

# Board Policy Manual



March 26, 2024

**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:** August 30, 2022

**REAFFIRMED:**  
September 26, 2023

**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 and broadband services options that support and simplify their lives.

**III. VISION**

Our members will have the energy and broadband services 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.

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**BOARD OF DIRECTORS**

**Board Policy No. B-2**

**TITLE:** Board Committees

**ORIGINATION DATE:** August 30, 1988

**CURRENT REVISION DATE:** August 30, 2022

**REAFFIRMED:**  
September 26, 2023

**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/CEO, 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/CEO 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 a director who the Chair believes to have board experience and expertise that would be helpful in making Executive Committee decisions.
- 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/CEO shall serve as ex-officio members of all standing or special committees, with the President/CEO 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/CEO 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 and may, at the determination of the Board Chair, consist of all directors. The standing committees shall be:
  - 1. Executive
  - 2. Corporate Services
  - 3. Engineering and Operations
  - 4. Member Services
  - 5. Power Resources & Access
  - 6. Audit
- I. 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:** September 26, 2023

**REAFFIRMED:**

**AUTHORIZED:**

  
Secretary, Board of Directors

**I PURPOSE**

The purpose of the Executive Committee is to provide leadership to the Board of Directors and to act on issues between meetings of the full Board of Directors.

**A. GOALS**

To clearly define the functions and authorities of the Executive Committee.

**II FUNCTIONS AND AUTHORITIES:**

1. The Executive Committee meets on a quarterly, or more frequent basis, as needed. In addition to the quarterly meetings, the Executive Committee may act on behalf of the Board of Directors under unusual or emergency situations.
2. The Executive Committee is responsible for conducting research of proposals/issues referred to the Committee by the Board, thoroughly discuss the benefits and/or ramifications of the proposals/issues to New Hampshire Electric Cooperative (NHEC) and bring recommendations to the Board of Directors.
3. The Executive Committee members are responsible to have reviewed the Executive Committee agenda, complete any necessary research and come to the meetings prepared to discuss the issues and the benefits and/or ramifications to NHEC.
4. Conduct the annual performance review of the President/CEO, with the Vice Chair of the Board as lead, and establish that person's salary and benefits, and bring recommendations to the Board of Directors. The addendum to this policy shall be used as a guideline to conduct this review.
5. The Executive Committee will fulfill its duties with regards to President/CEO Succession Planning and President/CEO replacement and transition as set forth in Board Policy No. B-36, President/CEO Succession.
6. Review the NHEC Bylaws, on or before December 31st of each year, and make appropriate recommendations to the Board of Directors.

7. Review all policies, for which it is responsible, annually and make appropriate recommendations to the Board of Directors.
8. Review, with the President/CEO, major or significant changes in NHEC/NHB 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.
9. Review, with the President/CEO, NHEC's processes for strategic planning and strategy development and provide oversight and guidance on continuous improvement of NHEC's strategic planning processes and framework.
10. Review annually and make appropriate recommendations to the Board of Directors on current best governance practices and trends in corporate governance; a set of Governance Guidelines; and standards by which the Board can annually review its own performance.

### **III RESPONSIBILITY**

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

**President/CEO Compensation, Objective Setting & Appraisal Process Guidelines  
Board Policy No. B-2, Attachment A 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/CEO 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/CEO 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/CEO'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/CEO 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-2, Attachment B**

**TITLE:** Corporate Services Committee

**ORIGINATION DATE:** October 25, 1988

**CURRENT REVISION DATE:** September 27, 2022

**REAFFIRMED:** March 26, 2024

**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. Consider the necessity of conducting a Depreciation Study every five years based on recommendation from management.
5. Annually review with the support of management the operating budget, construction work plan (as reviewed by the E&O Committee) and other capital expenditure budgets for recommendation to the full Board for approval.
6. Biennially review with the support of management a schedule of fees and make recommendation to the full Board for approval.
7. Periodically review rates and rate design, as well as substantive changes to the Terms & Conditions, with the support of management and recommend any changes deemed appropriate to the full Board.
8. Annually review NHEC's Signatory Authority listing and recommend appropriate changes to the full Board.
9. Annually review and discuss the miscellaneous and accounts receivable write-offs proposal and make recommendations to the full Board.
10. Annually review and discuss the results of the Annual Physical Inventory and inventory adjustments proposal and make recommendations to the full Board.
11. At least biennially review the Equity Management Plan and recommend appropriate changes 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:**

October 31, 2023

**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 Scorecard (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 Services Committee

**ORIGINATION DATE:** August 24, 2004

**CURRENT REVISION DATE:** October 27, 2020

**REAFFIRMED:**

January 31, 2023

**AUTHORIZED:**

  
Secretary, Board of Directors

**I STATEMENT OF FUNCTIONS AND AUTHORITIES**

The Member Services 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 Services 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 26, 2023

**REAFFIRMED:**

**AUTHORIZED:**

  
Secretary, Board of Directors

**I STATEMENT OF FUNCTIONS AND AUTHORITIES**

The Power Resources & Access Committee shall:

1. Review annually and report to the Board of Directors 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.
2. Review annually and report to the Board of Directors risk management issues and policy related to NHEC's activities in providing for wholesale electricity supply options and related environmental products, and retail access.
3. Review annually and report to the Board of Directors, 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.
4. Review 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.
5. Review and report to the Board of Directors regional wholesale electricity and related renewable products markets and retail access issues which may affect, or be of interest to, NHEC and members.
6. Review and report to the Board of Directors on opportunities from linkages between wholesale electricity supply and load management programs.

**II RESPONSIBILITY**

The Power Resources and Access 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 G**

**TITLE:** Audit Committee

**ORIGINATION DATE:** March 30, 2004

**CURRENT REVISION DATE:** April 25, 2023

**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 Committee Charter and Board policies B-2 Attachment G – Audit Committee, B-28 – Audit Policy, B-29 – Statement on Ethics, B-34 – Record Retention and Destruction Policy, and B-37 – Safeguarding Member Information, 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 Managed Security Service Provider 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 VP Financial Services/CFO, the Managed Security Service Provider and the CIO and take action as appropriate.

**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:** August 30, 2022

**REAFFIRMED:** September 26, 2026

**AUTHORIZED:**   
Secretary, Board of Directors

**I. PURPOSE**

The purpose of the Board is to provide oversight over the activities of New Hampshire Electric Cooperative (NHEC) and to act as a fiduciary on behalf of the members ensuring that the needs of the membership are met.

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:<sup>1</sup>

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.<sup>2</sup> (*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.<sup>2</sup> (*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. Unless specifically stated otherwise, it is understood that the President/CEO will carry out established policies.

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<sup>1</sup> Director Fiduciary Duties, 2005, NRECA Legal Reporting Service, Volume 41, Number 10

<sup>2</sup> Director FAQ: Fiduciary Duties, 2017, National Association of Corporate Directors

2. Be responsible for development of a Strategic Plan in conjunction with NHEC Management.
3. Select the President/CEO and determine salary and salary adjustments. The Board of Directors may, at its discretion, enter into a contract for the services of a President/CEO, 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/CEO the responsibility for executing contracts, 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 deemed granted unless expressly reserved to the Board of Directors.
6. Authorize the execution of union contracts and certain specific contracts and instruments concerning the disposition and acquisition of property and membership in other organizations, as required by Articles X and XII of NHEC's Bylaws.
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/CEO information concerning operation of NHEC and potential issues.
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. Receive the annual performance review and annual salary and benefits of the President/CEO as presented and recommended by the Executive Committee, and, if they are acceptable to the Board, either with or without amendments, approve the performance review and annual salary and benefits as presented or amended.
14. Conduct an annual review of Board Performance, with the Executive Committee being responsible for its accomplishment.
15. Annually review the bylaws and board policies with the President/CEO and General Counsel and consider any revisions.

16. Interact with the staff through the President/CEO.
  17. Be encouraged to take advantage of director training, which will be supported financially within the budget.
  18. 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.
  19. 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/CEO 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.



**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**BOARD OF DIRECTORS**

**Board Policy No. B-3, Attachment A**

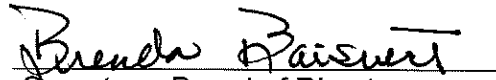
**TITLE:** Nomination, Functions, Authorities and Responsibilities of the Officers of the Board of Directors

**ORIGINATION DATE:** December 19, 2017

**CURRENT REVISION DATE:** February 26, 2019

**REAFFIRMED:**  
September 26, 2023

**AUTHORIZED:**

  
Secretary, Board of Directors

**I. GOALS**

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

**II. OFFICER NOMINATIONS**

Nomination of new officer candidates shall be made at the May meeting of the Board of Directors. Directors, including newly elected Directors, may also nominate officer candidates during the period up to and including the meeting held to elect officers.

**III. 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 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 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 contact information of each member is kept. Contact information includes mailing address, phone number, and may also include e-mail address.
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 by 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.

**IV. RESPONSIBILITY**

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

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**  
**BOARD OF DIRECTORS**  
**BOARD POLICY NO. B-3, ATTACHMENT B**

**TITLE:** Board/Management Communications

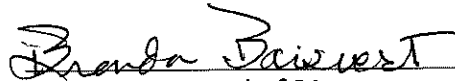
**ORIGINATION DATE:** February 27, 2018

**REAFFIRMED:**

**CURRENT REVISION** March 28, 2023

**DATE:**

**AUTHORIZED:**

  
Secretary, Board of Directors

**I. PURPOSE**

This Board policy is intended to provide guidance to the Board of Directors and management of NHEC to promote transparent communications.

**II. COMMUNICATIONS PRACTICES**

**A. Directives by Board to Management**

Many matters are the topic of discussions by the Board of Directors and its committees during their meetings. A director may request information directly from the CEO during a Board meeting. If it is the Board's intent to direct management to take specific action, the Board Chair shall inform management and that direction shall be reflected in the minutes of the meeting. Normally, it is expected that a direction for management to act on a matter of significance will also be the subject of a vote by the relevant committee or the Board of Directors.

**B. Information Requests to Management**

Generally, when a director is seeking detailed background information, the request should be directed to the CEO. The CEO will then provide the requested information to the full Board.

**C. Information/Data Repository**

NHEC shall maintain an electronic information/data repository accessible only by Board Directors and management. The repository, its content and rules for its use shall be established by management.

**III. RESPONSIBILITY**

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

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**  
**BOARD OF DIRECTORS**  
**Board Policy No. B-4**

**TITLE:** Functions and Authorities of the President/Chief Executive Officer (CEO)

**ORIGINATION DATE:** May 1, 1986

**CURRENT REVISION DATE:** August 30, 2022

**REAFFIRMED:**  
September 26, 2023

**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/CEO.

**II. OBJECTIVES**

The President/CEO 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 broadband, engineering, power supply, finances, public relations, Enterprise Risk Management (ERM), etc.
5. Keep current with legislative issues, both state and federal, and make recommendations to the Board of Directors for policies to be adopted relating to these issues.
6. Formulate with staff an annual work program and budgets to be recommended to the Board of Directors for approval.
7. Periodically study and analyze NHEC's rates and billing and collection regulations to make sure they support current operating budgets and strategies.

8. 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.
9. Select, appoint, transfer, promote and release all employed personnel as needed.
10. Negotiate with the union as required, with the complete contract to be submitted to the Board of Directors for approval, and administer the approved union contract.
11. 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.
12. Consult and coordinate with NHEC's General Counsel as needed to identify, evaluate, analyze, and/or resolve legal issues that arise in the course of business of NHEC and/or its affiliates and subsidiaries.
13. Have authority to employ outside consultants and legal counsel, if necessary, within the approved budget.
14. Have authority to enter into contracts within the amount of the approved budgets and within Board of Director policy.
15. 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.
16. See that employees are trained in accordance with the qualifications and requirements of their positions.
17. Identify and develop skills of individuals for consideration in succession planning.
18. Ensure the continual operation, development, and improvement of appropriate safety programs.
19. Annually review the bylaws and the policy manual with the Board of Directors and General Counsel and consider any needed revisions.
20. Be the connecting link between the Board of Directors and employed personnel.
21. 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.
22. 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.

23. 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.
24. 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.
25. Have authority to move funds as needed in the operating budgets to achieve NHEC's objectives.
26. 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.
27. Identify a current employee of NHEC to act as Acting President/CEO when the President/CEO is temporarily unable to perform the duties of President/CEO. 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-5**

**TITLE:** General Counsel Functions

**ORIGINATION DATE:** February 28, 1989

**CURRENT REVISION**  
**DATE:** October 31, 2023

**REAFFIRMED:**

**AUTHORIZED:**

  
Secretary, Board of Directors

**I GOALS**

- A. To clearly define the functions and authorities of NHEC's General Counsel.
- B. To recognize the need for continuing legal guidance and counsel in the ordinary and special activities of NHEC in order to insure maximum protection of the legal rights of NHEC and to maintain operations within the limits prescribed by law.

**II OBJECTIVES**

- A. The Board of Directors shall provide for engagement of an attorney or law firm of its choosing to serve as General Counsel. Pursuant to a written engagement agreement, the General Counsel shall:
  - 1. Assist the Board of Directors with the calling and holding of regular and special meetings of directors and members, interpretation of the Certificate of Organization and the bylaws, and amendment of the Certificate of Organization and the bylaws.
  - 2. Attend regular and special meetings of the Board of Directors, as requested, where he or she will review and render advice on current and potential legal issues which may be inherent in present or proposed bylaws, policies and actions.
  - 3. Participate, as requested, in planning annual membership meetings relative to notices or other legal technicalities, and attend the meetings, as requested, to advise the Board of Directors on matters related to the legal entity of NHEC.
  - 4. Assist and advise the CEO and senior management as needed to identify, evaluate, analyze, and/or resolve legal issues that arise in the course of NHEC's business.
  - 5. Participate, as requested, in the development and implementation of Enterprise Risk Management and Strategic Planning initiatives and

programs.

6. Review the minutes of regular and special Board of Directors meetings and membership meetings.
  7. Avail himself or herself of every opportunity to remain reasonably familiar with all matters pertaining to the legal requirements of NHEC.
  8. Review recurring contractual relationships to render advice on any changes in the wording of documents that could result in future legal issues, provide legal advice on reports and statements required by regulatory bodies.
  9. Review matters of insurance policy interpretation and applicable coverage and assist in any manner that might prove helpful in areas relating to rates charged for coverage furnished.
  10. Handle drafting of routine contracts, documents and writings and participate in informal conferences with the Public Utilities Commission, the Insurance Department, or other State agencies on general matters as required.
  11. Review the title of all real estate purchases and sales by NHEC and the documents involved in the granting of easements, when necessary.
  12. Review procedures necessary to the borrowing of money by NHEC to determine that all actions and documents are supplied and are legally correct.
  13. Represent NHEC before commissions and courts and the Legislature in the State of New Hampshire. In connection with these activities, he/she shall be responsible for preparation of witnesses, presentation of testimony and general legal research.
  14. Defend NHEC against suits or claims.
  15. Prosecute NHEC's claims against others.
  16. Act in consultation with the President and the Board of Directors when special services are required.
  17. Include provisions in the engagement letter regarding the retention and safeguarding of NHEC documents and information.
- B. The Board of Directors shall conduct an annual review of the General Counsel's performance with input from the President/CEO and Senior Leadership Team.
- C. The Board of Directors, in consultation with the President and NHEC's General Counsel may also retain other or special counsel when it seems appropriate for the provision of special legal services or to avoid conflicts of interest. The General Counsel shall facilitate and coordinate the work of other attorneys representing NHEC and shall keep the Board of Directors informed concerning such work.

### **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:** February 27, 2024

**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 \$900 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 \$450 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 \$250 for each Board Committee meeting attended if the director is a member of the committee. Directors can attend if they are not a member of the Committee, but will not receive any compensation. New Directors to the Board that attend Committee meetings for the first year will receive \$150. The meeting fee will not be paid for more than two meetings in a day. In the case of any given Board Committee, the meeting fee shall not be paid for more than three meetings per week.
- D. Each director who has been appointed as a special committee member by the Board Chair will receive \$250 for attendance of special Board committee meetings. Special Board committees include Ad Hoc Committee, 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. In the case of any given Board Committee, the meeting fee shall not be paid for more than three meetings per week.

- E. Each director shall be paid \$250 for each day required to attend the following functions, including no more than two days for travel:
- Formal new director orientation meetings hosted by NHEC,
  - 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 shall receive an additional \$600 each month, the Treasurer shall receive an additional \$550 each month, the Vice Chair of the Board and Secretary shall each receive an additional \$250 each month, the Assistant Treasurer shall receive an additional \$200 each month, and other Directors serving as Committee Chairs shall receive an additional \$100 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 NHEC electric account location or actual mileage, whichever is less, to and from regular and special directors' meetings, committee meetings, or other official meetings relating directly to NHEC business.
- H. When circumstances necessitate that Board of Directors meetings be held remotely via internet teleconferencing for an extended period, such as caused by a viral pandemic, those Directors who have unreliable internet service available at their residence (e.g. DSL) may be reimbursed for telecommunications equipment (modems, routers or antennas) to enable reliable two-way communications. The Chairman in his sole discretion may decide on the necessity and reasonableness of such reimbursement requests up to a limit of \$1000. Requests exceeding these limits must be reviewed and approved by the NHEC Executive Committee. All equipment purchased will become the property of NHEC.
- I. For travel to conferences and on other NHEC-related business, directors shall be reimbursed for travel by car at the IRS rate or for airfare or other means of travel, except that such reimbursement shall not exceed the cost of economy class air travel (plus the reasonable cost of airport parking and travel to and from the airport) if travel is to a destination outside the New England/New York region.
- J. 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.
- K. Directors may receive cash advances from NHEC to cover expenses when attending meetings in item E above.

- L. Directors traveling on NHEC business shall be reimbursed the actual expense for travel, lodging and meals as follows:
1. The actual costs of commercial carrier (airline, rental car, bus & taxi) - receipt required
  2. The actual cost of tolls - no receipt is required
  3. The actual cost of motel/hotel - credit card or hotel receipt required
  4. The actual cost of meals - receipt required. When meals involve two or more persons, directors must list the full names and purpose of the meeting on the Expense Report.
- M. Cost Containment. Since all money spent by NHEC is members' money, travel and meal expenses should be kept at a reasonable cost. Expenses for upgrades from basic economy travel should generally not be incurred, except for Early Bird Check-in programs with airlines.

**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 and for an annual review of director and officer compensation using the most currently available information from other similar-sized cooperatives and other relevant third party sources.

**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:** January 31, 2023

**AUTHORIZED:**

  
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/CEO or 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 Services Committee for consideration.
2. 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 Board of Directors.
3. 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/CEO or designee and the Board of Directors on a semi-annual basis.
4. If equipment becomes available for donation, NHEC will first determine if its employees are interested in purchasing the equipment for an appropriate value as set by Management. 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 Services 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:** October 27, 2020

**REAFFIRMED:**  
January 25, 2022

**AUTHORIZED:**

  
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 Services 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:**

October 27, 2020

**REAFFIRMED:**

January 31, 2023

**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 Services 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:** March 26, 2024

**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 26, 2023

**REAFFIRMED:**

**AUTHORIZED:**

  
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, and approve and/or confirm the overall strategy of power purchasing proposed by NHEC staff each year;
- 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.

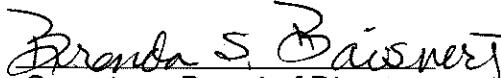
### **III. RESPONSIBILITIES**

The President/CEO 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:** April 25, 2023

**AUTHORIZED:**

  
Secretary, Board of Directors

**A. INTRODUCTION**

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

The Board of Directors (the "Board"), acting through the Audit Committee, 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 ultimate direction and oversight to the Managed Security Service Provider and the VP of Financial Services/CFO. The Managed Security Service Provider will conduct periodic internal information systems security audits and coordinate the annual independent assessment of the Information Technology (IT) security controls, and report the results of these audits/assessments to the Audit Committee after they have been reported to and reviewed by senior management. The Board is also ultimately responsible to ascertain that such audits/assessments 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 the Sarbanes-Oxley Act of 2002, as it may be amended, revised and interpreted, is not applicable to NHEC, the Board and the Committee may choose to adhere to selected components of its provisions.

**B. 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.

### **C. 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 and reported to management by the auditor are addressed by management.

### **D. 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:

- A. NHEC will not extend unsecured credit to the independent auditor's firm or to individuals employed by that firm.
- B. All contact with the independent auditor will be on a contract basis.
- C. At no time will the independent auditor make management decisions.
- D. NHEC and the independent auditing firm will not share any of the same directors or employees.
- E. NHEC will review the lead auditor (e.g., partner, principal, director, etc.) 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 Committee.

## **E. ENTERPRISE RISK MANAGEMENT AND INFORMATION SYSTEMS SECURITY PROGRAMS**

The Committee is responsible for reviewing and providing direction for:

- A. The development and ongoing oversight of a Corporate Cybersecurity 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 Managed Security Service Provider reports directly to the Audit Committee and, for administrative purposes and staff alignment, has a dotted line to the VP of Technology/CIO.
  - The Managed Security Service Provider, who shall report to management as determined by the President/CEO in addition to reporting to the Committee, shall be responsible for:
    - 1. Working with the Information Security Team and the Senior Information Security Compliance Analyst.
    - 2. Providing regular Cybersecurity Status Reports to the Committee.
  - The Senior Information Security Compliance Analyst shall be responsible for:
    - 1. Developing and maintaining the Corporate Cybersecurity Program.
    - 2. Identifying the appropriate Cybersecurity framework and security controls.
    - 3. Developing and coordinating a cybersecurity audit program consisting of both internal audits and external assessments to ensure compliance with the Cybersecurity Program.

- 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 VP of Financial Services/CFO, who shall report to management as determined by the President/CEO in addition to reporting to the Committee, 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.

## **F. 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 and management of NHEC take responsibility for the financial statements of New Hampshire Electric Cooperative, Inc.
- C. The Board 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 and management of NHEC take responsibility for, and review Enterprise Risk Management and Information Systems Security reporting presented by the Managed Security Service Provider and the VP of Financial Services/CFO and will take action as appropriate.
- E. The Committee is responsible for the annual review of this policy.

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**BOARD OF DIRECTORS**

**Board Policy No. B-29**

**TITLE:** Statement on Ethics

**ORIGINATION DATE:** May 24, 2005

**CURRENT REVISION** April 25, 2023

**DATE:**

**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) 1<sup>st</sup> 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, chauffeur, chef, spa/salon services, etc.)
    - g) Personal amusement (e.g., movies, shows, etc.)
- D. NHEC does not make personal loans outside of 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.

#### **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 its website:

- A. Annual IRS Form 990 filing
- B. Annual audited financials



- C. Bylaws and Board 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 or familial status, sex, sexual orientation, age, color, religion, national origin, gender identity, 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, VP of Human Resources and Organizational Development, the President/CEO, the Chair of the Board Audit Committee, or by use of the Employee Reporting System as approved. 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:** October 27, 2020

**REAFFIRMED:** January 25, 2022

**AUTHORIZED:**   
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 Services 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:**

August 30, 2022

**REAFFIRMED:**

September 26, 2023

**AUTHORIZED:**

  
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 New Hampshire Electric Cooperative (NHEC) and the Board of Directors.
- B. Directors understand that they must at all times maintain compliance with each of the Director qualifications required by Article IV Section 2 of the Bylaws.
- C. Directors understand that NHEC is a member-owned organization and that their individual connections to, and engagement with, the members and communities which NHEC serves are important to NHEC's self-governance.
- D. 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.
- E. Directors understand the impact that their comments and decisions can have on colleagues, staff, members, and the community and will act accordingly.
- F. 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.
- G. Directors should strive to be open-minded and keep disagreements on single issues from carrying over into other issues.
- H. Directors should work to understand and respect the concerns and interests of members, employees, and other Directors.
- I. Directors are elected representatives of members and have the right to inform members of their activities and positions on issues that affect the members.

### 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 they shall annually certify to the Board of Directors their continuous and continued satisfaction of all Director qualifications required by Article IV Section 2 of the Bylaws. In addition to this annual certification, Directors agree that they shall promptly inform the Board of Directors and NHEC's General Counsel in the event that they no longer satisfy all Director qualifications or in the event that it may be reasonably perceived that they no longer satisfy all Director qualifications.
- C. By choosing to serve, Directors agree that they shall promptly inform the Board of Directors and NHEC's Executive Services Administrator if there are changes to any of their biographical information used by NHEC or made available to the membership.
- D. 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.
- E. 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 they shall not do so publicly without stating that they are not speaking on behalf of NHEC or its Board of Directors.
- F. 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.
- G. By choosing to serve, Directors acknowledge and agree that in order to maintain a single voice in NHEC communications, the President/CEO and those answerable to the President/CEO 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.
- H. 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:** March 28, 2023

**REAFFIRMED:** March 26, 2024

**AUTHORIZED:**   
Secretary, Board of Directors

## **I OVERVIEW**

Pursuant to state law, federal tax laws applicable to cooperatives and NHEC's Bylaws, New Hampshire Electric Cooperative, Inc. ("NHEC") operates on a non-profit, at cost basis with respect to the furnishing of electric service and other goods and services to its Patrons. To operate on a non-profit, at cost basis, each year NHEC allocates any annual net margins derived from and related to its patronage business activities with its Patrons in a fair and equitable manner on the basis of patronage and then credits amounts so allocated to the individual capital account of each Patron ("capital credit(s)"). Through this capital credits allocation process, Patrons contribute equity that is used by NHEC to create an allocated reserve for meeting its reasonable business needs for, among other things: (1) operation and maintenance of its facilities, (2) annual principal and interest obligations, (3) construction and acquisition of new facilities, and (4) working capital. When, and to the extent that, the NHEC Board of Directors ("the Board") determines, in its sole discretion, that a portion of capital credits may be retired and paid in cash or other property to its current and former Patrons without adversely impacting NHEC's ability to meet its reasonable business needs, capital credits may be retired.

## **II OBJECTIVE**

The objective of this Capital Credits Policy ("Policy") is to state NHEC's policies and principles and establish NHEC's accounting and implementation procedures ("Procedures") for allocating and retiring capital credits.

## **III POLICY GOALS**

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 total capital to operate effectively and efficiently; and (5) protects NHEC's financial condition. Subject to applicable law, mortgage and contract covenants, and NHEC's Articles of Incorporation and Bylaws,



the allocation and retirement of capital credits, with respect to timing, method and amount, shall be at the sole discretion of NHEC's Board of Directors ("Board").

#### IV POLICY PRINCIPLES

- A. **Allocations.** NHEC shall allocate capital credits according to the manner provided for in Article VIII, Section 2 of NHEC's Bylaws and according to the timing, amount, and method approved by the Board, as detailed in Attachment A to this policy.
- B. **Retirements.** NHEC shall retire capital credits according to the manner provided for in Article VIII, Section 2 of NHEC's Bylaws and according to the timing, amount and method approved by the Board, as detailed in Attachments B and C to this policy for general and special retirements, respectively.
- C. **Patrons.** Pursuant to Article VIII of the Bylaws, the term "Patron" refers to any member and non-member alike with regard to the furnishing by NHEC of electric service and other goods and services.
- D. **No Forfeiture of Capital Credits.** NHEC shall not require any Patron or former Patron to forfeit the right to the allocation or retirement of capital credits. Likewise, NHEC shall not enter contracts through which a Patron or former Patron forfeits the right to the allocation or retirement of capital credits.
- 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. Such retirements shall also be subject to any applicable restrictions contained in NHEC's mortgages or loan covenants with the National Rural Utilities Cooperative Finance Corporation (CFC) or any other lender to NHEC and any other contracts to which NHEC is a party.
- F. **Separate Allocations and Retirements of Third-Party Capital Credits.** NHEC may separately identify, allocate, retire, and pay to the Patrons any capital credits and similar amounts allocated to NHEC by an entity in which NHEC is a member, Patron, or owner. If NHEC elects to adopt such sperate allocations and retirements, Attachments A and B shall be revised accordingly.
- G. **Patron Classes.** NHEC may allocate or retire capital credits to various classes of similarly situated Patrons or former Patrons according to different methods, timing, and amounts, in such manner as the Board of Directors from time to time determines to be reasonable and fair, provided that as to the implementation of each such separate, periodic determination, NHEC shall treat then similarly situated Patrons and former Patrons within the same class in a uniform manner.
- H. **Assignment.** Allocated and unretired capital credits of each Patron or former Patron may be assigned only in accordance with the following. Any such assignment shall be binding on NHEC only if NHEC is notified pursuant to written instructions from the assignor and only if such assignment is to (1) successors in interest or (2) successors in occupancy in all or part of premises served by NHEC which received the service that was the basis for accrual of the relevant capital credits.

- I. **Recoupment.** After retiring and before paying capital credits allocated to a Patron or former Patron, NHEC may be paid in whole or in part by recoupment or offset of any amount owed to NHEC by the Patron or former Patron by reducing the amount of retired capital credits paid to the Patron or former Patron by the amount owed.
- J. **Unclaimed Capital Credits.** If a Patron or former Patron fails to claim the retired capital credits amount within five (5) years after that capital credit amount was retired, then NHEC shall send a notice via 1<sup>st</sup> 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 and/or pay over the amount as permitted under RSA 301-A:28-a.

## V POLICY IMPLEMENTATION PROCESS

- A. **Annual Review and Approval by Board.** At least once each Fiscal Year the Board shall: (1) review, discuss, and evaluate that year's recommendations of the President/CEO regarding the manner, method, timing and amount of any allocation and/or retirement of capital credits; (2) approve the manner, method, timing and amount of that year's allocation and/or retirement of capital credits, if any; (3) review, discuss, and evaluate this Policy and its attachments; (4) review, discuss, and evaluate the President/CEO's recommendations for revising this Policy and its attachments, if any; and (5) revise this Policy and its attachments as the Board determines are in the best interest of NHEC and its Patrons and former Patrons.
- B. **Recommendations to Board.** At least once each Fiscal Year the President/CEO shall, consistent with the procedures outlined in Attachments A, B and C: (1) recommend to the Board the manner, method, timing, and amount of that year's allocation and/or retirement of capital credits, if any; and (2) recommend to the Board any revisions to this Policy and its attachments, when such revisions are in the best interest of NHEC and its Patrons and former Patrons.
- C. **Implementation of Policy.** The President/CEO is responsible for implementing this Policy and its attachments and for developing the business systems and practices necessary to allocate and retire capital credits according to this Policy and its attachments.
- D. **Fiscal Year.** The Fiscal Year is NHEC's twelve-month accounting and tax period beginning January 1<sup>st</sup> and ending December 31<sup>st</sup>.

## **Policy No. B-32, Attachment A Procedures for Capital Credit Allocation**

E. **Nonprofit Operation Obligation.** NHEC recognizes its pre-existing legal obligation under Article VIII "Nonprofit Operation" of the Bylaws to furnish electric service and other goods or services to its Patrons on a patronage basis as follows:

1. Electric Service Margins. NHEC shall equitably allocate to each Patron the net earnings (i.e. revenue, income and gains in excess of operating costs, expenses and losses) from and directly related to the retail sale and distribution of electric energy (hereinafter referred to as "Patronage Earnings from Electric Utility Business") for each Fiscal Year. Such equitable allocation shall be made in proportion to the value of such goods and services purchased by the Patron from the Electric Utility Business during the Fiscal Year.

2. Other Goods or Services Margins. In the event that NHEC engages in the business of furnishing goods or services other than electric service, NHEC recognizes its pre-existing legal obligation to provide such other goods or services on a patronage basis to Patrons. Therefore, with respect to the sale and provision of other goods and services, NHEC shall allocate to each Patron net earnings from and directly related to the sale and provision of these other goods and services (hereinafter referred to as "Patronage Earnings from Other Utility Business") for each Fiscal Year in proportion to the value of such other goods and services purchased by the Patron.

F. **Patronage Allocation Units.** For purposes of determining patronage and to recognize differences among patronage business activity types, NHEC shall equitably allocate patronage earnings in two or more separate allocation units – Electric Utility Business and Other Utility Business.

1. Electric Utility Business Allocation Unit. Patronage Earnings from Electric Utility Business is defined as the sum total of (a) the operating margin, (b) capital credits from other cooperatives, (c) any non-operating income or loss derived from or directly related to the furnishing of electric service, and (d) other sources of non-operating margins as may be required by the Bylaws and, if not required by the Bylaws, approved by the Board.

a. Consistent with NHEC's rate structure, Patronage Earnings from Electric Utility Business shall be apportioned pro rata to the Patrons based on the distribution revenue billed for each Patron divided by the total distribution revenue billed for all Patrons and allocated as a credit to the individual capital account of Patrons.

b. To the extent NHEC furnishes the retail sale and distribution of electric energy during the year to large commercial Patrons at a special rate and/or through separate contract, NHEC may use a cost of service study or other reasonable method for determining the net margin contribution produced by

each special rate or contract. If NHEC makes this reasonable determination, the net margin contribution shall then be allocated as a credit to the individual capital account of such Patrons. Patronage Earnings from Electric Utility Business remaining are then allocated to all other Patrons in accordance with paragraph B.1.a.

2. Other Utility Business Allocation Unit. For each separate other utility business, Patronage Earnings from Other Utility Business is the sum total of (a) the operating margins, (b) capital credits from other cooperatives, and (c) any portion of non-operating margins from or directly related to the furnishing of such goods or services, and (d) other sources of non-operating margins as may be required by the Bylaws and, if not required by the Bylaws, approved by the Board.

- a. For each other utility business, the patronage earnings shall be allocated as a credit to the individual capital account of Patrons in proportion to the revenue billed each Patron or group of similar Patrons billed for the other utility business over the total revenue billed all Patrons for such business.
- b. To the extent the other utility business is furnished during the year through a special contract with a different net margin contribution from other Patrons, NHEC may reasonably determine the net margin contribution. If NHEC makes this reasonable determination, the net margin contribution shall then be allocated as a credit to the individual capital account of such Patron. Patronage Earnings from Other Utility Business remaining are then allocated as a credit to the individual capital account of Patrons in accordance with paragraph B.2.a.

G. **Notice of Allocation.** Generally, by May 15th, but not later than September 15<sup>th</sup> each 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. Allocations for each allocation unit, if more than one, shall also be separately stated.

H. **Patronage Losses.** In the event of a net loss from NHEC's patronage business activities and allocation units, such net loss shall be recovered by NHEC as an offset to any unallocated retained capital, including current and future sources of non-patronage earnings.

I. **Non-patronage Earnings and Losses.** Non-patronage earnings from all sources shall be first used to offset any accumulated or current patronage and non-patronage losses. Any excess non-patronage earnings shall be equitably allocated to each Patron in a manner consistent with the Electric Utility Business Allocation Unit provisions of section B.1. above. Non-patronage losses shall offset any current non-patronage earnings. After such offsets are accounted for, any excess non-patronage losses shall be accumulated and offset by future non-patronage earnings.

## **Policy B-32, Attachment B**

### **Procedures for Capital Credit General Retirements**

**A. General Retirements Goals.** NHEC shall generally retire capital credits with the goals of:

1. Maintaining an Equity Percentage in the range of 30% to 50%. "Equity Percentage" measures the portion of NHEC's total assets that are financed primarily by the Patrons' contributions to capital through the allocation and retirement of capital credits and through generation of unallocated retained capital. This ratio is calculated by dividing (a) Total Equity by (b) Total Assets;
2. Retiring capital credits every year during the month of July;
3. Retiring capital credits on a combination "first-in, first-out" ("FIFO") and "last-in, first out" ("LIFO") basis;
4. Retiring capital credits to achieve a target retirement cycle of 35 years after the initial allocation;
5. Communicating and promoting cooperative principles to Patrons, former Patrons, civic leaders, and the public; and
6. Recognizing and fostering loyalty and support among Patrons, and former Patrons.

**B. General Retirement Cycle Targets**

1. Electric Utility Business Allocation Unit Target. The goal of NHEC is to routinely and annually retire a portion of its capital credits balance to its Patrons and former Patrons. When determining the timing and extent of any retirement, the Board shall take into consideration NHEC's estimated retirement cycle, which is the period of time between when capital credits are allocated and then subsequently retired to the Patrons. For this purpose, the target retirement cycle is a period of thirty-five (35) years, which approximates the average depreciable life of total utility plant in service, which is funded in part by the rates paid by NHEC's Patrons.
  - a. Commensurate with the target retirement cycle, general retirements, if any, approved by the Board may approximate 2.85% of NHEC's unretired capital credit balance for the Electric Utility Business Allocation Unit as of the end of the previous Fiscal Year.

- i. In the event the Equity Percentage exceeds the stated goal above, the Board may consider retirements in excess of 2.85% for one or more years in order to maintain this range.
- ii. In the event the Equity Percentage is less than the stated goal above, the Board may decrease the amount retired, including not approving a general retirement, for one or more years in order to maintain this range.

2. Other Utility Business Allocation Unit Target. In the event NHEC engages in other utility businesses, the Board will establish the estimated target retirement cycle and other parameters for generally retiring capital credits so allocated and credited to the individual capital account of Patrons. This section of the policy will be modified accordingly at that time.

- C. **General Retirement Methodology.** Once the amount of the general retirement is determined and approved, the board in any given year may retire 100% but not less than 70% on a FIFO basis to the oldest year(s) unretired. For those years the FIFO retirement is not 100%, the remaining amount retired will be up to 30% on a LIFO basis to the most recent years of allocated but unretired capital credits.
- D. **Payment and Notice of Retirement.** When NHEC retires capital credits allocated to Patrons or former Patrons, NHEC shall pay the retired amount as follows:
  1. *Former Patrons* – Subject to the minimum check amount established in E below, a check made payable to the former Patron will be sent to the former Patron's most current address listed on NHEC's records.
  2. *Current Patrons* –The retirement amounts shall be posted as a bill credit to the current Patrons' electricity billing statement in the next billing cycle following the date established by the Board for the capital credit retirement, or a check may be sent to the Patron, or a combination of both.
- E. **Minimum Check Amount.** NHEC shall not issue a capital credits retirement check in an amount less than ten dollars (\$10.00), unless the retirement and payment are for all remaining capital credits allocated to a former Patron. Amounts below the \$10 minimum check and retained by NHEC remain payable to the respective former Patrons and shall be paid when the cumulative amount of all Board approved capital credit retirements for such former Patron equals or exceeds \$10.
- F. **Initial Retirement Exceptions.** NHEC recognizes that implementation of its initial general retirement of capital credits may require deviations from some of the provisions of this procedure in order to address the unique constraints and circumstances of NHEC's first-ever retirement. Accordingly, the manner, timing, method, and amount of the first general retirement may differ from the provisions of sections A(2), A(3), B(1), and C of this procedure, as determined by the Board in its sole discretion, without the need to revisit and revise this procedure.

## **Policy B-32, Attachment C Procedures for Capital Credit Special Retirements**

- G. Special Retirements.** Special retirements are those which take place on an accelerated basis, earlier than would otherwise occur according to the anticipated schedule for general retirements and which may be triggered only by special circumstances as provided for in sections C, D, and E below. NHEC may specially retire capital credits only: (1) upon the death of an individual Patron or former Patron, that is a natural person, for accounts that are in an inactive status; or (2) for amounts owed to NHEC by a former Patron; or (3) for former patrons, both natural persons and, with certain limitations, non-natural persons as herein provided.
- H. Discounting of Special Retirements.** Because special retirements take place earlier than they otherwise would under the policy and procedures governing general retirements, for special retirements NHEC shall retire and pay the discounted, net present value of the capital credits. Net present value shall be calculated for each year of unretired capital credits using the formula of  $1/(1+r)^n$ , where "r" is the discount rate and "n" is the discount period. The cash payment portion of the retirement is the sum total of the net present value for each year of unretired capital credits. For purposes of this procedure:
1. Discount Period means – The time between the year of the special retirement and the year of the expected general retirement but not to exceed NHEC's target retirement cycle of thirty-five (35) years.
  2. Discount rate means – NHEC's Weighted Average Cost of Capital.
  3. Weighted Average Cost of Capital ("WACC") means - A formula measuring the cost of NHEC's total capitalization through both equity and long-term debt. The formula for calculating NHEC's WACC is summarized as follows:

$$(E \times COE) + (D \times COD)$$

Where:

*E* is the percent of equity to total capitalization per NHEC's balance sheet in December of the prior Fiscal Year.

*COE* is the Cost of Equity equal to the 5-year average of NHEC's return on equity as measured by dividing NHEC's 5-year average net margin by the average net equity balance,

*D* is the percent of long-term debt to total capitalization per NHEC's balance sheet in December of the prior Fiscal Year,

*COD* is the cost of debt as derived by taking the prior Fiscal Year interest expense on long term-debt divided by the average of the two prior Fiscal Year's December long-term debt balance.

The difference between the cash payment portion of the early retirement and the capital credits account balance retired shall be irrevocably assigned and contributed to the unallocated retained capital of NHEC and shall be subject to the property rights of members.

- I. **Estate Special Retirements.** NHEC may specially retire capital credits upon the death of an individual Patron or former Patron. In no event shall the total cash payment portion of all estate special retirements in a given Fiscal Year exceed \$50,000. If met, the annual limit may be raised at the discretion of the Board. If the annual limit is not raised, all requests in excess of the annual limit shall be considered, in order of priority by date of receipt, in the subsequent Fiscal Year.
  1. To be eligible for an estate special retirement, all accounts held by the deceased shall be transferred or disconnected prior to December 31st of the Fiscal Year preceding the anticipated special retirement payment.
  2. A written request for such retirement and payment must be made by the legal representative of the individual estate lawfully entitled to receive such retirement and payment. The written request shall also include proper documentation of the legal representative's authority as determined from time to time by NHEC.
- J. **Bad Debt Special Retirements.** As part of NHEC's semi-annual bad debt write-off process, NHEC may specially retire capital credits of former Patrons for recoupment of the amount written off. Any capital credits balance remaining shall be retired and paid through NHEC's general retirement cycle. Any balances of bad debts still owed after recoupment shall be subject to NHEC collections policies.
- K. **Former Patrons Special Retirements.** The following provisions become effective for NHEC's fiscal year beginning January 1, 2020.
  1. Natural Persons. NHEC may specially retire capital credits of former Patrons when it receives a written request for such retirement and all meters/services of a former Patron have been disconnected, and the Patron's account is in inactive status.
  2. Non-natural Patrons. NHEC may specially retire capital credits when it receives a written request for such retirement and proper notification of the dissolution, liquidation or cessation of existence of an entity Patron or former Patron.
  3. Waiting Period. Subject to NHEC collections policies, no special retirement and subsequent payment will be made to a former Patron earlier than six (6) months from the date of disconnect and only after capital credits have been allocated for



each Fiscal Year to which the former Patron is entitled, including the year of disconnection.

4. Annual Limit. The total aggregated amounts of the cash portion of all such special retirements paid by NHEC to former Patrons in a given Fiscal Year shall not exceed \$600,000. If met, the annual limit may be raised at the discretion of the Board. If the annual limit is not raised, all requests in excess of the annual limit shall be considered, in order of priority by date of receipt, in the subsequent Fiscal Year.

L. **Restrictions on Special Retirements.** Special retirements of capital credits shall not be made:

1. Prior to NHEC's initial general retirement of capital credits;
2. To estates of deceased natural persons who are survived by a widow or widower who continues to be a patron of NHEC;
3. Upon the reorganization, merger, or consolidation of an entity Patron or former Patron;
4. To former Patrons transferring accounts to third parties living within the same household or to an entity under the substantial control of the former Patron. Determinations concerning such transfers shall be at the sole discretion of the Board;
5. To Patrons undergoing bankruptcy proceedings; or
6. To Patrons or former patrons for reason of their reaching a certain age.

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**  
**BOARD OF DIRECTORS**  
**Board Policy No. B-33**

**TITLE:** Equity Management

**ORIGINATION DATE:** July 30, 2013

**CURRENT REVISION DATE:** July 26, 2022

**REAFFIRMED:** March 26, 2024

**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 and fiber asset financing, in addition to other financing as deemed appropriate, and its expected debt service coverage capacity.
  2. Reasonableness of its rates; NHEC will strive to maintain a fair and equitable balance between the collection of revenue and incurrence of expenses among all revenue classes. This balance shall be determined through completion of a Cost of Service Study, completed on a regular basis, but not less frequently than once every five years.
  3. Legal, tax, regulatory, and accounting principles.

B. Approval of Equity Management Plan

NHEC management will, at least on a biennial basis, 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 changes in memberships and revenues.
- ii. Estimated debt financing requirements and their blended costs.
- iii. Goals for debt service coverage<sup>1</sup> from earnings over the forecast period.
- iv. A capital credit rotation cycle.
- v. Balance sheet equity goals<sup>2</sup>.

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 annually report on performance as compared to 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. The Corporate Services Committee is responsible for the annual review of this policy and making recommendations to the full Board.

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<sup>1</sup> MDSC = 
$$\frac{\text{Pat. Cap \& Oper Margin + Deprec. + Interest on LTD + Oper Margin Interest + Patronage Cash Portion}}{\text{Total Debt Service Payment}}$$
  
(Average of the best 2 of 3 years)

<sup>2</sup> Equity Ratio = 
$$\frac{\text{Total Margins \& Equities}}{\text{Total Assets \& Other Debits}}$$

**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:** April 25, 2023

**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 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, 18 C.F.R, Part 125, along with other state and federal laws, rules and regulations, as applicable. Other records, which are not covered by these guidelines, 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 worked, 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 medium that will meet CFR regulations, using the following guidelines:
1. The storage medium 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 medium to another with no loss of data. Each transfer of data from one medium 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 a machine-readable medium 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 Controller and the VP Technology Business Services/CIO (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.

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.

### **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 Records 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 shall thereafter 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-36**

**TITLE:** President/CEO Succession

**ORIGINATION DATE:** December 28, 2010

**CURRENT REVISION DATE:** August 30, 2022

**REAFFIRMED:**  
September 26, 2023

**AUTHORIZED:**

  
Secretary, Board of Directors

**PLANNED DEPARTURE**

**I GOALS**

To provide for a smooth transition when the President/CEO 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/CEO 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/CEO 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/CEO candidates
- D. Communication - ensuring communication throughout the President/CEO 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/CEO will need to lead NHEC past those hurdles; integrate this process with the strategic business planning process; determine future key President/CEO position requirements and operational criteria; and



ensure the Board of Directors has a full understanding of the role of the President/CEO by reviewing the job description and relevant board policies (particularly B-4), including leadership competencies that are essential for any President/CEO as well as those unique to NHEC.

2. Develop - Direct the President/CEO to identify and develop skills of any internal candidates to be considered.
3. Select - Determine an approach to replacing the President/CEO 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/CEO's tenure is crucial. Assuming responsibilities from the outgoing President/CEO, 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/CEO by conducting frequent meetings to revisit organizational goals and expectations, and to share insights, guidance, and feedback. Establishing an approach to President/CEO 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/CEO 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/CEO,

the Board of Directors will appoint interim executive leadership as described below. The interim President/CEO 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/CEO 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/CEO". The Board of Directors will discuss annually at the Strategic Planning Meeting their prioritization of Senior Management to be appointed as "Acting President/CEO". Within 20 days of the event the Executive Committee will convene a meeting of the Board of Directors to appoint an "Interim President/CEO" from either internal or external sources and determine the Interim President/CEO'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/CEO, 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/CEO 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:** April 25, 2023

**REAFFIRMED:**

**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 database 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

**CURRENT REVISION DATE:** October 27, 2020

**REAFFIRMED:**  
September 26, 2023

**AUTHORIZED:**

  
Secretary, Board of Directors

**I GOALS**

- A. To assure compliance with the statutory and bylaw requirement that Directors be chosen, "from the membership".
- B. To assure compliance with 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. All Directors and Director candidates shall certify that they are NHEC members and shall provide to the Board of Directors, NHEC's General Counsel, and the Nominating Committee such information concerning their NHEC accounts, service locations, and the details of their connections to those accounts and service locations as may be requested.
- B. All Directors and Director candidates shall promptly notify the Board of Directors, NHEC's General Counsel, and the Nominating Committee whenever there has been a change in the information in their Director Qualification Certification, candidate questionnaire or in previously provided information concerning their NHEC accounts, service locations, and the details of their connections to those accounts and service locations.
- C. Each director and all potential director candidates are required to ensure that they not become delinquent in payments owed to NHEC at any time within 12 months preceding appointment or nomination, or at any time during incumbency. For purposes of Director qualification, an account is considered delinquent when the account has an undisputed unpaid balance of which one hundred dollars (\$100) or more is sixty (60) days or more past the date billed by NHEC.

- D. To ensure that payments are received on time and that inadvertent delinquencies are avoided, 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.
- E. Director electric accounts will be monitored to ensure compliance with NHEC's bylaw requirement.
- F. If a director's electric account becomes delinquent, the director along with the Board Chair shall be notified.
- G. A copy of this policy will be provided to all director candidates.

**I. 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.

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**  
**BOARD OF DIRECTORS**  
**Board Policy No. B-39**

**TITLE:** Member Electrical Usage and Generation Data

**ORIGINATION DATE:** August 27, 2013

**CURRENT REVISION DATE:** January 31, 2023

**AUTHORIZED:**

  
Secretary, Board of Directors

**I GOALS**

- A. To provide a policy governing the character of member-specific electrical usage and generation 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 and generation data which identifies, monitors, measures or records the electrical usage and generation 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 and generation 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 Services Committee shall review this policy annually.

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**  
**BOARD OF DIRECTORS**  
**Board Policy No. B-40**

**TITLE:** Nominating Committee

**ORIGINATION DATE:** May 29, 2018

**CURRENT REVISION DATE:** October 31, 2023

**REAFFIRMED:**

**AUTHORIZED:**

  
Secretary, Board of Directors

**I GOALS**

- A. To define the process by which the Nominating Committee is appointed by the Board of Directors.
- B. To define the process by which the NHEC provides logistical support to the Nominating Committee.

**II OBJECTIVES**

- A. To effectively recruit, appoint, and provide appropriate information and logistical support to a well-qualified, informed and independent Nominating Committee.

**III POLICY**

- A. The Board of Directors shall annually appoint a Nominating Committee in accordance with the requirements and criteria of Article IV Section 3 of the Bylaws.
- B. At least 60 days before the earliest appointment date provided for by the Bylaws, NHEC shall actively encourage members to submit their names for consideration as potential Nominating Committee members through NHEC's newsletter, website and social media platforms.
- C. Any Director whose current term expires at the upcoming annual meeting, and is not otherwise disqualified from seeking another term, shall not participate in the appointment of the Nominating Committee and shall not participate in or contribute to the development of the Board's overview provided for in paragraph H of this policy.
- D. Each member being considered for appointment to the Nominating Committee will be responsible to have met with, or have spoken to, at least one Director who is eligible to participate in the appointment of the Nominating Committee to discuss their interest in and qualifications for serving on the Nominating Committee. After being contacted by a member, the Director will advise the Executive Services Administrator of the member contact and communicate any concerns the Director may have.

- E. The participating directors shall use their collective best judgment concerning the selection of Nominating Committee members in an effort to form a well-qualified and independent committee, with equitable representation of the NHEC membership. In addition to any other criteria which the participating directors, in their discretion, may consider, they shall consider the following:
1. The geographic location of applicants' electric service;
  2. The rate class of applicants' accounts;
  3. The length of applicants' membership;
  4. The year-round or seasonal nature of applicants' accounts;
  5. The extent of applicants' knowledge and experience dealing with NHEC; and
  6. The applicants' involvement in service territory communities.
- F. Members of the Nominating Committee shall be compensated for their participation and reimbursed for mileage under terms established by the Board of Directors and reviewed annually prior to the appointment of the Nominating Committee.
- G. An administrative assistant of NHEC shall provide logistical support and information to the Nominating Committee. Logistical support shall include coordination of Nominating Committee meetings, candidate interviews, and communications. Information shall include all current Director Qualification Certifications, candidate questionnaires, background materials concerning NHEC's bylaws, history and operations, Nominating Committee duties and past practices, Board Policies, and other NHEC information requested by the Nominating Committee. At the organizational meeting of the Nominating Committee, the President/CEO or President/CEO's designee and the Chair of the Board of Directors, or a Director selected by the Board of Directors if the Chair is a potential candidate, may provide the Nominating Committee with an overview of NHEC and its current challenges, opportunities and needs from their perspective.
- H. Neither the Chair of the Board of Directors, individual Directors, the President/CEO, nor any other individuals other than the NHEC administrative assistant, shall attend the candidate interviews or deliberations of the Nominating Committee, provided the NHEC administrative assistant shall not comment on the candidate presentations nor otherwise seek to influence the decisions of the Nominating Committee.

#### **IV RESPONSIBILITY**

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



2. How the project or initiative supports the Strategic Plan and/or ensures conformance with NHEC Bylaws/Board Policies/regulations and other requirements.
3. Identification of potential solutions and alternatives to the project or initiative considered by Management. Include commentary, if appropriate, regarding Member input into the design and testing of proposed solution or prototype.
4. Evaluate potential solutions and alternatives against pertinent criteria and present a side by side ranking to the extent relevant using weightings and including but not limited to the following information to the extent relevant:
  - a. Impact to rates and margin.
  - b. Capital and O&M costs.
  - c. Present value.
  - d. Probability assessment of success.
  - e. Operational considerations including any expected change in the budgetary interaction between the capital budget and the operational budget, including linking outcomes with savings expected. If the Capital Work Plan envisages expenditures in support of reliability then the expected savings, as a result of reduced line loss, improved reliability, reductions in O&M and other savings should be quantified and a cost/benefit ratio calculated.
  - f. Assessment of any organizational impacts and NHEC's own internal capability.
  - g. Assess and rank each potential solution or alternative in terms of its visibility to Members and its potential to increase Member satisfaction.
5. Analysis and presentation of alternative financing structures considered for the project, including normal borrowing through CFC or other funding agency and cash on hand as well as resulting impacts to our equity management and capital credits policies.
6. How Management will quantitatively and qualitatively measure success of the proposed initiative at the conclusion of the project.
7. Discussion of specific risks and opportunities associated with each potential solution or alternative.
8. Recommended solution or alternative and the specific approval sought from the Board.

Management is encouraged to bring any project or initiative that is subject to this policy to the relevant Board Committee prior to presenting it for approval to the full Board. The Board may defer to the determination of the relevant committee when approval of a project or initiative is required by this policy.

Board monitoring: An annual summary report on incremental projects under this policy costing over \$1 million should be presented by management and discussed with the Executive Committee and presented to the Board. This should include achievements, costs to date, projected costs to end of project, revenue to date, and next steps/plans. This should inform budgeting.

#### **IV 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**

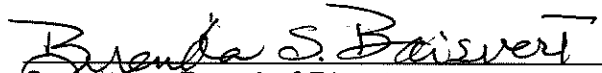
**Board Policy No. B-42**

**TITLE:** Whistleblower Protection

**ORIGINATION DATE:** May 31, 2022

**CURRENT REVISION DATE:** April 25, 2023

**AUTHORIZED:**

  
Secretary, Board of Directors

**I. GOALS**

The Board of Directors of New Hampshire Electric Cooperative, Inc. ("NHEC") adopts this Whistleblower Protection Policy to ensure:

- A. that NHEC employees, third parties and other stakeholders, on an anonymous basis if appropriate, can raise concerns or report any known or potential misconduct, or any violation of NHEC policies or applicable laws and regulations, without retaliation or retribution; and
- B. that NHEC conducts its business according to the highest ethical, moral, and legal standards, in line with applicable law (including the New Hampshire Whistleblower Protection Act, N.H. RSA Chapter 275-E), and with the Board's Statement on Ethics (Policy No. B-29) and Code of Conduct (Policy No. B-31).

**II. GUIDING PRINCIPLES**

- A. NHEC takes seriously all good faith allegations of official misconduct and encourages its employees, directors, officers, contractors, and members to report official misconduct.
- B. The anonymity of a whistleblower and the confidentiality of a whistleblower complaint are entitled to official protection to the greatest extent possible consistent with applicable law.
- C. Fair and independent review and investigation of a whistleblower complaint are vital to the integrity and legitimacy of this policy. In adopting or amending procedures to implement this policy, the Board

shall ensure that every assessment, investigation, and recommendation for action with respect to a whistleblower complaint will be made by individuals whose objectivity and impartiality cannot reasonably be questioned.

### **III. SCOPE**

This Policy applies to all directors, officers, employees, consultants, agents and contractors in all offices, divisions, departments, and subsidiaries of NHEC.

### **IV. POLICY**

- A. NHEC has the following obligations with respect to allegations of reportable conduct reported in good faith by a whistleblower:
  - 1. To protect the identity of a whistleblower and the confidentiality of an investigation of reportable conduct to the greatest extent possible under applicable law;
  - 2. To ensure that all complaints and reports of misconduct are addressed timely and thoroughly with the highest standards of confidentiality, objectivity, and fairness, in compliance with the procedures established by the Board and accompanying this Policy; and
  - 3. To protect employees, third parties, and other NHEC stakeholders from retaliation for whistleblowing undertaken in good faith.
- B. NHEC's employees, directors, officers, contractors, and outside consultants have the following obligations with respect to incidents of reportable conduct:
  - 1. To report any acts of reportable conduct of which they have direct knowledge. A knowing failure to report such conduct is itself an act of concealment in violation of this policy that could subject the person who engages in such concealment to disciplinary action up to and including termination of employment or the person's business relationship with NHEC; and
  - 2. To cooperate with the evaluation and investigation of reportable conduct.

### **V. PROCEDURES**

The Audit Committee shall adopt procedures to implement this Whistleblower Policy, shall review such procedures at least annually, and may amend such procedures when needed; provided, however, that the procedures adopted or amended hereunder shall at all times carry out the goals and guiding principles of this Policy.



## **VI. RESPONSIBILITY**

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

## **Policy B-42, Attachment A Procedures for Whistleblower Protection**

### **I. Introduction**

The Board of Directors of New Hampshire Electric Cooperative, Inc. (“NHEC”) adopts the following Procedures to carry out NHEC’s Whistleblower Protection Policy.

### **II. Definitions**

As used in the Policy and these Procedures, the following terms shall have the following meanings.

- A. **Reportable Conduct.** “Reportable Conduct” is an act or omission by an NHEC employee, director, officer, consultant, contractor, vendor, or any other person who has business dealings with NHEC which, in the view of the Whistleblower, acting in good faith:
1. Violates the law or represents a failure by NHEC to comply with any legal or regulatory obligations;
  2. Is unethical or in breach of NHEC’s Code of Conduct or other policies;
  3. Is dishonest, fraudulent or corrupt;
  4. Constitutes coercion, harassment, victimization or discrimination;
  5. Is misleading or deceptive, including questionable accounting, financial reporting or auditing practices either by or affecting NHEC;
  6. Is potentially damaging to NHEC, its employees or business associates, its members, or the general public, including unsafe work practices, environmental damage, health risks, or wasting of company resources;
  7. Is likely to cause financial loss to NHEC, damage its reputation, or be otherwise detrimental to NHEC;
  8. Involves any other kind of serious impropriety; or
  9. Involves deliberate concealment of any of the above.
- B. **Whistleblower.** A “Whistleblower” is a person or entity who reports Reportable Conduct. Whistleblowers may be NHEC employees, applicants for employment, directors, officers, NHEC Members, consultants, contractors, vendors, or members of the general public.

### **III. The General Counsel and the Employee Reporting System**

- A. The NHEC Board hereby designates its General Counsel as the official with primary responsibility to receive reports of alleged Reportable Conduct, in whatever manner those reports are submitted.
- B. NHEC management has established an online Employee Reporting System that allows NHEC employees to prepare and submit incident reports and other complaints anonymously for review and action by appropriate NHEC staff.
- C. Management has designated an administrative team (the "Workgroup") to receive an electronic notice of every report submitted through NHEC's Employee Reporting System. The General Counsel is a member of the Workgroup. In addition, the Chair of the Audit Committee also automatically receives an electronic notice, through the Employee Reporting System, of every report involving issues of NHEC's finances, cybersecurity, and audit responsibilities.
- D. When the Workgroup (and, for designated issues, the Audit Committee Chair) receives notice, through the Employee Reporting System, of alleged Reportable Conduct reported by a possible Whistleblower, the General Counsel will take responsibility for evaluating the report and addressing it in accordance with these Procedures and the Policy.

### **IV. Filing a Report**

- A. Any person may report allegations of suspected Reportable Conduct. Allegations of suspected Reportable Conduct may be reported anonymously, at the Whistleblower's option, in accordance with the Policy and Procedures.
- B. All NHEC employees, including managers and those in supervisory roles, are required to promptly report all Reportable Conduct in good faith. Failure to do so can result in discipline, up to and including termination of employment.
- C. NHEC recommends that any reports by NHEC employees should be made online using NHEC's Employee Reporting System to ensure confidentiality, avoid potential conflicts of interest, and create a written record of the report.
- D. NHEC managers and employees in supervisory roles shall report to the General Counsel any allegations of suspected Reportable Conduct reported by their subordinates, whether made orally or in writing, formally or informally, and whether styled as Whistleblower reports or not.

- E. Reports are encouraged to be made in writing so as to assure a clear understanding of the issues involved. Reports may also be made orally as described below. All reports should be factual rather than speculative or conclusory and should contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of the Reportable Conduct.
- F. NHEC has established three formal channels for reporting Reportable Conduct:
  - 1. **Open Discussion.** Employees are encouraged to raise any issues directly with their immediate managers, or if an employee has reason to believe that his/her manager is involved in the issue or has a conflict of interest, to the next level of management, to Human Resources (“HR”), President/CEO, or to NHEC’s General Counsel. Third parties can directly contact the appropriate senior managers at the Company, the Human Resources Department, or NHEC’s General Counsel. The person receiving the report must document it in writing and submit the written document to the Workgroup, which maintains a centralized incident management database.
  - 2. **Online Intake.** Employees and third parties may report issues online using NHEC’s Employee Reporting System, which allows anonymous reporting and delivers immediate notifications to the Workgroup.
  - 3. **Whistleblower Helpline.** Employees and third parties may also anonymously report issues via NHEC’s Whistleblower Helpline by calling the General Counsel at 603-626-3395.
- G. The General Counsel will compile a database of reports of Reportable Conduct that captures and tracks all relevant reports, including intake from open discussions, the Employee Reporting System, and the Whistleblower Helpline. The General Counsel shall maintain proper records of all actions taken as to each report of Reportable Conduct and shall regularly report to the Board of Directors on the status of all reports, investigations, and actions taken with respect to Reportable Conduct.
- H. No employee or third party who suspects Reportable Conduct, and no personnel to whom such conduct is reported, should attempt to personally conduct investigations, interviews or interrogations relating to the Reportable Conduct.

## V. Investigating Alleged Reportable Conduct

- A. The General Counsel shall establish an Investigative Panel of attorneys from the General Counsel’s law firm to ensure coordination and proper reporting of

investigations of Reportable Conduct. Acting in an advisory role, the Investigative Panel shall assist the General Counsel in assessing NHEC's planned course of action related to each report of Reportable Conduct, including determining whether an adequate basis exists for commencing an investigation.

- B. The purpose and authority of the Investigative Panel shall not be construed to limit or halt investigations undertaken with proper authority exercised by the NHEC Board or senior management, nor is the Investigative Panel empowered to initiate investigations without an adequate factual basis. Rather, the Investigative Panel's purpose is to conduct independent and confidential investigative assessments of Reportable Conduct, to provide recommendations for appropriate actions to be taken by the NHEC Board and senior management, and, when necessary, to recommend referral of incidents of Reportable Conduct for official investigation by outside governmental agencies with jurisdiction to enforce the civil and criminal laws.
- C. The General Counsel will appoint a member of the Investigative Panel to serve as panel chair. Panel members will be drawn from relevant practice groups within the firm, e.g., Employment Law, Corporate Finance, Utility Regulation, Construction Law, and Criminal Practice, among others. In addition, specialized legal expertise from within the firm may be required on an ad hoc basis for the investigation of certain matters.
- D. The Investigative Panel's responsibilities shall include:
  - 1. Assisting the General Counsel in ensuring the timely and thorough review of reports of allegations of suspected improper violations;
  - 2. Ensuring there are no conflicts of interest on the part of any party involved in specific investigations;
  - 3. Assisting the General Counsel in assuring that proper investigative channels are utilized according to appropriate expertise and jurisdiction;
  - 4. Assuring that the confidentiality of Whistleblower complaints is maintained at all appropriate stages of the investigation;
  - 5. Assuring that all appropriate Directors and managers are apprised of the allegations as necessary; and
  - 6. Coordinating and facilitating in an advisory capacity the corrective and remedial action that may be initiated in accordance with applicable employee conduct and disciplinary procedures.

- E. The General Counsel assisted by the Investigative Panel has responsibility for conducting independent, unbiased, and competent investigations of suspected Reportable Conduct.
- F. All NHEC employees have a duty to cooperate with investigations initiated under this policy.
- G. The Investigative Panel shall evaluate the nature and severity of the Reportable Conduct and determine appropriate actions to be taken, including but not limited to, analyzing the allegation and evidence provided, determining the investigative approach and steps, conducting investigations, drafting investigation reports, and proposing remediation measures.
- H. In determining the appropriate actions, the Investigative Panel shall consider all factors that are appropriate under the circumstances. Any investigative activity required shall be conducted in a manner that is legitimate, confidential, fair and objective, regardless of the alleged wrongdoer's position, length of service, or relationship with NHEC.
- I. If the Reportable Conduct implicates NHEC management, the General Counsel shall escalate the matter from the Investigative Panel to the Board of Directors and/or the Audit Committee and shall determine the appropriate actions in consultation with the Board and/or the Audit Committee.
- J. If criminal activity is detected, the General Counsel will first notify the President/CEO and the Board Chair and then, as quickly as possible thereafter, consult with an appropriate state or local law enforcement agency to determine if law enforcement personnel should take the lead, participate, or initiate a separate investigation. Police agencies should be primarily responsible for investigations of known or suspected criminal acts within their jurisdiction.
- K. Consistent with applicable personnel policies or collective bargaining agreements, the General Counsel may, with the concurrence of the Investigative Panel, recommend to the President/CEO that an NHEC employee should be placed on an administrative leave or investigatory leave, as appropriate, when the General Counsel determines that such a leave would serve the best interests of the employee, NHEC, or both. Such a leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any individual, including the person on leave. The Director of Human Resources shall be consulted regarding any plan to place an employee on such a leave.
- L. In discharging its responsibilities, the Investigative Panel shall have, to the extent permitted by NHEC policies, applicable laws, and regulations:

1. The authority to make inquiries with employees and third parties, and have unrestricted access to pertinent documents and information;
  2. Free and unrestricted access to all NHEC records and premises; and
  3. The authority to examine, copy, and/or remove, to the extent permitted by applicable laws and regulations, all or any portion of the contents of systems, computers, servers, drives, data, mobile devices, files, desks, cabinets, and other storage facilities, or other data or information, within NHEC's custody or control, and where necessary without prior knowledge or consent of any individual who may use, have access to or custody of any such items or facilities when they are considered reasonably within the scope of the relevant review/investigation.
- M. Recommendations to initiate litigation or refer the examination/investigation results to the appropriate law enforcement and/or regulatory authorities for independent investigation will be made by the General Counsel in conjunction with NHEC's Board and senior management, who will have the responsibility to make final decisions on employee discipline and remediation of any issues identified.

## **VI. Reporting to the President/CEO, Board Chair, and Audit Chair**

- A. The General Counsel shall have principal responsibility for reporting Reportable Conduct to NHEC's President/CEO, the Board Chair, and, in cases of alleged misconduct involving NHEC finances and/or cybersecurity, the Audit Committee Chair. The General Counsel will consult with members of the Investigative Panel as necessary in fulfilling this reporting responsibility and will inform the Board Chair of any reports made to the President/CEO.
- B. The General Counsel shall forward a written report to the President/CEO, the Board Chair, and, in cases of alleged misconduct involving NHEC finances and/or cybersecurity, the Audit Committee Chair, when a matter meets any of the following conditions:
1. The matter is the result of a significant internal control or policy deficiency that is likely to exist in other departments across NHEC;
  2. The matter is likely to receive media or other public attention;
  3. The matter involves the misuse of NHEC resources or creates exposure to a liability of at least \$10,000;

4. The matter involves allegations or events that have a significant possibility of being the result of a criminal act (e.g., disappearance of cash);
  5. The matter involves a significant threat to the health and safety of employees and/or the public;
  6. The matter is judged to be significant or sensitive for other reasons; or
  7. The matter alleges improper activity or conduct by a Director, a senior manager, the General Counsel, or any outside contractor.
- C. For any allegations that meet the condition in the foregoing subparagraph (b)(4), the General Counsel shall also send a copy of the written report to the appropriate law enforcement agency. The General Counsel will consult with law enforcement officials to determine the appropriate action with regard to such allegations.
- D. In some instances, an allegation of improper violations may be reportable to a regulatory agency or other governmental authority. More typically, at least preliminary investigation results are needed to assess reporting obligations to any outside parties. The General Counsel, in consultation with the President/CEO, the Board Chair, and, in cases of alleged misconduct involving NHEC finances and/or cybersecurity, the Audit Committee Chair, will determine the nature and timing of such communications. The President/CEO and the Board Chair will be notified of any matter that is reported to external agencies.
- E. Allegations of suspected losses of NHEC money or property shall be reported to the Audit Committee Chair and to the Chief Financial Officer for coordination with NHEC's insurers in accordance with the terms of NHEC's insurance contracts.
- F. In the event that any person with a reporting obligation under this Whistleblower Policy believes that a conflict of interest exists or appears to exist on the part of the person to whom the allegations of suspected improper activities are to be reported, the person with the reporting obligation shall send the report to the next higher level of authority or to the General Counsel if there is no higher level of authority.

## **VII. Confidentiality**

- A. Whistleblowers frequently wish to make their reports in confidence. The confidentiality of Whistleblowers shall be maintained to the extent possible within the limitations of law and the need to conduct a competent and thorough investigation. Whistleblowers should be cautioned that their identity



may become known for reasons outside the control of the investigators. In the event continued anonymity hampers a competent and thorough investigation, the General Counsel will consult the Whistleblower before disclosing their identity.

- B. All information relating to the Whistleblower, any witnesses, the Reportable Conduct, and any subsequent investigations and results must be treated confidentially to the extent permitted by applicable laws or regulations.
- C. Information relating to the identity of the Whistleblower, the Reportable Conduct and the investigation process or results must not be disclosed or discussed with anyone other than those who have a legitimate need to know, or unless required by applicable law or regulation. Strict confidentiality is important in order to protect the Whistleblower, the integrity of the investigation, and the reputations of persons suspected but subsequently cleared of wrongful conduct, and to protect NHEC from potential civil or criminal liability.

### **VIII. Anti-Retaliation**

- A. NHEC values honesty, integrity, and efforts made by NHEC employees and third party business associates to protect NHEC and its reputation. NHEC does not tolerate any retaliation by management or any other person or entity, directly or indirectly, against anyone who, in good faith, reports an ethics or compliance concern or known or potential misconduct, or who assists in a review or investigation thereof. Retaliation includes but is not limited to: harassment, intimidation, coercion, an unfavorable change in work hours or schedule, demotion, transfer, suspension, or termination of anyone raising a complaint or allegation.
- B. Neither the General Counsel nor the Investigative Panel will tolerate any effort made by any person other than those who have a legitimate need to know, to ascertain the identity of any person who makes a good faith report of Reportable Conduct anonymously.
- C. The General Counsel shall investigate any allegations of retaliation taken against Whistleblowers under this Policy.
- D. Acts of retaliation, including efforts to find out the identities of whistleblowers or witnesses, can lead to disciplinary action, up to and including termination of employment or business relationship in the case of third parties.
- E. Whistleblower Protection Act
  - 1. Under the New Hampshire Whistleblower Protection Act, RSA Chapter 275-E (the "Act"), employers are prohibited from harassing, abusing,

intimidating, discharging, threatening, or otherwise discriminating against any employee regarding compensation, terms, conditions, location, or privileges of employment because:

- a. The employee, in good faith, reports or causes to be reported, verbally or in writing, what the employee has reasonable cause to believe is a violation of any law or rule adopted under the laws of New Hampshire, any political subdivision of the State of New Hampshire, or the United States;
  - b. The employee objects to or refuses to participate in any activity that the employee, in good faith, believes is a violation of the law;
  - c. The employee, in good faith, participates, verbally or in writing, in an investigation, hearing, or inquiry conducted by any governmental entity, including a court action, which concerns allegations that the employer has violated any law or rule adopted under the laws of this state, a political subdivision of this state, or the United States.
2. An aggrieved employee may bring a civil suit within three years of the alleged violation of the Act. The court may order reinstatement and back-pay, as well as reasonable attorney fees and costs, to the prevailing party.

## **IX. Records**

Board Policy B-34 (Record Retention and Destruction Policy) shall govern the retention and disposition of all records relating to Whistleblower reports or complaints, including investigations and results thereof.

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 internal and external independent auditors (“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, also known as cybersecurity, as well as the confidentiality, integrity and availability of all corporate and member data/information, Enterprise Risk Management (“ERM”), 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 and internal audits 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 Managed Security Service Provider.
5. The independence and performance of NHEC’s 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:

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 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 External Auditors*

Ensure the independence of the Auditors by:

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

2. Ensuring the rotation of the lead (or coordinating) auditor (e.g., partner, principal, director, etc.) having primary responsibility for the annual audit and the audit partner responsible for reviewing the audit.
  3. Monitoring NHEC's hiring of current employees or former employees of the 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 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 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 Auditors.
  - e. Significant and/or material written communications between the Auditors and management, such as any management letter or schedule of unadjusted differences.
  - f. The results of periodic internal and independent Information Systems security audits.
4. After the completion of the annual financial statement audit, or as needed throughout the year, discuss with management and the Auditors:
  - a. NHEC's annual financial statements and related footnotes, including any adjustments to such statements recommended by the Auditors.
  - b. Any significant findings and recommendations made by the 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 Auditors propose to render to the Board and the Committee and NHEC Members.
5. After the completion of the annual Information Systems Security Controls 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 system; and
    - b. the security of corporate and member data/information.
  6. Recommend to the full Board approval of the audits 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 Committee Chair or Treasurer are designated to sign the completed 990 on behalf of NHEC.
2. Periodically evaluate NHEC's Board policies B-2 Attachment G – Audit Committee, B-28 – Audit Policy, B-29 – Statement on Ethics, B-34 – Record Retention and Destruction Policy, and B-37 – Safeguarding Member Information, 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. Auditors 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 Auditors' 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 four (4) 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 Auditors at their request to discuss any matters. The Committee may request any officer or employee of NHEC or NHEC's outside counsel or 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.