues which may affect, or be of interest to, NHEC and members.
7. Review and report to the Board of Directors on opportunities from linkages between wholesale electricity supply and load management programs.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-2, Attachment G

TITLE: Audit Committee

ORIGINATION DATE: March 30, 2004

CURRENT REVISION DATE: July 25, 2017

AUTHORIZED:

Secretary, Board of Directors

I. STATEMENT OF FUNCTIONS AND AUTHORITIES

The primary function of the Committee is to serve as an independent and objective party to assist the Board in fulfilling its oversight responsibilities for the financial statements of New Hampshire Electric Cooperative and provide oversight of the Information Systems Security Program.

The Audit Committee shall:

1. Be appointed annually by the Board Chairperson and shall consist of three or more members, one of whom shall be designated as the Chairperson of the committee.
2. Review and reassess the adequacy of the Board's Audit Policy at least once annually and recommend any changes to the Board.
3. If the Committee deems it necessary or appropriate to arrange for the assistance of independent legal, accounting or other advisors, the Committee Chairperson shall bring the request to the Board in executive session.
4. Ensure the independence of the independent accountant and Risk & Compliance Executive in accordance with the guidelines in the Audit Committee Charter.
5. After the completion of the annual audit, or as needed throughout the year, discuss with management and the independent accountants the financial statements and related footnotes, significant findings and recommendations, significant difficulties or disputes with management, or other issues that may be of significance.
6. Review Enterprise Risk Management, Cyber Security and Information Systems Security reporting as presented by the Risk & Compliance Executive and take action as appropriate.
7. The Audit Committee will review this policy and the Audit Committee Charter at least once annually, and recommend appropriate modification.

II. RESPONSIBILITIES

The Audit Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-3

TITLE: Functions and Authorities of the Board of Directors

ORIGINATION DATE: May 1, 1986

CURRENT REVISION DATE: December 19, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I. PURPOSE

The purpose of the Board is to provide oversight over the activities of NHEC and to act as a fiduciary on behalf of our members.

A director shall meet his or her fiduciary duties as a director, including his or her duties as a member of a committee, so long as he or she undertakes the following duties of Care, Loyalty and Obedience:[1]

1. Each member of the board, when discharging the duties of a director, shall act: (i) in good faith, and (ii) in a manner the director reasonably believes to be in the best interests of the NHEC.[2] *(Duty of Care)*
2. Directors shall discharge their duties with the care that an ordinarily prudent person in a like position would exercise in similar circumstances. [2] *(Duty of Loyalty)*
3. Directors shall ensure that the NHEC is operating in furtherance of its stated purposes (as set forth in its governing documents) and is operating in compliance with the law. *(Duty of Obedience)*

II. GOALS

To clearly define the functions and authorities of the Board of Directors.

III. OBJECTIVES

A. The Board of Directors shall:

1. Be responsible for policy development. Policies shall be developed when desirable through any appropriate committees of the Board of Directors and presented to the Board of Directors for consideration and approval.

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[1] Director Fiduciary Duties, 2005, NRECA Legal Reporting Service, Volume 41, Number 10
[2] Director FAQ: Fiduciary Duties, 2017, National Association of Corporate Directors

Unless specifically stated otherwise, it is understood that the President will carry out established policies.

2. Be responsible for development of a Strategic Plan in conjunction with NHEC Management.
3. Select the President and determine salary and salary adjustments. The Board of Directors may, at its discretion, enter into a contract for the services of a President, such contract to be the employment agreement or a supplement to the conditions of employment.
4. Be responsible for succession planning with regard to the President/CEO to ensure continuity of management.
5. Delegate to the President the responsibility for executing day-to-day policies, plans, work plans and programs and any other assigned responsibility which it has approved. Authority for carrying out such operations, policies, plans, etc., will be automatically granted unless expressly reserved to the Board of Directors at the time of its action.
6. Authorize execution of legal contracts, such as loan agreements, engineering service contracts, and wholesale power agreements.
7. See that budgets are prepared by management. The Board of Directors shall review, modify if necessary, and approve the annual budgets.
8. Ensure that rates are designed, set and implemented commensurate with financial and business needs.
9. Obtain from the President information concerning operation of NHEC and potential problems.
10. Establish standing committees and ad hoc committees as needed, to enable Board of Directors meetings to operate efficiently. Committee members shall be appointed by the Chair of the Board. Each member of the Board of Directors shall serve on at least one standing committee.
11. Plan and conduct membership meetings with a view to inform members, receive their ideas and suggestions, and promote their understanding and acceptance of NHEC's goals, policies and programs.
12. Authorize the Chair of the Board, or in his/her absence the Vice Chair of the Board, to be the official spokesperson for the Board of Directors in matters relating to policy, except in cases specifically otherwise authorized by the Board of Directors.
13. Conduct the annual performance review of the President, with the Vice Chair of the Board as lead, and establish that person's salary and benefits. This evaluation shall be in writing. The addendum to this policy shall be used as a guideline to conduct this review.
14. Annually review the bylaws and the policy manual with the President and General Counsel and consider any revisions.
15. Interact with the staff through the President.
16. Be encouraged to take advantage of director training, which will be

supported financially within the budget.

17. Appoint or elect representatives to other Boards or Committees and in the case of these person(s) not being Directors, set fair compensation for their activities. Examples include Nominating Committee, NRECA Committees, etc.
18. Have access to all NHEC contracts and documents, other than personnel files. Realizing that many of these documents may be sensitive in nature they must remain on NHEC property unless specifically otherwise authorized by the President or NHEC General Counsel.

B. Officers of the Board of Directors have additional responsibilities as outlined in Article VI of NHEC's Bylaws and described in Attachment A to this policy.

IV. RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

President Compensation, Objective Setting & Appraisal Process Guidelines
Board Policy No. B-3 Addendum

I. Statement of Functions and Authorities

A. Compensation

1.) Compensation will be determined through a process of aligning pay and results.

2.) Three compensation elements will be reviewed and adjusted on an annual basis:

- Base Salary (cost of living and peer comparisons)
- Corporate Goals (incentive award)
- Personal Goals (incentive award)

B. Objective Setting

1.) Objectives will be established annually following the Board of Director's Strategy Session to provide guidance relative to the corporate priorities for the planning cycle.

2.) Objectives will contain quantitative strategic measurements linked to financial and member (customer) outcomes.

3.) Other objectives may be established and measured more subjectively as dictated by the Board of Director's Corporate Strategy.

4.) Objectives should be indexed and weighted, and contain a bonus component based on performance.

C. Appraisal Process

1.) At the end of the evaluation cycle, the President will provide a written report to the Board of Directors detailing accomplishments relative to stated objectives and issues impacting performance.

2.) The Board of Directors will review the President report and formulate a list of questions to clarify understanding and gather information helpful for next strategy session.

3.) Each member of the Board of Directors will be provided with a comment survey requesting input relative to the President's annual performance.

4.) A written appraisal report will be prepared by the Vice Chair of the Board and reviewed with the Board of Directors.

5.) Appraisal and pay treatment will be reviewed with the President prior to the beginning of the next planning cycle.

II. Responsibility

The Vice Chair of the Board shall be responsible for oversight and administration of the process.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-3, Attachment A

TITLE: Functions, Authorities and Responsibilities of the Officers of the Board of Directors

ORIGINATION DATE: December 19, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I. GOALS

To define the functions, authorities and responsibilities of the Officers of the NHEC Board of Directors.

II. FUNCTIONS, AUTHORITIES AND RESPONSIBILITIES

A. Chair of the Board

The Chair is responsible to the membership of NHEC. The principal role of the Chair is to manage and provide leadership to the Board of Directors of NHEC. The Chair is the principal liaison between the Board and the management of NHEC, through its President/CEO. The specific responsibilities of the Chair are detailed as follows:

1. The Chair has a critical responsibility to maintain an effective relationship with the President/CEO. One that supports, advises, challenges and engages the President/CEO in the accomplishment of the goals and objectives set by the Board.
2. The Chair is tasked with the responsibility to prepare the Board in its oversight capacity, to consider Risks and Threats to NHEC's business. The Chair in reviewing management's assessment of Risks and Threats and its plans for avoidance, mitigation, remediation or insurance guides the Board in its oversight of management. The Chair also defines, in concert with the President/CEO, the Board's own role in communicating with members about said issues.
3. The Chair also leads the Board in its oversight and approval responsibilities of the President and for Strategic Planning, Capital and Operating Budgets.
4. The Chair is authorized to be the official spokesperson of the Board of Directors in matters relating to policy, except in such cases otherwise authorized by the Board of Directors.
5. The Chair shall:
   a) Plan meeting agendas with the President/CEO so that decisional topics are covered and relevant data is presented for discussion and analysis.

b) Preside at meetings. Concurrent with this responsibility, the Chair will maintain order and act as a neutral facilitator so that all sides of the discussion are heard and all participants are treated with civility and respect.

c) Appoint Committee Chairs and members as needed and or when conflicts of interest arise and certain responsibilities normally held by one director must be temporarily delegated to another. The Chair guides the Committee Chairperson to align committee work with the organization's vision and goals and serves as an ex-officio and voting member of all committees.

d) Recommend, in concert with the President, an annual schedule of dates, times and location of meetings, and shall have the power to call special meetings.

e) May sign, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by NHEC's Code of Bylaws to some other officer or agent of the NHEC, or shall be required by law to be otherwise signed or executed.

6. An effective Board Chair sets a positive, energized tone for board meetings. By modeling, articulating, and upholding the rules of conduct that are outlined in the by-laws, the Board Chair sets a high standard for board conduct. The Board Chair addresses issues regarding confidentiality, conflict of interest, and other pertinent board policies.

B. **Vice Chair of the Board**

1. In the absence of the Chair of the Board, or in the event of the Chair's inability or refusal to act, the Vice Chair of the Board shall perform the duties of the Chair of the Board, and when so acting, shall have the powers of and be subject to all the restrictions upon the Chair of the Board and shall perform such other duties as from time to time may be assigned to the Vice Chair by the Board of Directors.

2. The Vice Chair is responsible for the oversight and administration of a process to select, monitor, appraise and compensate the President/CEO of NHEC and to ensure long term management succession plans are in place in order to provide continuity in the quality and depth of management required to meet NHEC's objectives. The Board may appoint other board members, as deemed necessary, to assist the Vice Chair in the performance of this responsibility.

C. **Board Secretary**

1. Acting as the clerk of the NHEC.

2. Seeing that the meeting minutes of the members and the Board of Directors are kept.

3. Seeing that all notices are duly given in accordance with the Code of Bylaws or as required by law.

4. Being custodian of the corporate records and of the seal of the NHEC and seeing that the seal of the NHEC is affixed to all necessary documents, the execution of which on behalf of the NHEC under its seal is duly authorized in accordance with the provisions of the Code of Bylaws.
5. Seeing that a register of the post office address of each member, which shall be furnished to the secretary by such member, is kept.
6. Having general charge of the records of the NHEC in which memberships are recorded.
7. Seeing that a complete copy of the Code of Bylaws of the NHEC containing all amendments thereto is kept on file, which copy shall always be open to the inspection of any member, and at the expense of the NHEC, seeing that a copy of the Code of Bylaws is provided to each new member.
8. Overseeing the preparation of the ballot by which the membership votes. The Board Chair will delegate this responsibility to another Board member in the year the Secretary is up for election.
9. Performing all duties incident to the office of secretary, including the signing of board resolutions and other documents typically executed by the secretary, those duties set forth in the bylaws, and such other duties as from time to time may be assigned to him/her by the Board of Directors.

D. **Treasurer**

1. Serve as the Chair of the Corporate Services Committee.
2. Having charge and custody of all funds and securities of the NHEC.
3. Having oversight of the Chief Financial Officer (CFO) or his/her designee, who shall provide receipts for moneys due and payable to the NHEC from any source whatsoever, and depositing all such moneys in the name of the NHEC in such bank or banks as shall be selected in accordance with the provisions of the Code of Bylaws. The Treasurer shall be responsible for:
   a) Approving the NHEC funds disbursement by check and Automated Clearing House (ACH) weekly in accordance with NHEC procedures.
   b) Each month the Treasurer will review and approve the summary of the previous month's Electronic Wire Transfers.
   c) The Treasurer may request more information from staff about any disbursement in question while performing the weekly approval of check/ACH disbursements.
   d) The Treasurer may review the details of checks and supporting documentation at this/her sole discretion.
   e) All Board Directors participating in the approvals and authorization of funds disbursement will be provided in a copy of this document and properly trained.
4. Ensuring, along with NHEC's external auditors, that NHEC's assets and financial records are managed ethically and with integrity.
5. In general performing all the duties incident to the office of Treasurer,

including those duties set forth in the bylaws, and such other duties as from time to time may be assigned to him/her by the Board of Directors.

E. **Assistant Treasurer**

1. Assisting the Treasurer, as requested, in the performance of the Treasurer's duties.
2. In the absence of the Treasurer, or in the event of the Treasurer's inability or refusal to act, the Assistant Treasurer shall perform the duties of the Treasurer, and when so acting, shall have the powers of and be subject to all the restrictions upon the Treasurer.
3. Perform such other duties as from time to time may be assigned to him/her by the Board of Directors.

III. RESPONSIBILITY

The Board of Directors is responsible for the annual review of this policy attachment.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-4

TITLE: Functions and Authorities of the President/CEO

ORIGINATION DATE: May 1, 1986

CURRENT REVISION DATE: December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

To define the functions and authorities of the President/CEO who shall be referred to as the President.

II OBJECTIVES

The President Shall:

1. Have authority to administer day-to-day operation of NHEC. It is understood that he or she shall exercise judgment in executing policies of the Board of Directors.
2. Furnish the Board of Directors with information on the operation of NHEC and potential problems.
3. Inform employees, members and the public about NHEC issues and operations.
4. Formulate recommendations for policies to be adopted by the Board of Directors, including but not limited to, safety, short and long-range planning in such areas as engineering, power supply, finances, public relations, Enterprise Risk Management (ERM), etc.
5. Formulate with staff an annual work program and budgets to be recommended to the Board of Directors for approval.
6. Periodically study and analyze NHEC's rates and billing and collection regulations to make sure they support current operating budgets and strategies.
7. Review periodically all activities of NHEC and determine with staff the organizational structure best suited to carry out NHEC's overall objectives, including the need for additional positions, or transfer, reassignment or elimination of existing positions, and to effect such changes provided they are within the limitations of the approved budget.
8. Select, appoint, transfer, promote and release all employed personnel as needed.
9. Negotiate with the union as required, with the complete contract to be submitted to the Board of Directors for its approval, and administer the approved union contract.

10. Develop with staff a systematic compensation plan for employees outside the union, administer or approve actions with respect to vacations, holidays, sick leave and other fringe benefit programs for the employed personnel within the approved budget and Board of Director policy.
11. Select NHEC's General Counsel who shall be responsible to the President and who shall be reviewed annually.
12. Have authority to employ outside consultants and legal counsel, if necessary, within the approved budget.
13. Have authority to enter into contracts within the amount of the approved budgets and within Board of Director policy.
14. Delegate appropriate authority to immediate staff; authorize further delegation of authority to any level of management, with full recognition that he or she cannot be relieved of his or her overall responsibility or any portion of his/her accountability.
15. See that employees are trained in accordance with the qualifications and requirements of their positions.
16. Identify and develop skills of individuals for consideration in succession planning.
17. Ensure the continual operation, development, and improvement of appropriate safety programs.
18. Annually review the bylaws and the policy manual with the Board of Directors and General Counsel and consider any needed revisions.
19. Be the connecting link between the Board of Directors and employed personnel.
20. Advise and assist the Board of Directors in the formulation and implementation of realistic and meaningful controls and control information in all areas not specifically covered elsewhere.
21. Have authority to move funds as needed in the capital construction and general plant budgets to achieve NHEC's objectives. Notification of the action taken will be provided to the Board of Directors.
22. Have authority to increase the capital construction budget by up to 5% in any given year as long as it appears targeted margins for the year will be achieved. Notification of the action taken will be provided to the Board of Directors.
23. Have authority to increase the general plant budget by up to 10% in any given year to achieve NHEC's goals. Notification of the action taken will be provided to the Board of Directors.
24. Have authority to move funds as needed in the operating budget to achieve NHEC's objectives.
25. Have authority to increase distribution total operations and maintenance expense budget by up to 5% in any given year as long as it appears targeted margins for the year will be achieved. Notification of the action taken will be provided to the Board of Directors.

26. Have authority to set up and utilize a Storm Fund for the purpose of developing a reserve, over time, that can be utilized to offset large storm expenses; the fund will be perpetual with additional funds added as financially feasible and necessary. Notification of the use of the fund will be provided to the Board of Directors.
27. Identify a current employee of NHEC to act as Acting President when the President is temporarily unable to perform the duties of President. Such employee shall be approved by the Board of Directors by resolution.
28. Work with the Board of Directors to develop, implement and periodically review long range strategic planning.

III RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-9

TITLE: Board of Director's Stipends and Expenses

ORIGINATION DATE: May 1, 1986

CURRENT REVISION DATE: December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

A. To partially defray directors' personal expenses and to partially compensate them for the risks assumed, the time given, and the wisdom applied in the exercise of their official duties.

B. To enable each director to choose the training seminars or conferences he/she wishes to attend.

C. To inform all Director Candidates of this policy.

II OBJECTIVES

A. Each director will receive a monthly stipend of $650 payable in a check run shortly after each regular monthly Board meeting that the director held the office of director.

B. Each director will receive $250 for attendance at the regular monthly Board of Directors meeting, special meetings, Board organizational meeting and Annual Meeting. The meeting fee will not be paid for more than two meetings in a day.

C. Each director will receive $200 for each Board Committee meeting attended of which the director is a member. For attendance at a Committee meeting of which he/she is not a member each director will receive $150. The meeting fee will not be paid for more than two meetings in a day.

D. Each director who has been appointed as a special committee member by the Board Chair will receive $150 for attendance of special Board committee meetings. Special Board committees include Steering Committee, Subcommittee, and Subgroup which are organized for a specific purpose. The meeting fee will not be paid for more than two meetings in a day.

E. Each director shall be paid $200 for each day required to attend the following functions, including no more than two days for travel:

- As an elected meeting delegate,
- As an approved meeting or seminar representative on official NHEC Business, and

- Training, seminars and conferences related to NHEC business

F. In addition to the stipend described in paragraph A, the Chair of the Board and Treasurer shall each receive an additional sum of $400 each month, the Vice Chair of the Board, Assistant Treasurer and Secretary shall each receive an additional sum of $150 each month and other Directors serving as Committee Chairs shall receive an additional sum of $50 each month.

G Mileage for each director shall be paid at a rate mirrored after the IRS rate for distance traveled in his/her own car, based on a New Hampshire residence address, to and from regular and special directors' meetings, committee meetings, or other official meetings relating directly to NHEC business.

H. A guest who accompanies a director to a meeting shall have his/her meals and meeting function expenses paid by NHEC, except for public transportation travel, and room expenses.

I. Each director will submit an itemized expense statement, on a form furnished by NHEC, monthly, for meeting attendance other than regular or special board meetings or committee meetings.

J. Directors may receive cash advances from NHEC to cover expenses when attending meetings in item E above.

Allotment of funds for director attendance at conferences and seminars.

In an effort to have a Board that is well trained in the electric utility industry, and in cooperative principles in particular, each director will be allotted a sum of money, amount to be determined each year through the budget process, to be used for registration fees and travel related expenses (airfare, rooms, meals, etc.) for training, seminars or conferences they wish to attend. Directors are expected to check with the Chair for approval to attend training, seminars and conferences not sponsored by NRECA or related electric cooperative/public power entities such as CFC, NEPPA, etc.

Director Candidates

A copy of this policy will be provided to all Director Candidates.

III RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC NHEC, INC.

BOARD OF DIRECTORS

Board Policy No. B-12

TITLE: Membership Dues and Contributions Policy

ORIGINATION DATE: February 25, 1992

CURRENT REVISION DATE: October 25, 2016

REAFFIRMED: November 28, 2017

AUTHORIZED:

Joan Aubrey

Secretary, Board of Directors

I GOALS

A. Membership dues

1. To provide a process by which NHEC maintains organizational and professional memberships in organizations that benefit NHEC.

B. Contributions

1. To provide a process by which NHEC distributes contributions to the various organizations within NHEC service area or substantially benefits the members in accordance with an established Charitable Giving Guideline.

II OBJECTIVES

It is the policy of NHEC to:

A. Maintain memberships in national, state and regional electric power organizations and any other organization that may benefit NHEC in accordance with the provisions of the bylaws.

1. The President or his designee shall review such memberships and report annually to the Board of Directors.

2. NHEC in its discretion shall reimburse its employees and Directors for any professional association dues reasonably required to maintain that individual's professional standing within the field; (e.g. National Society of Engineers, American Institute of Certified Public Accountants (AICPA), Electric Cooperative Bar Association, etc.)

B. Establish a Charitable Giving Guideline that focuses on charitable activities and educational programs that enhance the general welfare of NHEC members and communities.

1. Requests that fall outside the parameters of this guideline shall be brought before the Member Solutions Committee for consideration.
2. The Member Solutions Committee shall annually review qualifying requests for corporate donations to nonprofit organizations.
3. Staff may approve, within the regularly established budget, requests for specific program support. A report of such support shall be made semi-annually to the Member Solutions Committee.
4. Requests for donation of services will be forwarded to the appropriate department manager and VP. If a decision is made to donate services to an organization, the department manager/VP shall log the donation of these services and determine the cost of donating such services for internal data gathering purposes only. Notification of such support will be sent to the President or his designee and the Board of Directors on a semi-annual basis.
5. If equipment becomes available for donation, NHEC will first determine if its employees are interested in purchasing the equipment for a nominal fee. Should equipment still be available after the employee offering, the equipment may be donated to local, regional, national nonprofit organizations or international programs supported by NRECA.

III RESPONSIBILITY

A. The President/CEO is responsible for ensuring the provisions of the policy are carried out.

B. The Member Solutions Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-13

TITLE: Disclosure of NHEC Information and the Open Conduct of Meetings of the Board of Directors and its Committees

ORIGINATION DATE: January 28, 1992

CURRENT REVISION DATE: August 25, 2015

REAFFIRMED: November 28, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I GOALS

A. Disclosure of NHEC Information

1. To provide a process by which NHEC will respond to information requests made by members.

2. To provide a process by which NHEC will respond to information requests made by non-members; including courts, governmental offices, agencies, or representatives and parties participating in proceedings before such courts, offices, agencies or representatives ("the Government").

B. Conduct of Board and Committee Meetings

1. To provide for the open and orderly conduct of meetings of the Board of Directors and its committees.

2. To provide a process by which NHEC will respond to requests made by persons wishing to attend, or make presentations at, meetings of the Board of Directors and its committees.

II OBJECTIVES

It is the policy of NHEC to:

A. **Both Appropriately Share and Safeguard Information** to keep members informed of the operations of NHEC, while protecting NHEC's legal interests and member, employee and third-party privacy rights. The Board of Directors also recognizes NHEC's responsibilities, to respect contractual confidentiality and non-disclosure obligations, and to control the scope, manner and timing of any release of confidential or commercially sensitive information. Recognizing these responsibilities, the Board of Directors establishes the

following process that allows NHEC to respond timely and meaningfully to information requests made by members, the Government and others.

1. All requests for information shall be handled by the President/CEO or the President/CEO's designated representative.

2. Subject to the limited exceptions listed below, requests for billing, credit or other personal information of any member account will not be released without prior consent of the member. Whenever information is disclosed pursuant to the exceptions listed below, NHEC will take reasonable measures to limit the amount and scope of such disclosure. The following are exceptions to this disclosure restriction:

   a. The sharing of billing information with a group consisting of other utility type organizations for the purpose of establishing and maintaining a common database of billing/credit history and made available to the group exclusively for such purposes and subject to confidentiality and non-disclosure agreements.;

   b. The disclosure of such information to, or pursuant to an order from, the Government, where NHEC believes that the Government may lawfully require such disclosure, regardless of whether or not the Government has pursued or exhausted all avenues to compel such disclosure. Whenever practical, NHEC shall consult with legal counsel in connection with such disclosures; and,

   c. The disclosure of such information to the extent reasonably necessary to establish a claim or defense on behalf of NHEC in a civil, criminal or other public controversy between NHEC and the member. Whenever practical, NHEC shall consult with legal counsel in connection with such disclosures.

3. The membership list shall not be made available to any person(s) or any political or business organization for solicitation purposes unless specifically authorized by the Board of Directors.

4. Subject to the preceding disclosure restrictions, NHEC shall respond timely to the information requests of members. Such responses shall take into account NHEC's various responsibilities recognized above, and may reflect limitations on public disclosure consistent with those pertaining to the conduct of executive sessions. NHEC may also take into account the impact upon its human, financial and technical resources when determining the timing, manner and scope of such responses.

5. Whenever commercial, financial or personnel information is disclosed, NHEC will take reasonable measures to limit the amount and scope of such disclosure. Where such information has been acquired by NHEC

subject to a confidentiality or non-disclosure agreement, NHEC may condition its disclosure, if any, upon the receiving party's execution of an appropriate confidentiality or non-disclosure agreement.

6. To the extent practical, costs associated with duplicating records and other costs involved in providing information shall be borne by those making the request.

7. To ensure consistent and accurate information is made available to the public or news media all releases shall be made by the President/CEO or the President/CEO's designated representative.

B. **Conduct Meetings of the Board of Directors and its Committees that are open to NHEC's members**:

1. All meetings of the Board of Directors and its committees shall be noticed at least 24 hours prior to the meetings and shall be open to the public, except for those portions conducted in executive session.

2. Requests to make presentations at, or otherwise actively participate in, meetings of the Board or its committees shall be made in advance by contacting the Chair of the Board or the President/CEO.

3. The Board of Directors and its committees may limit such participation to members only.

4. In order to ensure the prompt and orderly conduct of the meeting, the Board of Directors and its committees may restrict the manner and time of such participation.

5. The Board of Directors and its committees reserve the right to meet in executive session on items requiring such sessions.

    a. All motions for executive session must identify one of the following as the basis of the executive session:

        i. Private Member-Specific Information

        ii. Confidential Contract Negotiations and/or Confidential Commercial/Financial Information

        iii. Confidential Personnel Matters

        iv. Confidential Physical and Cyber Security, Emergency Preparedness/Response Information

        v. Confidential Discussion of Legal Claims or Litigation

        vi. Confidential Attorney/Client Consultations

vii. Confidential Negotiations Concerning the Acquisition of Real or Personal Property

viii. Private Information Concerning a Specific Individual, Likely to Damage Reputation

b. All discussions and decisions made in executive session shall be confined to the matters covered by the motion for executive session.

c. Subject to confidentiality and non-disclosure restrictions, minutes must be recorded for all executive sessions, and such minutes must be reviewed and approved confidentially. Executive session minutes shall be preserved and shall be considered sealed, unless and until the board determines otherwise.

d. Executive session minutes which may include privileged attorney/client communications shall only be unsealed after consultation with NHEC's General Counsel.

IV RESPONSIBILITY

A. The Chair of the Board, together with the President/CEO or a designated representative, is responsible for ensuring this policy is followed.

B. The Member Solutions Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-23

TITLE: Economic and Community Development

ORIGINATION DATE: March 28, 1995

CURRENT REVISION DATE: August 27, 2013

REAFFIRMED: November 28, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

A. To actively participate in activities that build the statewide economy, consistent with sound environmental constraints and to ensure that it is done in the best interests of the members on an equitable basis.

II OBJECTIVES

A. The Board of Directors encourages the participation by NHEC, the President/CEO, and the employees, in economic development activities that are primarily intended to address energy costs, new energy technologies and regulatory issues and help create, and maintain employment opportunities within the State.

B. NHEC shall coordinate its economic development activities with its industrial and commercial members, its power suppliers, and with the state, regional, municipal, and local development groups in an effort to efficiently pursue development opportunities.

C. NHEC shall participate in economic development by offering general developmental assistance, energy efficiency assistance and/or economic development energy rates. NHEC's financial capabilities with respect to these activities are limited and such support shall not cause higher bills for existing members.

D. NHEC will promote and support business retention and expansion by providing commercial members with technical and developmental assistance, particularly as related to energy efficiency.

E. The President/CEO and other interested employees are encouraged to join in and participate in economic development organizations.

F. NHEC may participate in and contribute to state, regional, municipal, and local economic development or business attraction marketing. The Board of Directors may appoint directors as Representatives to specific organizations to be reviewed annually.

G. The President/CEO or a designee is responsible for investigating and responding to requests for developmental assistance from existing and prospective loads. The President/CEO or a designee will report to the Board of Directors on a regular and timely basis regarding all economic development projects and activities undertaken by NHEC.

III RESPONSIBILITY

A. The President/CEO is responsible for ensuring the provisions of the policy are carried out.

B. The Member Solutions Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-25

TITLE: Service Territory Realignment

ORIGINATION DATE: February 25, 1997

CURRENT REVISION DATE: October 29, 2013

REAFFIRMED: September 26, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

A. To define the process, functions and authority for the Board of Directors and staff to act on service territory realignment requests.

II OBJECTIVES

A. To delineate the levels of authority regarding service territory realignments.

1. The Vice President of Operations and Engineering upon receipt of Request for Service Territory Realignment and corresponding feasibility study according to the guidelines of Procedure 240.00 will consult with the Senior Management Team to submit the request to the President/CEO.
2. The President/CEO after considering all realignment information is authorized to approve service territory realignments according to the following guidelines:

   a. Residential Service Territory Realignment

      - Impacting 30 or fewer members, with an anticipated revenue loss of less than $45,000 annually and estimated construction cost of not to exceed $290,000.

   b. Commercial/Industrial Service Territory Realignment

      - Impacting one member, with an anticipated revenue loss of less than $80,000 annually.

3. The President/CEO shall inform the Board of Directors of such requests and resulting decisions.
4. If a request for Service Territory Realignment exceeds the guidelines listed above, then a resolution for approval will be submitted to the Board of Directors.

III RESPONSIBILITY

A. The President/CEO is responsible for seeing that the provision of this policy is carried out as circumstances dictate.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.
BOARD OF DIRECTORS
Board Policy No. B-27

TITLE: Wholesale Power Resources and Related Environmental Products and Risk Policy

ORIGINATION DATE: July 30, 2002

CURRENT REVISION DATE: September 24, 2013

REAFFIRMED: March 28, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I. GOAL

To assure that NHEC can and does provide members with:

1. reliable competitive retail electricity supply options, through NHEC's ownership and/or purchases at wholesale of capacity, energy, ancillary services and related renewable energy credits and other environmental attributes ("Wholesale Electricity and Related Environmental Products"), in accordance with legal requirements, and NHEC social and environmental responsibility goals and policy, and

2. reliable, effective access to retail electricity supply options offered by state-qualified competitive retail suppliers ("Retail Access").

II. OBJECTIVES

A. To provide policy and guidance with respect to the conduct of NHEC's activities related to procurement of Wholesale Electricity and Related Environmental Products, and the provision of Retail Access services.

   1. It is the policy, and a core function of NHEC, to provide all of its members with competitive retail electricity supply options, through NHEC's ownership or procurement of Wholesale Electricity and Related Environmental Products and provision of Retail Access services.

   2. NHEC will fulfill its core function of providing reliable retail electricity supply options and provision of Retail Access services in a manner that:

      a) demonstrates the highest standards of ethical business conduct and fully complies with all laws, regulations, and NHEC policies, and demands the same of trading partners, consultants and contractors;

b) places high value on informing and educating the Board of Directors and the members about wholesale electricity markets, electricity from distributed resources, renewables, environmental attributes, and retail access matters, and NHEC's related role, actions, products, and services, so as to help the Board of Directors and members understand implications and options applicable to them;

c) recognizes that the Wholesale Electricity and Related Environmental Products markets are primarily affected by regional, national and even global, supply and demand, issues, events, and governing bodies, and thus further recognizes the necessity and benefits, as well as the limitations, of NHEC's actively working independently or in collaboration with others to influence governmental and wholesale market policies to protect and benefit NHEC's members;

d) takes into account the various risks in providing for resources and services needed to offer reliable retail electricity supply options and provision of Retail Access services, and provides for guidelines, procedures, controls and actions in conformance with NHEC's enterprise risk management policy as needed to manage, and limit the potential for substantial harm to NHEC, its members, its counterparties, and the markets administered by ISO-New England within which NHEC trades, from such risks;

e) conforms NHEC's Wholesale Electricity and Related Environmental Products procurement and trading strategies and activities to its role as steward of the members' assets and trust, and thus prohibits strategies that are contrary to, or threaten NHEC's stewardship role and duty;

B. Periodically, but no less frequently than once each year, this policy will be reviewed to assure that activities related to energy supply options and retail access are in conformance, and to make modifications as conditions may warrant.

III. RESPONSIBILITIES

The President shall be responsible for seeing that procedures, guidelines and controls are in place to assure compliance with this policy.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-28

TITLE: Audit Policy

ORIGINATION DATE: October 28, 2003

CURRENT REVISION DATE: July 25, 2017

AUTHORIZED:

Secretary, Board of Directors

I INTRODUCTION

This policy sets forth the audit policy and procedures for New Hampshire Electric Cooperative, Inc. ("NHEC").

The Board of Directors (the "Board") is responsible and accountable for retaining independent certified public accountants ("independent auditor") whose objective will be to form an opinion on the financial statements of NHEC. The Board is responsible for providing direction and oversight to the Risk & Compliance Executive who will conduct periodic internal information systems security audits and coordinate the annual independent audit of Information Technology (IT) security controls, and report the results of these audits to the Board Audit Committee. The Board is also responsible to ascertain that such audits satisfy statutory and regulatory requirements.

To assist the Board in this regard, the Board has established the Audit Committee ("the Committee"), with objectives, authorities, responsibilities, and organization as set forth in the Committee's charter and Board Policy B-2, Attachment G.

Although Sarbanes-Oxley Act of 2002, as it may be amended, revised and interpreted, is not applicable to NHEC, the Board of Directors and the Audit Committee may choose to adhere to selected components of its provisions.

II GENERAL OBJECTIVES

The general objectives of this policy are to define the responsibilities of the: 1) independent auditor, 2) NHEC management in all financial matters, 3) independent auditors' access to information and 4) purpose and scope of audit reports.

Meeting these objectives will require that management design and maintain an effective system of internal controls over financial reporting. Consistent with United States Generally Accepted Auditing Standards (GAAS), the independent auditor will be required to obtain an understanding of these internal controls and report to the Committee in compliance with

GAAS. Compliance with these requirements is intended to limit unnecessary losses (i.e. protection of assets), and to allow issuance by the independent auditors each year of its unqualified audit opinion on NHEC's financial statements. The Board also may request that the independent auditor report on other findings related to internal controls, or be engaged from time to time to address and evaluate specific areas of internal control.

III SPECIFIC GOALS

The specific goals are:

1. To require the independent auditor to submit an engagement letter describing the terms and responsibilities proposed allowing for the independent auditor to audit NHEC's annual financial statements and to render an opinion on NHEC's annual financial statements.
2. To ensure that corrective actions as may be recommended by the independent auditors are addressed by management.

IV INDEPENDENT AUDIT FUNCTION

The Committee is responsible for the appointment, compensation, retention, and oversight of the independent auditor. Therefore, the independent auditor will report directly to the Committee. The Committee has the ultimate authority to approve all audit engagement fees and terms.

Further specific responsibilities and authorities with regard to NHEC's independent auditor are delineated in the Committee's Charter.

It is the independent auditor's responsibility to render opinions, based on its audits, on the annual financial statements. The independent auditor will also report on any matters encountered during the audit of which NHEC's Board or the Committee is required to be informed.

The independent auditor who is engaged by the Committee must participate in a peer review consistent with the AICPA standards. Prior to engaging an independent auditor, the Committee will verify that the independent audit firm has met the general qualifications and the terms in accordance with AICPA standards.

It is required that the independent auditor will perform the annual audit in accordance with GAAS, which include the requirement that the independent auditor plan and perform the audit and review in a manner that reasonably ensures that the financial statements are free of material misstatements, whether due to fraud or error.

After each annual audit is performed, the independent auditor is required to issue an opinion as to whether the financial statements are fairly presented, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles (GAAP) or to disclaim an opinion thereon.

The independence of the independent auditor is vital. Therefore, the following provisions have been adopted by NHEC to ensure that the independent auditor's independence is not impaired:

1. NHEC will not extend unsecured credit to the independent auditor's firm or to individuals employed by that firm.
2. All contact with the independent auditor will be on a contract basis.
3. At no time will the independent auditor make management decisions.
4. NHEC and the independent auditing firm will not share any of the same directors or employees.
5. NHEC will review the lead auditor at least every 5 years.

Periodically and as may be necessary, the independent auditing firm will provide NHEC with disclosures regarding the auditor's independence as set forth in the Independence Standards Board Standard No. 1, and will discuss its independence with the Audit Committee.

V ENTERPRISE RISK MANAGEMENT AND INFORMATION SYSTEMS SECURITY PROGRAMS

The committee is responsible for providing direction to the Risk & Compliance Executive for:

A. The development, implementation and ongoing oversight of a Corporate Information Systems Security Program which shall assure secure access to all information systems, communications systems, and control systems, and protect the Confidentiality, Integrity and Availability (CIA) of Member and Corporate information. The Risk & Compliance Executive shall be responsible for:

   1. The coordination of an annual independent Audit.
   2. The coordination of an annual independent external assessment of IT security controls as well as periodic internal information systems security audits
   3. The scheduling of regular Information Systems Security Status Reports to the Committee.

B. The development, implementation and ongoing oversight of an Enterprise Risk Management Program which shall ensure the identification and mitigation of risks that can impact NHEC's ability to successfully fulfill its mission. The Risk & Compliance Executive shall be responsible for:

   1. The identification of Risk Categories and Types.
   2. The identification of Roles & Responsibilities.
   3. The identification of appropriate Risk Assessment Models.
   4. The scheduling of regular Enterprise Risk Management Reports to the Audit Committee.

VI RESPONSIBILITIES

A. NHEC's management will prepare financial statements in accordance with GAAP for submission to the independent auditor for audit. Management is responsible for adopting sound accounting policies, maintaining an effective system of accounting, safeguarding assets, devising an adequate system for internal controls, and establishing a system designed to ensure compliance with policies, plans, procedures and all applicable laws and regulations. Management shall inform the Committee when the annual review of NHEC's procedures has been completed.

B. The Board of Directors and management of NHEC take responsibility for the financial statements of New Hampshire Electric Cooperative, Inc.

C. The Board of Directors and management of NHEC take responsibility for, and review, the IRS Form 990. The completed Form 990 will be signed by the Chair of the Audit Committee or the Treasurer.

D. The Board of Directors and management of NHEC take responsibility for, and review Enterprise Risk Management and Information Systems Security reporting presented by the Corporate Risk & Compliance Executive and will take action as appropriate.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-29

TITLE: Statement on Ethics

ORIGINATION DATE: May 24, 2005

CURRENT REVISION DATE: July 25, 2017

AUTHORIZED:

Secretary, Board of Directors

I. Introduction

Since New Hampshire Electric Cooperative, Inc. ("NHEC") was established in 1939, its employees and directors have had a consistent history of fair, honest and ethical conduct.

The Board of Directors and Management of NHEC believe that high ethical standards are achieved not just through the publication and dissemination of policies, but through open and on-going discussion about ethical issues related to the business and activities of NHEC. Further, this open climate is only achieved when employees and directors understand that they can openly raise questions and concerns without fear of retaliation.

II. Standards of Conduct

Employees and directors are expected to uphold the values of NHEC and to report any situation where the individual reasonably suspects any activity which may be in violation of these values, Board policies or the law. Standards of conduct include:

A. Directors and employees are expected to deal honestly with members, regulators, suppliers and others having dealings with NHEC.
B. Directors and employees are prohibited from offering or receiving bribes, kickbacks or other forms of improper payment, direct or indirect, to or from any representative of government, labor union, member, supplier, or others having dealings with NHEC, to obtain a contract, personal or commercial benefit, government action, or for any other purpose or reason.

C. Directors and employees are expected to limit their reimbursable expenses to those that are necessary, prudent and business-related.
   1. Expenses that are not considered business related and therefore not reimbursable include:
      a) 1st class airfare
      b) Travel for companions
      c) Tax indemnification and gross up payments
      d) Housing allowance or personal residence payments
      e) Health/social/golf club dues or fees
      f) Personal services (e.g. maid, chauffer, chef, spa/salon services, etc.)
      g) Personal amusement (e.g., movies, shows, etc.)
D. NHEC does not make personal loans outside defined member programs to current or former directors or employees.
E. Discretionary spending accounts are not authorized.
F. Personal charges on the corporate credit card(s) are prohibited.
G. Directors and employees are prohibited from taking unfair advantage of consumers, suppliers, or other third parties through manipulation, concealment, abuse of privileged information or any other unfair-dealing practice.
H. Directors and employees shall not ask for or accept anything worth $100 or more from any person with whom they have official dealings. Plaques or similar gifts of appreciation/recognition for service may be accepted, regardless of value.
I. Directors and employees shall not ask for or accept anything (regardless of its value) if it is offered in exchange for agreement to perform or not perform an official act on behalf of NHEC.
J. Directors and employees shall not accept honoraria (money or something of value) for a speech that is in any way related to that person's official duties for NHEC.
K. Directors and employees shall not use their official position(s) to obtain unwarranted privileges or any type of special treatment for themselves or for anyone else.
L. No director or employee shall make, authorize or approve the contribution or expenditure of NHEC funds, directly or indirectly, in connection with support of any political party or for the election of any person to any political office, Federal, State or local (including party conventions, primary elections and general elections).

III. Conflicts of Interest

Employees and directors are to be sensitive to situations in which there may be conflicts of interest or appearance of conflicts of interest. A conflict of interest exists when any director or employee is called upon to make or is involved in any NHEC decision in which the employee or director has a direct or indirect personal interest that could be affected by that decision. Whenever a director shall have a conflict of interest, the situation shall be reported immediately and resolved by

the Board of Directors. In any situation where it may be reasonably perceived that there is a conflict of interest, an employee is required to report the potential conflict of interest in accordance with Section VIII of this policy. Conflicts of interest include, but are not limited to:

A. Directors and employees seeking any personal benefit through any arrangement with vendors, suppliers or other persons that had, have or may have a business relationship with NHEC; and/or
B. Directors or employees having a financial interest in any entity with which NHEC has done, does or may do business that might create or give the appearance of a conflict of interest; and/or
C. Directors or employees being a director, officer, employee or other affiliate position, whether full or part time or per diem, of any other corporation, enterprise, business, or public or private entity of any nature when such position or relationship might create or give the appearance of a conflict of interest.

IV. Confidentiality of Information

Directors and employees are frequently entrusted with confidential and/or commercially sensitive information and are responsible for the scope, manner and timing of any release of such confidential or commercially sensitive information. Such information includes technical or financial information about current or future projects, business plans, personnel information, and other information that, if disclosed, might be of use to competitors or potentially harmful to NHEC and its members. Directors and employees shall:

A. Use confidential information only for NHEC's legitimate business purposes.
B. Not use NHEC information, property or resources for any personal gain or for the gain of others.
C. Not discuss confidential information with or in the presence of any unauthorized persons.
D. Not disclose confidential information to third persons unless requested directly from a member of record and is personal information relating only to that person, or such disclosure is required under established policies of NHEC.
E. Not discuss credit rating issues.

V. Transparency

NHEC is dedicated to providing information to its membership about its operations. NHEC will respond to information requests made by members and keep them informed of the operations of NHEC by timely responding to information requests and publishing on the its website:

A. Annual IRS Form 990 filing

B. Annual audited financials
C. All policies
D. The Annual Report to the members
E. The monthly newsletter

VI. Financial Reporting & Recordkeeping

NHEC is responsible for adopting sound accounting policies, maintaining an effective system of accounting, safeguarding assets, devising an adequate system of internal controls, and establishing systems designed to ensure compliance with policies, plans, procedures and applicable laws and regulations. NHEC shall:

A. Design and maintain an effective system of internal controls over financial reporting and be consistent with United States Generally Accepted Auditing Standards (GAAS).
B. Ensure that all transactions are properly recorded and that material information is available to the Board and management when required.
C. Ensure that NHEC records and documents are properly retained and secured.
D. Conduct an annual financial audit to provide an independent, objective review of financial reports and to identify any risks associated with the system of internal controls.

VII. Legal and Regulatory Compliance

NHEC will comply with all local, state and federal laws, rules and regulations applicable to the activities of NHEC. It will maintain a safe and healthy work environment. Intimidation, harassment, offensive conduct, or discrimination based on race, marital status, sex, sexual orientation, age, color, religion, national origin, veteran's status or handicap disability are not tolerated.

VIII. Reporting of Violations

Every employee and director is responsible for ensuring that violations of high ethical standards are immediately reported and addressed promptly. Reports of suspected violations may be made in person or in writing, confidentially or anonymously, to a Supervisor, Human Resources Manager, the President/CEO, the Chair of the Board Audit Committee, or by use of "MySafeWorkplace" either via the internet (www.MySafeWorkplace.com) or by telephone (800-461-9330). All such reports will be investigated promptly and appropriate corrective action will be taken as necessary. Any employee or director who makes a report in good faith and on reasonable belief may do so without fear of harassment, retaliation or retribution.

IX. Monitoring and Enforcement

Every director and employee is responsible for monitoring ethics compliance and reporting suspected violations. Directors, officers and employees who violate any laws, rules, regulations or ethics will face appropriate, case-specific disciplinary action, which may include demotion, discharge or sanction by the President/CEO or the Board, as appropriate.

The Audit Committee of the Board will review this policy at least once annually and recommend appropriate modifications.

The President/CEO is charged with the responsibility of articulating and monitoring standards for employees regarding ethical business behavior.

X. Director Candidates

A copy of this policy will be provided to all Director Candidates.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-30

TITLE: Communications

ORIGINATION DATE: September 19, 2006

CURRENT REVISION DATE: November 28, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I GOALS

A. To affirm NHEC's obligation to keep the membership fully informed.

B. To ensure the Board and employees communicate with one voice on NHEC issues.

II OBJECTIVES

A. It is the policy of NHEC to:

1. Proactively inform the membership and service area communities about the operations, plans, progress, and activities of NHEC, and to foster communication programs that will enhance their understanding of NHEC's activities.
2. Communicate NHEC's needs and interests to local, state and national officials, as appropriate, and to secure their support of the programs and plans of NHEC.
3. Support effective communication programs developed by our regional and national associations.
4. Convey with one unified voice the policies and programs enacted by the Board of Directors.
5. Support all Directors in obtaining NRECA training regarding roles and responsibilities of individual Board Members.

B. The President/CEO is responsible for designating the lead spokesperson for NHEC to ensure consistent and accurate information is made available to the public and news media.

C. The President/CEO or designee will report to the Board of Directors on a timely basis regarding significant communication and marketing plans undertaken by NHEC.

III RESPONSIBILITY

A. The President/CEO is responsible for seeing the provisions of the policy are carried out.

B. The Member Solutions Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-31

TITLE: Code of Conduct

ORIGINATION DATE: January 23, 2007

CURRENT REVISION DATE: November 28, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I GOALS

A. To establish a code of conduct to guide Directors in performing their duties.

B. To inform all Director Candidates of this policy.

II GUIDING PRINCIPLES

A. Directors agree that by their example both within the Board of Directors and publicly that they will strive to achieve a positive public perception of NHEC and the Board of Directors.

B. Directors value an effective NHEC team and agree to prepare for all meetings and to support the Board of Directors process with commitments of time, attention and courtesy.

C. Directors understand the impact that their comments and decisions can have on colleagues, staff, members, and the community and will act accordingly.

D. Directors value the judgment, views and factual observations of all Directors and will allow ample opportunity for every Director to be heard on any matter under Board of Director consideration and will listen carefully to the input from other Directors.

E. Directors should strive to be open-minded and keep disagreements on single issues from carrying over into other issues.

F. Directors should work to understand and respect the concerns and interests of members, employees, and other Directors.

III POLICY

A. A copy of this policy will be provided to all Director Candidates.

B. By choosing to serve, Directors acknowledge and agree that no individual Director has any authority whatsoever to represent the Board of Directors or NHEC, or to act on behalf of the Board of Directors or NHEC without authorization of the Board of Directors.

C. By choosing to serve, Directors acknowledge and agree that they may not take

any Board of Director matter or issue to senior management, employees, any part of the membership or the public for advocacy, straw polling or ratification without the advance authorization of the majority of the Board of Directors.

D. By choosing to serve, each Director acknowledges and agrees that while they may disagree with a policy or action adopted by majority vote of the Board of Directors, that Directors shall fully support all decisions and actions by the majority.

E. By choosing to serve, Directors acknowledge and agree to refrain from using NHEC letterhead, the NHEC logo, Director or Officer titles, or other similar marks of NHEC authority or affiliation in any written or verbal communications not directly required for fulfillment of their official NHEC duties unless they have been expressly authorized by the Board to do so in specific circumstances.

F. By choosing to serve, Directors acknowledge and agree that in order to maintain a single voice in NHEC's communications, the President and those answerable to the President to whom such responsibilities have been delegated, are responsible for communicating NHEC's message and Directors are to refrain from communicating for NHEC unless they have been delegated that authority by the Board of Directors.

G. By choosing to serve, Directors acknowledge and agree to follow certain guidelines in their social media site activities, including:

1. Directors will use care when posting information to a social media site, recognizing that some NHEC members or members of the public may perceive the Board member as speaking on behalf of NHEC even if that is not their intention.

2. Directors may not make any posts that reveal confidential Board discussions or proprietary NHEC information.

IV ADHERENCE TO POLICY

The Board Chair will discuss any issue of non-adherence to this policy with the particular Director. Further, by approval of the majority, the Board of Directors may take appropriate action.

V RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-32

TITLE: Capital Credits

ORIGINATION DATE: February 19, 2008

CURRENT REVISION DATE: July 26, 2016

REAFFIRMED: December 19, 2017

AUTHORIZED: Joan Aubrey
Secretary, Board of Directors

I OJECTIVE

The objective of this Capital Credits Policy ("Policy") is to state the general policy of New Hampshire Electric Cooperative, Inc. (NHEC) for allocating and retiring capital credits.

II POLICY

NHEC shall allocate and retire capital credits in a manner that: (1) is consistent with state and federal law; (2) is consistent with operating on a cooperative basis under federal tax law; (3) is fair and reasonable to NHEC's patrons and former patrons; (4) provides NHEC with sufficient equity and capital to operate effectively and efficiently; and (5) protects NHEC's financial condition. Subject to applicable law and mortgage covenants, NHEC's articles of incorporation, and bylaws, the allocation and retirement of capital credits are at the sole discretion of NHEC's Board of Directors ("Board").

III EXPECTATIONS

A. **Board Approval.** NHEC shall allocate and retire capital credits according to the manner and method provided for in Article VIII, Section 2 of NHEC's Bylaws and according to the timing, and in the amounts approved by the Board.

B. **General Capital Credits Retirements.** NHEC's objective is to reach 50% equity before considering retiring capital credits. While the Board may approve the retirement of capital credits before NHEC reaches the 50% goal, in no case will retirement of capital credits be considered before NHEC has reached 40% equity (and remains at 40%, post retirement) and it is financially responsible to do so. Capital credits will generally be retired or paid out in November.

C. **Special Capital Credits Retirements.** After NHEC has established a periodic schedule for general capital credits retirements and has begun making such retirements, NHEC: (1) may specially retire capital credits upon the death of an individual patron or former patron; (2) may not specially retire capital credits upon the dissolution, liquidation, or cessation of existence of an entity patron or former

patron; (3) may not specially retire capital credits upon the reorganization, merger, or consolidation of any entity patron or former patron; (4) may not specially retire capital credits upon a former patron reaching a certain age; (5) may not specially retire capital credits upon a patron becoming a former patron.

D. **Early General Capital Credits Retirements.** NHEC may not generally retire capital credits before the time it anticipates normally retiring capital credits. Retirements will be made according to a Board approved schedule.

E. **Discounted Special Capital Credits Retirements.** Notwithstanding the limitations in paragraph C. above, the Board at its discretion may at any time retire, on a discounted basis, capital credited to any member prior to the time such capital would otherwise be retired under the provisions of the bylaws for the purpose of the offsetting of any unpaid debts owed to NHEC by such member. For capital credits specially retired before the time NHEC anticipated normally retiring the capital credits, NHEC may pay the discounted, net present value of the capital credits.

F. **Recoupment.** After allocation, capital credits to be paid to a patron or former patron, NHEC may be paid in whole or in part by recoupment or offset of any enforceable debt owed to NHEC by the patron or former patron.

IV LIMITATIONS

A. **Forfeiture of Capital Credits.** NHEC shall not enter contracts through which a patron or former patron forfeits the right to the allocation or retirement of capital credits. NHEC shall not require any patron or former patron to forfeit the right to the allocation or retirement of capital credits.

B. **Patron Classes.** As reasonable and fair, and as approved by the Board, NHEC may allocate or retire capital credits to classes of similarly situated patrons or former patrons under different manners, methods, timing, and amounts, provided NHEC allocates and retires capital credits to similarly situated patrons and former patrons under the same manner, method, timing and amount.

C. **Separate Allocations and Retirements.** NHEC may separately identify and allocate to patrons capital credits and similar amounts allocated to NHEC by an entity in which NHEC is a member, patron, or owner. NHEC may retire these separately identified and allocated capital credits only after the entity retires and pay the amounts to NHEC.

D. **Notice of Allocation.** Within six (6) months following a fiscal year, NHEC shall notify each patron in writing of the amount of capital credits allocated to the patron for the preceding fiscal year through a written notice stating the dollar amount allocated.

E. **Adverse Financial Impact.** NHEC shall not retire any capital credits unless the Board first determines the retirement will not adversely impact NHEC's financial condition and/or place loan covenants in jeopardy.

F. **Request and Agreement for Special Retirement.** NHEC may specially retire capital credits upon the death of a patron or former patron only upon receiving a

written request from the appropriate legal representative, and only under terms and conditions agreed upon by NHEC and the appropriate legal representative. As stated in Section III. E above, NHEC may pay the discounted, net present value of the capital credits.

G. **Discount Rate.** If NHEC retires capital credits before the time anticipated to normally retire the capital credits and pays the discounted, net present value of the capital credits, then NHEC shall use a discount rate equaling NHEC's cost of debt.

H. **Minimum Amount.** NHEC shall not retire and pay capital credits in an amount less than five dollars ($5.00), unless the retirement and payment is for all remaining capital credits allocated to a former patron.

I. **Payment and Notice of Retirement.** After NHEC retires capital credits allocated to a patron or former patron, NHEC shall pay the retired amount by sending a check for the amount to the patron's/former patron's most current address listed on NHEC's records.

J. **Unclaimed Capital Credits.** If a patron or former patron fails to claim the retired capital credits amount within five (5) years, then NHEC shall send a notice via 1st class mail to the patron or former patron's most current address listed on NHEC's records and publish notice in a newspaper of general circulation in NHEC's primary location. NHEC shall take any other action required by law, and may use the amount as permitted under RSA 301-A:28-a.

V RESPONSIBILITY

A. **Implementation of Policy.** The President/CEO is responsible for implementing this Policy and for developing the practices and procedures necessary to allocate and retire capital credits according to this Policy.

B. **Recommendations to Board.** The President/CEO is responsible for: (1) recommending to the Board the manner, method, timing, and amount for allocating and retiring capital credits; and (2) when in the best interest of NHEC and its patrons and former patrons, recommending to the Board revisions to this Policy.

C. **Review and Approval by Board.** The Board is responsible for: (1) reviewing, discussing, and evaluating the President/CEO's recommendations regarding the manner, method, timing and amount for allocating and retiring capital credits; (2) approving the manner, method, timing and amount for allocating and retiring capital credits; (3) reviewing, discussing, and evaluating this Policy every year; (4) reviewing, discussing, and evaluating the President/CEO's recommendations for revising this Policy; and (5) revising this Policy.

D. **Compliance with Policy**. The Board is responsible for NHEC's compliance with this Policy.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-33

TITLE: Equity Management

ORIGINATION DATE: July 30, 2013

REAFFIRMED:
December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

To set forth policy relating to management of NHEC's equity, including its role in the long-term financing of facilities, as well as periodic rotation of patronage capital returns.

II OBJECTIVES

A. Equity Management Considerations

i. Development and implementation of this Board's plan to manage NHEC's equity will take into account any relevant economic, strategic, regulatory and other considerations including:

1. NHEC's growth prospects and need for utility plant financing and its expected debt service earnings coverage capacity.

2. Its rate competitiveness, including factors such as the need to accumulate equity or reduce members' effective costs by returning their capital as patronage dividends.

3. Legal, tax and other regulations, and accounting principles.

B. Approval of Equity Management Plan

As part of the budgetary process, NHEC management will annually prepare and update its equity management plan, including the following elements:

i. A range of forecasted growth rates in total capitalization of NHEC, based upon expected increases in memberships and revenues.

ii. Estimated debt financing requirements and their blended costs.

iii. Goals for debt service coverage, from earnings and debt/equity ratio, over the forecast period.

iv. A capital credit rotation cycle.

v. Balance sheet equity goals.

C. Monitoring and Correction of Equity Management

Management shall be held accountable for achievement of NHEC's equity management plan, as approved by the Board, and will routinely report on progress toward its objectives, as well as opportunities to improve NHEC's plans and this policy.

III RESPONSIBILITY

The Chief Executive Officer is responsible for the execution of this policy.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-34

TITLE: Record Retention and Destruction Policy

ORIGINATION DATE: September 30, 2008

CURRENT REVISION DATE: July 25, 2017

AUTHORIZED:

Secretary, Board of Directors

I. GOALS

A. To provide a process that ensures compliance with the proper retention, protection and timely destruction of all records created or obtained by, or otherwise in the possession and control of, New Hampshire Electric Cooperative Inc. (NHEC), whether paper or electronic, that are necessary, required, or advisable to retain, or to dispose of, pursuant to this Policy and NHEC'S Record Retention Guideline.

B. To define how electronically stored information, including, but not limited to, e-mail, voicemail, text messaging, personal digital assistants and other temporary communications; and metadata from documents and systems such as: network, internet and/or badge security systems are used or accessed within NHEC so as to determine what will qualify as a business record and require a specific retention period.

C. To define that records retained include, but are not limited to, those concerning: organizational and corporate governance matters; business operations, employment matters, membership matters; accounting, audit, tax and financial matters; and compliance with all applicable federal and state laws, rules, and regulations.

D. To utilize record management technologies and retention strategies and to assess storage needs and capabilities for purposes of increasing the efficiency of NHEC operations, as well as enhance record security and safeguards.

II. OBJECTIVES

The objectives of this policy include:

A. Maintain record retention guidelines which meet or exceed the Code of Federal Regulations, CFR18, Part 125.2, along with other state and federal laws, rules and regulations, as applicable. Other records, which are not covered by these, shall be destroyed in accordance with this Policy and NHEC's Record Retention Guidelines.

B. Define the necessity or useful life of records (paper or electronic), taking into consideration:

- Records required to be kept by applicable federal and state laws rules and regulations;
- Records necessary to document NHEC compliance with applicable federal, state or local laws, rules and regulations;
- Records related to extraordinary events which should be retained, including, but not limited to, documents relating to litigation or governmental investigation(s); and
- Records critical to the operation of the business or necessary for any reasonable and necessary business objective.

C. Define what electronically stored information qualifies as a record of NHEC and will be necessary or advisable to retain according to NHEC's Record Retention Guidelines, taking into consideration:

- Business communications with external parties, including, but not limited to, potential or current or past members of NHEC; contractors; vendors; regulatory bodies; and business partners; and
- Any information about or to employees concerning: time, benefits, pay, safety and security.

D. Ensure the security of electronically stored records and preserve the rights of individuals and the confidentiality of NHEC by establishing defined levels of security, proper safeguards and record access.

E. Maintain an ongoing record that details the destruction of records.

F. Respond appropriately to any pending or potential litigation, governmental investigation and other circumstances which may require a "stop", suspension or litigation hold of regularly scheduled destruction of relevant records. Relevant employees will be promptly notified of any such "stop" by the President/CEO, or designee or Records Custodians.

G. Amend NHEC's Record Retention Guideline in the event that NHEC becomes aware of requirements which may supersede the established Guideline.

H. Provide reasonable protection for records from damage by fire, floods, and other hazards, including excessive humidity, dryness, or lack of proper ventilation.

I. Select a storage media that will meet CFR regulations, using the following guidelines:

1. The storage media shall have a life expectancy at least equal to the applicable retention period provided for in the guideline, unless there is a quality transfer from one media to another with no loss of data. Each transfer of data from one media to another should be verified for accuracy and documentation.

2. Internal control procedures shall be developed that assure reliability of, and ready access to, data stored on machine-readable media and reproduced documents will be in a readable form without loss of clarity.

3. Records shall be indexed and retained in such a manner that they are easily accessible in accordance with this Policy and NHEC Record Retention Guidelines.

4. Although NHEC discourages the practice of retaining records in multiple media formats, if computer generated records are also printed and stored in hard copy format, then the Records Custodians shall be responsible for ensuring that all duplicative record retention be destroyed after the expiration of the required retention period.

J. Precautions are to be taken to destroy the legibility of records that are confidential and protected by law. Confidential records may include employee payroll and other personnel records, corporate records and correspondence. These records will be destroyed by shredding, burning or other equivalent means.

III. RESPONSIBILITY

A. The Board hereby authorizes the President/CEO to delegate authority to the Financial Services Supervisor and the Information Technology Manager (the "Records Custodians") to put in place the procedures necessary to effectuate this policy. Questions about the policy should be directed to the President/CEO or Records Custodians.

B. The Board understands that NHEC's Record Retention Guideline requires continual review and updates as the applicable laws, rules and regulations, as well as the demands of NHEC change over time. Everyone within and even those outside of NHEC have specific responsibilities with regard to the implementation of this Policy and the associated Guideline. In addition to the authority granted to the Records Custodians, the Records Custodians shall be responsible for monitoring compliance and periodically reviewing the Guideline for further enhancements or modifications. NHEC reserves the right to revise the Policy and Guideline at its sole and absolute discretion. If and when provisions are changed, NHEC will distribute replacement pages for those that have become outdated.

IV. COMPLIANCE

A. NHEC records are the exclusive property of NHEC and not the property of the author or custodian of those records. No employee has any personal or property right to the records of NHEC including those records that the employee helped develop or compile.

B. The intent of this policy is that each employee, officer, director and agent of NHEC is required to comply with the Policy. Should any employee, officer, director or agent of NHEC become aware of information indicating that a person responsible for the retention or destruction of records is not in compliance with this policy, such information shall be promptly reported to the Records Custodians. Failure to comply with the Policy may result in disciplinary action, up to and including termination of employment, whether disciplinary action will be imposed and, if so, to what extent will be determined by NHEC in its sole discretion.

V. LITIGATION HOLD

Once NHEC or its legal counsel reasonably foresees that litigation will ensue on a matter, the Board hereby directs the Records Custodians to make certain that all sources of potentially relevant information be identified and placed on "hold", so as not to be destroyed. In order to meet NHEC's preservation duties, once NHEC or its legal counsel determines a need for a litigation hold, the Record Custodians will be informed by legal counsel to cease all destruction procedures relating to relevant documents and information. Until instructed otherwise by legal counsel, all destruction and disposal of relevant NHEC records must cease.

VI. PRIOR POLICIES/PROCEDURES

This Policy shall supersede and replace any and all policies, procedures, and practices of NHEC that relate to the retention and/or destruction of all records of NHEC unless otherwise specifically referenced herein.

This policy will be reviewed at least once annually by the Audit Committee.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-35

TITLE: Energy Efficient Cooperative

ORIGINATION DATE: February 24, 2009

CURRENT REVISION DATE: December 1, 2015

REAFFIRMED: November 28, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

A. To adopt energy efficiency and sustainability to the fullest extent possible, consistent with budgetary constraints, cost/benefit analysis and technology/innovation opportunities.

B. To prioritize practices and programs that address resource use for NHEC facilities, distribution assets, transportation and equipment including reduction in energy consumption and positive environmental impacts.

C. To maximize resource efficiency during construction and the life cycle of facilities, distribution assets; minimizing or eliminating, to the extent possible, supporting the generation or production of toxic materials.

II OBJECTIVES

The objectives of this policy include:

A. To develop sustainable building practices for NHEC facilities in support of our commitment to environmental, economic and social responsibility.

B. To develop a sustainable building program that integrates building materials and methods that promote environmental quality, economic vitality and social benefits through the design, construction and operation of NHEC facilities.

C. Ensure NHEC's sustainable building program encompasses the efficient use and management of energy, water and material resources and responsible waste management, to achieve protection of environmental quality, of health and indoor air quality and of the ecosystem.

D. To reduce overall energy consumption at NHEC owned (or leased) facilities.

E. All new construction and major renovations must strive to meet the United States Green Building Council's Leadership in Energy & Environmental Design ("LEED"), or the most recent version, to achieve maximum energy efficiency and environmental sustainability, provided this can be accomplished on a cost-effective basis, considering construction and operating costs over the life cycle of the building being constructed or expanded.

F. Utilize a variety of conservation, demand response, energy efficiency and renewable energy strategies to:

   i. Install energy efficient equipment;

   ii. Purchase energy efficient products;

   iii. Increase energy conservation by employees;

   iv. Procure renewable energy;

   v. Use bio-based and other alternative fuels whenever feasible;

   vi. Purchase renewable energy certificates; and

   vii. Install Demand Response Equipment

G. Purchase only energy-consuming devices including but not limited to computers, monitors, copiers, printers, air conditioners, appliances and other equipment that meet or exceed the Energy Star or comparable standards established by the U.S. Federal Government, and to operate these devices in a manner that maximizes their energy efficiency features.

H. All new construction or major renovation of NHEC facilities shall be energy and water efficient, conserve the use of resources and provide healthy and productive spaces for employees, members and visitors.

I. Whenever new construction is required, NHEC shall establish and incorporate energy performance criteria consistent with this policy.

J. NHEC shall make every effort to reduce overall water use and increase water use efficiency to the maximum extent possible.

K. NHEC shall incorporate low impact development techniques wherever possible, including use of natural landscaping, permeable pavement and native and drought resistant vegetation to prevent run-off and ensure rainwater infiltration into the groundwater.

L. NHEC staff is to analyze and consider use of innovative technologies wherever possible, either on a pilot or long-term basis when such technologies can demonstrate environmental and financial benefits.

M. Purchase vehicles that have the highest available fuel efficiency in each respective vehicle class (e.g., passenger cars, light duty trucks, etc.) consistent with performance specifications in NHEC's fleet program. Vehicles that meet high fuel economy standards and provide lower total overall emissions of greenhouse gases, criteria pollutants and hazardous air contaminants shall be given higher value in the purchasing process.

N. NHEC shall increase its purchase of energy generated from wind, solar thermal, solar photovoltaics, biomass, geothermal, methane waste and fuel cells as feasible.

O. NHEC shall minimize the waste generated by its operations and purchases and ensure its waste is correctly disposed of to protect the environment. NHEC shall ensure its waste is handled safely and within the law from production to final disposal. This shall include:

   i. Minimizing waste generation at the source and facilitating repair, reuse and recycling over the disposal of wastes, where appropriate;

   ii. Promoting environmental awareness, internally and externally, to increase and encourage waste minimization, reuse and recycling;

   iii. Ensuring the safe handling and storage of waste at NHEC facilities;

   iv. Preventing the escape of waste (leaking, blowing away, etc.); and

   v. Ensuring waste is transferred only to authorized entities.

III. RESPONSIBILITY

A. The President/CEO is responsible for seeing that the requirements of this policy are carried out.

B. The Member Solutions Committee shall review this policy annually.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-36

TITLE: President Succession

ORIGINATION DATE: December 28 , 2010

CURRENT REVISION DATE: December 29, 2015

REAFFIRMED: December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

PLANNED DEPARTURE

I GOALS

To provide for a smooth transition when the President signals his/her intent for a planned departure, the Board of Directors should become actively involved in the development of a plan for the expected President transition. The Executive Committee of the Board of Directors should, therefore, lead the Board of Directors through an assessment of the following aspects of President and senior management succession planning:

A. Analysis - understanding of key business issues and the leadership skills needed to direct the organization into the future

B. Development - identification of internal and external sources of potential successors and opportunities to engage with them

C. Selection - development of a strategy for recruiting President candidates

D. Communication - ensuring communication throughout the President transition period

E. Transition - facilitating a smooth leadership transition

II OBJECTIVES

A. The Executive Committee will:

1. Analyze - Identify the most significant challenges NHEC and the rural electric industry are expected to face over the next three to five years, and the skills and experiences the President will need to lead NHEC past those hurdles; integrate this process with the strategic business planning process; determine future key President position requirements and operational criteria; and ensure the Board

of Directors has a full understanding of the role of the President by reviewing the job description, including leadership competencies that are essential for any President as well as those unique to NHEC.

2. Develop - Direct the President to identify and develop skills of any internal candidates to be considered.
3. Select - Determine an approach to replacing the President prior to a planned departure. For example, consider using an outside executive recruiting firm (estimate time-to-fill, i.e., 6 to 12 months). Assess the strengths and weaknesses of the organization to ensure replacement has necessary skills and full understanding of the status of the organization. Benchmark any candidate against the future needs of the organization and the industry. Candidates might give presentations to the Board of Directors to describe their vision for the next five years. For internal candidates, these visions would combine with the employees' performance, readiness and fit for the role.
4. Transition – Establish a framework for a transition timeline. The beginning of a new President's tenure is crucial. Assuming responsibilities from the out-going President, agreeing on a plan of organizational objectives with the Board of Directors, and developing relationships are a few of the mileposts that mark this process. The Executive Committee can assist the new President by conducting frequent meetings to revisit organizational goals and expectations, and to share insights, guidance, and feedback. Establishing an approach to President succession planning will enhance the organization's ability to smoothly transition to new leadership when the time comes.

B. The Board will:

Communicate - Establish a communication plan to use throughout the President search. Considerations should include identification of key stakeholders: members, employees, NRECA, CFC and national organizations, etc. Determination of how frequently communication should be made: start of search, periodic updates, identification of successor, etc. Develop a plan for press releases and other required disclosures.

UNPLANNED DEPARTURE

I GOALS

An unplanned change in executive leadership can be a very challenging time. Therefore, it is the practice of NHEC to be prepared for an unplanned change in leadership to insure the stability and accountability of the organization until such time as new permanent leadership is identified. It is also the practice of the Board of Directors to assess the permanent leadership needs of NHEC to help insure the selection of a qualified and capable leader who is representative of the industry, a good fit for NHEC's purpose, vision, mission, values, and who has the necessary skills for the role. To insure NHEC's operations are not interrupted while the Board of Directors assesses the leadership needs and recruits a permanent President, the Board of Directors will appoint interim executive leadership as described below. The

interim President shall ensure that NHEC continues to operate without disruption and that all organizational commitments previously made are appropriately executed.

II OBJECTIVES

A. Upon notification that the President is no longer able to serve in this position, the Chair of the Board shall immediately convene a conference call of the Board of Directors to discuss and implement this policy.

B. The Executive Committee of the Board of Directors within 5 days of the event will appoint an "Acting President". The Board of Directors will discuss annually at the Strategic Planning Meeting their prioritization of Senior Management to be appointed as "Acting President". Within 20 days of the event the Executive Committee will convene a meeting of the Board of Directors to appoint an "Interim President" from either internal or external sources and determine the Interim President's contract terms, compensation and delegated authority.

C. The Executive Committee will be responsible for communicating with key stakeholders regarding actions taken by the Board of Directors in naming an interim President, approval of press releases and implementing the succession policy. NHEC will develop and maintain a current list of key stakeholders who must be contacted.

D. The Board of Directors should then follow the President Succession Planned Departure outlined above and follow the steps under the Analysis, Selection, Development and Transition sections.

III RESPONSIBILITY

The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-37

TITLE: Safeguarding Member Information

ORIGINATION DATE: February 28, 2012

CURRENT REVISION DATE: July 25, 2017

AUTHORIZED:

Secretary, Board of Directors

I. INTRODUCTION

A. This policy sets forth the information security policy for New Hampshire Electric Cooperative, Inc. (NHEC).

The Board of Directors (the "Board") is responsible for setting policies in order to safeguard private information pertaining to members of NHEC.

II. OBJECTIVES

A. The general objective of this policy is to define the specific goals and requirements of an Information Security Program that ensures the confidentiality, integrity, and availability of members' personal and private information, the records of which are owned by NHEC.

III. SPECIFIC GOALS

A. Security of NHEC Information Systems Program shall:

1. Meet or exceed all required regulatory and legal information security standards.
2. Include periodic risk assessments and audits.
3. Include adequate security technologies necessary to protect all information systems.

B. Disclosure of NHEC Information

1. NHEC's Information Security Program documents a process by which NHEC will respond to information requests made by members.

2. NHEC's Information Security Program documents a process by which NHEC will respond to information requests made by non-members; including courts, governmental offices, agencies, or representatives and parties participating in proceedings before such courts, offices, agencies or representatives ("the Government"), in compliance with Federal and State laws.

IV. REQUIREMENTS

A. NHEC Information Security Program shall include, at a minimum, the following security components:

1. Network Firewalls
2. Centralized Log Management
3. Security Event and Information Management
4. Intrusion Prevention
5. Data Loss Prevention
6. Vulnerability Scanning
7. Patch Management

B. NHEC's Information Security Program shall include, at a minimum, the following steps to ensure the confidentiality, integrity, and availability of members' personal and private information:

1. All requests for information shall be handled by the President/CEO or the President's designated representative.

2. Subject to the limited exceptions listed below, requests for billing, credit or other personal information of any member account will not be released without prior consent of the member. Whenever information is disclosed pursuant to the exceptions listed below, NHEC will take reasonable measures to limit the amount and scope of such disclosure. The following are exceptions to this disclosure restriction:

   a. The sharing of such information with a group consisting of other utility type organizations for the purpose of establishing and maintaining a common data base of billing history for exclusive sections of those organizations only; and/or,

   b. The disclosure of such information to, or pursuant to an order from, the Government, where NHEC believes, after consultation with legal counsel, that the Government may lawfully require such disclosure, regardless of whether or not the Government has pursued or exhausted all avenues to compel such disclosure.

3. The membership list shall not be made available to any person(s) or any political or business organization for solicitation purposes unless specifically authorized by the Board of Directors.

4. Subject to the preceding disclosure restrictions, NHEC shall respond timely to the information requests of members. Such responses shall take into account NHEC's various responsibilities recognized above, and may reflect limitations on public disclosure consistent with those pertaining to the conduct of executive sessions. NHEC may also take into account the impact upon NHEC's human, financial and technical resources when determining the timing, manner and scope of such responses.

5. Whenever commercial, financial or personal information is disclosed, NHEC will take reasonable measures to limit the amount and scope of such disclosure. Where such information has been acquired by NHEC subject to a confidentiality or non-disclosure agreement, NHEC may condition its disclosure, if any, upon the receiving party's execution of an appropriate confidentiality or non-disclosure agreement.

6. To the extent practical, costs associated with duplicating records and other costs involved in providing information shall be borne by those making the request.

7. To ensure consistent and accurate information is made available to the public or news media all releases of information shall be approved by the President/CEO, or the President/CEO's designated representative.

8. After legal review, non-specific information in aggregate may be provided.

V. RESPONSIBILITY

A. The President/CEO or a designated representative is responsible for ensuring this policy is followed.

B. The Audit Committee is responsible for the annual review of this policy with the Board of Directors.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-38

TITLE: Director Electric Accounts

ORIGINATION DATE: June 26, 2012

DATE REAFFIRMED: December 19, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

To clearly define the bylaw requirement that states "No member who, during the twelve (12) months preceding nomination or appointment or at any time during incumbency, becomes delinquent in payments owed to the NHEC or refuses to fulfill any other membership obligation shall be eligible to become or remain a director".

II OBJECTIVES

A. Each director and all potential director candidates are required to ensure that they not become delinquent in payments owed to NHEC at any time during incumbency. An account is considered delinquent when not paid in full prior to issuance of the subsequent electric bill. This does not include a late payment associated with a transactional error or other unforeseen circumstances that are corrected within two business days after notification.

B. To ensure that payments are received on time, directors and all potential director candidates are encouraged to take advantage of the automatic payment option, which is available to all members. Arrangements can be made on-line or through Member Solutions for deductions to be taken from a checking account or charged to a credit card.

C. Director electric accounts will be monitored to ensure compliance with NHEC's bylaw requirement.

D. If a director's electric account becomes delinquent, the director along with the Board Chair shall be notified.

E. A copy of this policy will be provided to all director candidates.

II. RESPONSIBILITY

A. The Chair of the Board together with the President is responsible for ensuring the provisions of this policy are carried out.

B. The Executive Committee is responsible for the annual review of this policy with the Board of Directors.

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NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

BOARD OF DIRECTORS

Board Policy No. B-39

TITLE: Member Electrical Usage Data

ORIGINATION DATE: August 27, 2013

CURRENT REVISION DATE: August 27, 2013

REAFFIRMED: November 28, 2017

AUTHORIZED:

Secretary, Board of Directors

I GOALS

A. To provide a policy governing the character of member-specific electrical usage data which NHEC will not measure, collect or record without additional member-specific authorization.

II OBJECTIVES

A. **Necessary Data** - It is the policy of NHEC to create, maintain and operate electric metering, communications and data management facilities and systems so as to provide NHEC with the quality and quantity of timely, accurate and secure data concerning member electrical usage and distribution system performance necessary to support NHEC's purpose, vision, mission and values, as expressed in Board Policy B-1.

B. **Member Education and Participation -** It is the policy of NHEC to create, maintain and operate electric metering, communications and data management facilities and systems so as to make available to members the quality and quantity of timely, accurate and secure data concerning their own electrical usage which will provide members with information which empowers them to understand and voluntarily participate in the management of that usage.

C. **Optional Data and Programs –** It is the policy of NHEC that no member-specific electrical usage data which identifies, monitors, measures or records the electrical usage of individual electrical appliances or devices within a member's premises shall be collected or recorded without that member's express authorization. It is also the Policy of NHEC that it shall not implement any member-specific electrical usage management or control programs with respect to any member without that member's express authorization.

D. **Safeguarding of Usage Data** – All member-specific electrical usage data shall be subject to NHEC's policy regarding the safeguard of information, as expressed in Board Policy B-13.

III RESPONSIBILITY

A. The President/CEO is responsible for ensuring this policy is followed.

B. The Member Solutions Committee shall review this policy annually.

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

AUDIT COMMITTEE CHARTER

The Board of Directors ("Board") of New Hampshire Electric Cooperative, Inc. ("NHEC") has determined that an Audit Committee of the Board shall assist the Board in fulfilling certain Board oversight responsibilities. That assistance includes scrutiny of NHEC's financial reporting process, systems of internal accounting and financial controls, code of ethics compliance, engagement of independent auditors, and record retention policies. It shall also include oversight of the information systems security program which shall ensure secured access to all of NHEC's technology systems, including information systems, communications systems, and control systems, as well as the confidentiality, integrity and availability of all corporate and member data/information, and such other functions as the Board may delegate to the Committee. The Audit Committee has adopted this charter to establish the governing principles of the Audit Committee ("Committee").

I. General Statement of Purpose

The primary function of the Committee is to serve as an independent and objective party to assist the Board in fulfilling its oversight responsibilities, except those that are specifically related to the responsibilities of another committee of the Board, by overseeing and monitoring:

1. The quality and objectivity of annual financial reports provided by NHEC to members and the public.

2. The NHEC's system of internal controls regarding financial reporting, finance and accounting.

3. The NHEC's system of internal controls ensuring both the physical and logical security of all of NHEC's information, communications and control systems.

4. The responsibilities and independence of NHEC's Risk & Compliance Executive.

5. The independence and performance of NHEC's independent auditors.

6. Compliance with the NHEC's Statement on Ethics including review of any compliance complaints and corrective actions taken.

II. Committee Membership

The Committee shall be comprised of three or more directors as determined by the Board, each of whom:

Revised: July 21, 2014
Reaffirmed: November 29, 2016

1. Shall be an independent director, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

2. Shall be or shall become (within a reasonable period of time after his or her appointment) "financially literate," as such qualification is interpreted by the Board.

The Board Chairperson shall annually appoint the members and Chairperson of the Committee.

III. Responsibilities and Duties

A. General Responsibilities

The general responsibilities of the Committee shall be as follows:

1. Maintain open communications with the independent auditors, NHEC executives and the Board.

2. Review and reassess the adequacy of the Committee's charter and the Board's Audit Policy at least annually and recommend any changes to the Board.

3. Take any other actions required of the Committee by law, applicable regulations, NHEC Bylaws or as required by the Board.

If the Committee deems it necessary or appropriate to arrange for the assistance of independent legal, accounting or other advisors, the Committee Chairperson shall bring the request to the Board in executive session.

B. Responsibilities Regarding the Engagement of the Independent Auditors

Ensure the independence of the independent auditors by:

1. Having the independent auditors deliver to the Committee annually a formal written statement delineating all relationships between the independent auditors and NHEC and addressing at least the matters set forth in Independence Standards Board Standard No. 1; actively engaging in dialogue with the independent auditors about any relationships or services disclosed in such statement that may impact the objectivity and independence of NHEC's independent auditors.

2. Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the annual audit and the audit partner responsible for reviewing the audit.

3. Overseeing NHEC's hiring of current employees or former employees of the independent auditors who participated in any capacity in the audit of NHEC.

C. Responsibilities regarding the Annual Audit of the Financial Statements, and the Information Systems Security Audits.

The Committee will:

1. Inform the independent auditors that they are accountable to the Committee and that they will provide the Committee with timely communications regarding significant financial reporting and internal control issues.

2. Review with management significant risks and exposures identified and management's steps to minimize them.

3. Review with management and the independent auditors, as appropriate:

    a. NHEC's internal controls, including information technology system security controls.
    b. NHEC's significant accounting and information technology policies.
    c. The audited annual financial results before they are made public.
    d. Alternative treatments of financial information within accounting principles generally accepted in the United States of America that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment recommended by the independent auditors.
    e. Significant and/or material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
    f. The results of periodic internal and independent IS security audits.

4. After the completion of the annual financial statement audit, or as needed throughout the year, discuss with management and the independent auditors:

    a. NHEC's annual financial statements and related footnotes, including any adjustments to such statements recommended by the independent auditors.
    b. Any significant findings and recommendations made by the independent auditors with respect to NHEC's financial policies, procedures and internal accounting controls together with management's responses thereto.
    c. The qualitative judgments about the appropriateness and acceptability of accounting principles, financial disclosures and underlying estimates.
    d. Any significant difficulties or disputes with management encountered during the course of the audit.
    e. Any other matters about the audit procedures or findings that Generally Accepted Auditing Standards require the auditors to discuss with the Committee.

f. The type of opinion the independent auditors propose to render to the Board and the Committee and NHEC Members.

5. After the completion of the annual Information Technology Service Organization Controls (SOC) audit, or as needed throughout the year, discuss with management and the auditors any significant findings and recommendations made by the auditors to improve:
    a. the security of NHEC's information, communications and control systems; and
    b. the confidentiality, integrity and availability of corporate and member data/information.

6. Report to the full Board with regard to audit reports it has reviewed and accepted.

D. Responsibilities for Compliance Oversight

The Committee shall establish procedures for (1) the receipt, retention and treatment of complaints received by NHEC regarding accounting, internal accounting controls, or auditing matters and (2) the confidential, anonymous submission by employees of NHEC of concerns regarding questionable accounting or auditing matters. The Committee may review and reassess the adequacy of these procedures periodically and adopt any changes to such procedures that the Committee deems necessary and appropriate.

The Committee will:

1. Review NHEC's IRS Form 990 filing prior to submittal; The Audit Chair or Treasurer is designated to sign the completed 990 on behalf of NHEC.
2. Periodically evaluate NHEC's Code of Conduct, Ethics, Conflict of Interest, Information Security and Risk Management policies to ensure they are adequate.

E. Reporting

1. Regularly report to the Board about Committee activities, issues and related recommendations.

2. Report annually to NHEC membership describing the Committee's composition, responsibilities and how they were discharged, and any other information that may be required.

IV. Independent Auditor and Management Responsibilities

Notwithstanding the responsibilities and powers of the Committee set forth in this Charter, the Committee does not have the responsibility of planning or conducting audits of NHEC's financial statements or determining whether NHEC's financial statements are prepared in accordance with accounting principles generally accepted in the United States

of America; such responsibilities are the duty of management and issuing an opinion or audit report on the financial statements is the independent auditor's responsibility. In addition, it is not the duty of the Committee to conduct investigations or to assure compliance with laws and regulations of NHEC's code of conduct.

V. Meetings

The Committee will meet at least three (3) times each year, or more frequently as circumstances require, either in person or telephonically. The Chairperson of the Committee may call a Committee meeting whenever deemed necessary and shall be responsible for meeting with the independent auditors at their request to discuss any matters. The Committee may request any officer or employee of NHEC or NHEC's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

This charter will be reviewed at least once annually by the Audit Committee.

Revised: July 21, 2014
Reaffirmed: November 29, 2016