

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICIES

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NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICIES

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NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICIES

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NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 1

SUBJECT: FUNCTIONS OF THE BOARD OF TRUSTEES

I. PURPOSE

- A. To establish, clarify, and interpret the responsibilities and authorities of the Board of Trustees as set forth by law, the Articles of Incorporation, the Bylaws, and accepted business principles.
- B. To provide guidance to individual Trustees in the performance of their duties and responsibilities.
- C. To provide guidance to the member-owners in the selection of Trustees.

II. POLICY

The Board of Trustees derives its authority from, and is directly accountable to, the member-owners of the Cooperative. The Board of Trustees is empowered by them and required by law to institute such actions as are necessary to attain the objectives of the Cooperative by the protection of its rights, interests, and assets, except such actions which by law, the Articles of Incorporation, or the Bylaws are conferred upon or reserved to the members. Therefore, it shall be the policy of the Board of Trustees of Newberry Electric Cooperative, Inc. to use the following outline of relationships and responsibilities as guidelines for action and behavior as individual and collective members of the Board of Trustees in fulfilling its responsibilities and obligations to the member-owners of the Cooperative.

III. PROVISIONS

The following provisions apply to this policy:

- A. Relationships
 - 1. The Board of Trustees reports to:
 - a. as a Board – the member-owners through the elected officers and others; and

- b. as individuals – the Chairman as the chief presiding officer, or, in his absence, the Vice Chairman, or Secretary/Treasurer.
- 2. The Board of Trustees directs:
 - a. all committees of the Board of Trustees; and
 - b. the President and CEO

B. Responsibilities

The Board of Trustees is expected to fulfill the following responsibilities:

- 1. To maintain the legal entity of the Cooperative by:
 - a. complying with the provisions of the Articles of Incorporation, Bylaws and regulatory and contractual requirements placed upon the Cooperative by, but not limited to, federal, state, and local statutes and ordinances, and the regulations of federal, state, and local commissions and agencies;
 - b. recommending to the membership revision of the Cooperative's Bylaws as necessary or required; and
 - c. executing, or having executed, all necessary legal contracts
- 2. To act as Trustee for the member-owners by:
 - a. protecting the assets and interests of the Cooperative;
 - b. complying fully with the provisions of the Bylaws and policies;
 - c. assisting new members of the Board of Trustees to become oriented in their responsibilities;
 - d. maintaining or having maintained full and accurate minutes of official Board of Trustees and membership meetings;
 - e. informing or having the members informed of the objectives, plans, and programs of the Cooperative;
 - f. participating in activities which enhance the prestige of the Cooperative and help to fulfill its corporate obligation to the area it serves; and

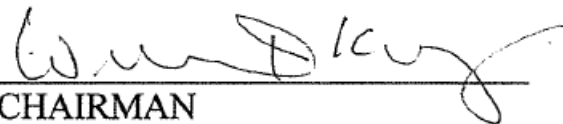
- g. keeping informed and improving their knowledge and skills, as members of the Board of Trustees and using their knowledge and skills to contribute to the effective management of the Cooperative.
- 3. To provide organization and operational direction by:
 - a. formulating, approving, and periodically reviewing general policies for the operation of the Cooperative; and
 - b. selecting a President and CEO and delegating to him/her the responsibility and authority for the general direction of the operation of the Cooperative within the limits of the general policies established by the Board of Trustees.
- 4. To consider and adopt or approve in consultation with the President and CEO:
 - a. retail rates and classifications;
 - b. terms and conditions governing the provisions of electrical service to members;
 - c. plans for meetings of members;
 - d. basic organization structure and wage and salary plan;
 - e. employee benefit program;
 - f. selection of legal, accounting, engineering, management, and other consultants;
 - g. long and short range financial and engineering plans as required and necessary for the maintenance of the economic feasibility of the Cooperative; and
 - h. annual work plans and operating budget.
- 5. To provide the continuing operating and capital requirements of the Cooperative by:
 - a. considering the results of the studies and recommendations prepared by the President and CEO;
 - b. adopting rate changes and financial practices necessary to provide operating requirements; and

- c. initiating loan applications.
- 6. To establish and periodically review measures and controls as recommended by the President and CEO to:
 - a. prevent unauthorized action;
 - b. determine progress in major areas;
 - c. predict trends;
 - d. determine where changes should be made;
 - e. measure performance in relation to goals, plans, and budget; and
 - f. measure the Board of Trustees' attainment of the stated objectives of the Cooperative.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1987
Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 2

SUBJECT: APPEARANCE BY MEMBERS BEFORE THE BOARD OF TRUSTEES

I. PURPOSE

To establish procedures and conditions upon which members may appear before the Board of Trustees.

II. POLICY

Members may appear before the Board of Trustees as provided for by this policy, if the Board of Trustees extends an invitation to make such an appearance.

III. PROVISIONS

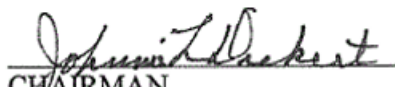
- A. Any member who desires to appear before the Board of Trustees must first submit to the Chairman a written or electronic request for such appearance at least seven (7) days prior to the meeting at which they wish to appear. The written request must contain a concise statement of the specific matters to be presented or discussed with the Board of Trustees and the reason for the request.
- B. Upon receipt of a request, the Chairman or his/her delegate will make a reasonable effort to confer with the requesting party to determine if the request to meet with the Board of Trustees can be satisfied through other means.
- C. If the Chairman fails to satisfy the requesting party and such party still desires to appear before the Board of Trustees, then the Chairman shall forward the written request to each member of the Board of Trustees.
- D. Upon receipt of the request, the Board of Trustees shall determine if it shall extend an invitation to appear before the Board of Trustees to the requesting party, and if an invitation is extended, the Board of Trustees shall establish a date, time, and place when the requesting party may appear before the Board of Trustees to present or discuss the matters detailed in the written request.

- E. The Chairman shall promptly advise the requesting party in writing of the date, time, and place as established by the Board of Trustees for the requesting party to appear before the Board of Trustees.
- F. Only members who have made a request required by Section III. A. hereof, and to whom an invitation to appear before the Board of Trustees has been extended, may appear before the Board of Trustees.
- G. Any appearance before the Board of Trustees shall be limited to consideration and presentation of the specific matters which the requesting party set forth in writing as required by Section III. A. hereof. If more than one member or other person requests to appear before the Board of Trustees in connection with the same subject, the Board of Trustees may restrict the maximum number of those who may appear, which may be less than the total number who joined in the request. Any member or other person appearing before the Board of Trustees will be given a reasonable length of time, as determined by the Board of Trustees, to present and discuss the matters set out in his/her written request.
- H. The Board of Trustees, by the affirmative majority vote of its members, may waive the requirements of Section III. A. through III. G. hereof and may permit a member to immediately appear before the Board of Trustees upon oral or written request when the Board of Trustees determines that the subject of such request constitutes a potential emergency which if not immediately heard and discussed could cause substantial injury to the best interests of the Cooperative.
- I. At each meeting of the Board of Trustees, the Chairman shall report any requests to appear before the Board of Trustees which he has received and shall give a status report on each such request.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997
Revised Date: June 25, 2012
Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 3

SUBJECT: BOARD MEETINGS

I. PURPOSE

To establish the regular monthly Board meeting date and rules governing Board meetings.

II. POLICY

A regular meeting of the Board of Trustees shall be held monthly as required by the Bylaws of the Cooperative, Article V, Section 5.01 *Regular Meetings*.

III. PROVISIONS

- A. The Board of Trustees will hold its regular monthly meeting on the last Monday of each month at 6:30 p.m. provided that the regular day and time may be changed occasionally by vote of the Board of Trustees to accommodate scheduling conflicts due to holidays and emergencies.
- B. Special meetings of the Board of Trustees may be called by the Chairman or by any three members of the Board of Trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or members of the Board of Trustees calling the meeting shall fix the time and place of the holding of the meeting.
- C. Written notice of the time, place and purpose of any special Board meeting shall be delivered to each member of the Board of Trustees either personally, by mail, or by email.
- D. A majority of the Board of Trustees in office shall constitute a quorum, provided that if less than a majority of the Trustees is present at a meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent member of the Board of Trustees of the date, time, and place of such adjourned meeting. The act of a majority of the members of the Board of Trustees present at a meeting at which a quorum is present

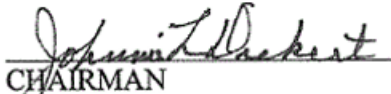
shall be the act of the Board of Trustees, except as otherwise provided by the Bylaws.

- E. The Chairman shall preside at all meetings of the Board of Trustees and govern those meetings in accordance with the latest edition of Roberts Rules of Order. The Chairman is also responsible for approving the agenda.
- F. The Secretary is responsible for the content of the minutes of the Board meetings.
- G. The appearance by members or others before the Board of Trustees is governed by Board Policy No. 2, *Appearance by Members or Others Before the Board of Trustees*.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: May 30, 2000

Revised Date: June 25, 2012

Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 4

SUBJECT: COMMITTEES OF THE BOARD OF TRUSTEES

I. PURPOSE

To establish standing committees of the Board of Trustees and to provide for the establishment of other special committees.

II. POLICY

Standing committees consisting of members of the Board of Trustees and other special committee consisting of Cooperative Members will be appointed to review policies, procedures, budgets, plans, and other such activities to provide the Board with recommendations for necessary action.

III. PROVISIONS

- A. There shall be four standing committees of the Board of Trustees which are as follows:
 - 1. Executive Committee
 - 2. Finance Committee
 - 3. Employee Relations and Operations Committee
 - 4. Membership and Public Relations Committee
- B. Standing committee appointments shall be made by the Chairman of the Board of Trustees no later than the second Regular Board Meeting following the Annual Meeting.
- C. Members appointed by the Board of Trustees, pursuant to the By-Laws, to serve on the Nominations Committee and those appointed to serve on the Credentials and Elections Committee shall be paid \$75 compensation for each committee meeting attended.
- D. Other special committees may be formed at the discretion of the Board of Trustees. The Chairman, except for the special committees designated in the Cooperative Bylaws, shall make appointments to such other committees. Cooperative Members appointed to special


committees will be paid \$75.00 compensation for each committee meeting attended.

- E. Committees are to present reports to the full Board of Trustees of all matters discussed by them, together with any recommendations for action.
- F. A committee cannot take official action on any matter unless specifically authorized by the Board of Trustees.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: June 28, 1999

Revised Date: June 25, 2012

Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 5

SUBJECT: COMMUNITY AND ECONOMIC DEVELOPMENT

I. PURPOSE

To strengthen community relations and develop the support of local officials for the objectives of the Cooperative and to develop trade allies among contractors, developers, home builders and realtors and to increase load and provide increased economic opportunities and jobs for the members by working closely with existing businesses and new businesses interested in locating in the Newberry Electric Cooperative service area.

II. POLICY

The President and CEO shall include in the annual budget and the Board of Trustees will approve funds to be used to attain the purposes of this policy.

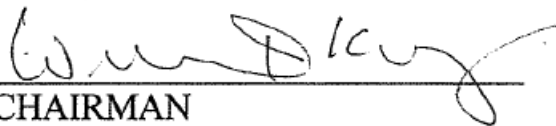
III. PROVISIONS

- A. The President and CEO shall include in the annual budget funds to provide resources for management to use in responding to opportunities pursuant to this policy.
- B. Once this budget is approved by the Board of Trustees, the President and CEO shall be responsible for ascertaining that all expenditures are supported by the proper documentation and comply with the provisions of this policy.
- C. Upon cash incentives being offered to an industrial prospect, the President and CEO will report the event to the Trustees in a timely manner to insure that the Trustee is aware of prospects considering location within NEC's service area. Cash incentives to be offered to prospects that exceed the funds approved in the annual budget must first be approved by the Board of Trustees before being committed to prospects.

IV. RESPONSIBILITY

The President and CEO shall be held accountable for the implementation of this policy subject to review by the Finance Committee of the Board of Trustees.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: December 27, 2006

Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 6

SUBJECT: USE OF COOPERATIVE FUNDS TO OPPOSE SALE OR DISSOLUTION

I. PURPOSE

To define the circumstances under which Cooperative funds may be used to oppose a sale or dissolution of the Cooperative.

II. POLICY

The expenditure of Cooperative funds to oppose a sale or dissolution of the Cooperative is authorized when the Board of Trustees deems such sale or dissolution not to be in the best interest of the Cooperative.

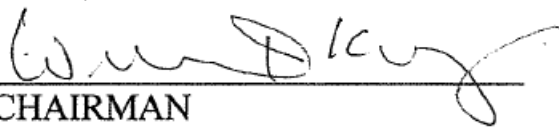
III. PROVISIONS

- A. When authorizing the expenditure of funds, the Board of Trustees acts in the best interests of the Cooperative.
- B. The Board of Trustees shall, after proper resolution, authorize the expenditure of such funds as it deems necessary to oppose a sale or dissolution of the Cooperative when the Board of Trustees deems that such sale or dissolution is not in the best interests of the Cooperative.
- C. Should any member request that Cooperative funds not be used to oppose the proposed sale or dissolution of the Cooperative, such member shall be advised in writing by the Chairman of the provisions of this policy.

IV. RESPONSIBILITY

The Board of Trustees, through the Chairman and with the advice of the Cooperative Attorney, shall carry out the provisions of this policy.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997

Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 7

SUBJECT: BOARD MINUTES

I. PURPOSE

To establish the procedure governing the contents of the minutes of the Board of Trustees' meetings in accordance with Roberts Rules of Order.

II. POLICY

Votes taken by the Board of Trustees shall be recorded in the minutes.

III. PROVISIONS

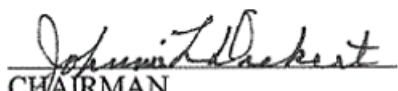
Votes taken by the Board of Trustees at their monthly meetings shall be recorded in one of the following manners:

- A. Record as unanimously approved.
- B. Record the number of yea votes and the number of nay votes and indicate how each member voted.
- C. Any member of the Board of Trustees may have attached to and incorporated by reference into the minutes of the meeting his/her written reason for voting in the manner in which he/she voted on the issue in question. The said attachment shall be written and signed by a member of the Board of Trustees so requesting and submitted prior to approval of that meeting's minutes.
- D. All members have a right to request and receive a copy of the minutes of a board meeting. Upon request at the Cooperative's office by a member, said member will be provided with a copy of any minutes which have been approved by the Trustees.

IV. RESPONSIBILITY

The Board of Trustees shall have responsibility for the implementation and enforcement of this policy.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997
Revised Date: June 25, 2012
Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 8

SUBJECT: DELEGATION OF AUTHORITY FROM THE BOARD OF TRUSTEES
TO THE PRESIDENT AND CEO

I. PURPOSE

To delegate to the President and CEO the authority to direct the operations of Newberry Electric Cooperative, Inc., and the responsibility to report to the Board of Trustees the results achieved.

II. POLICY

The Board of Trustees appoints a President and CEO to perform such duties and exercise such authority as the Board of Trustees may vest in him/her as outlined in this policy.

III. PROVISIONS

The President and CEO shall have the authority to do the following:

A. Planning

I. Policies

To formulate, with the staff, as appropriate, the policies of Newberry Electric Cooperative, Inc. (hereinafter called "the Cooperative") to be recommended by the President and CEO to the Board of Trustees for their consideration. Such policies shall be reviewed by the President and CEO and a recommendation made to the Board of Trustees or appropriate Board committee on any revisions required.

2. Strategic Planning

To develop, with the staff and the Board of Trustees, the mission and long-range objectives of the Cooperative, by periodically assessing changes in the system's external environment, by identifying key issues and by adopting strategies to effectively address those issues.

3. Long Range Operational Planning

To conduct studies and market research, utilizing staff and outside consultants, and on this basis to develop action plans and reports to the Board of Trustees in such areas as load forecasts and future power requirements, financial plans, and forecasts, energy management and marketing plans, including least cost planning, member attitudes and member needs, and long-range system engineering requirements.

4. Membership Meetings

To develop with the staff plans for annual and other member meetings of the Cooperative and to make appropriate recommendations to the Board of Trustees or a committee of the Board of Trustees.

5. Work Plans and Budgets

To formulate with the staff annual work plans and budgets for the Cooperative and recommend them to the Board of Trustees or a committee of the Board of Trustees for their consideration and to provide to the Board of Trustees detailed monthly reports on revenue, expenses, and other results compared to such plans.

6. Legislation

To analyze and determine with the staff and in coordination with organizations such as the National Rural Electric Cooperative Association (NRECA), state and federal legislative and regulatory matters to be proposed, supported, or opposed consistent with established Board policy and to report to the Board of Trustees on the results.

7. Retail Rates and Service Rules and Regulations

To periodically study and analyze the Cooperative's rates and Service Rules and Regulations to make sure they meet current operating requirements and to make appropriate recommendations to the Board of Trustees.

8. Marketing

To develop with the Cooperative's staff a strategic marketing plan which improves load factor, utilizes excess capacity, enables

the members to efficiently utilize electric energy and through the use of integrated or least cost planning.

B. Organization

1. Organization Structure

- a. to periodically review activities of the Cooperative and to determine, with the staff as appropriate, the organization structure best suited to carry out the overall objectives of the Cooperative within the limitations of its budget.
- b. to determine with the appropriate staff members the need for additional positions, the transfer, reassignment, or elimination of present positions and to effect such changes, provided they are within the limitations of the personnel costs of the approved budget and/or authorized by the Board of Trustees.

2. Selection of Personnel

- a. to develop or approve standards and qualifications for use in recruitment, transfer, and promotion of personnel. Such standards and qualifications should meet all federal and state legal requirements.
- b. to select, appoint, hire, transfer, promote, and terminate personnel.

3. Training

- a. to ensure that the staff members are trained in accordance with the qualifications and requirements of their positions.
- b. to initiate and promote, through staff, appropriate management, supervisory, professional, technical, and information training programs for all personnel within the limitations of the approved budget and Board policy, including sending personnel to training programs outside the organization.

4. Performance Appraisals

- a. to appraise, at least annually, the performance of immediate staff members, to counsel with them, and assist them to develop and improve.

- b. to ensure that a performance appraisal program is established and carried out for all personnel.

5. Position Descriptions

To ensure that written position descriptions and job specifications for all employees, except for the President and CEO, are prepared and reviewed as necessary for all personnel. The completed descriptions will not require approval from the Board of Trustees.

6. Fringe Benefits

To administer or approve activities and actions with respect to vacation, holidays, sick leave, and other fringe benefit programs for the personnel within established policies and within the limitations of the budget. A report shall be presented annually to the Board of Trustees or a committee of the Board of Trustees describing the various benefits provided and the employee and employer contribution to any benefit plan, if any, and the percentage of the Cooperative's payroll that represents fringe benefits excluding any de minimus fringe provided.

7. Overtime

To ensure that non-exempt employee overtime is controlled and to report annually to the Board of Trustees on overtime as a percentage of payrolls compared to previous years and the results of the efforts to control this expense.

8. Consultants

- a. to recommend to the Board of Trustees, or the appropriate Board committee for review and recommendation to the Board of Trustees, the employment of principal consultants (other than the firm performing the independent financial audit) and contracts and agreements for their services.
- b. to select and appoint other specialized outside consultants to provide advice and assistance on internal operations or in an emergency, to negotiate contracts or agreements for services of such specialized consultants, within the limitations of the work plan and budget, and to advise the Board of Trustees of actions taken in regard to the hiring of specialized outside consultants.

- c. to periodically report to the Board of Trustees on services provided and the fees received by all consultants.

9. Wage and Salary Administration

- a. to develop a systematic wage and salary plan and present it to the Board of Trustees or appropriate Board committee for review and recommendation of the Board of Trustees.
- b. to determine all salary adjustments, except the President and CEO's salary, within the Board approved wage and salary plan and policy and within the limitations of the budget. Salary adjustments for the President and CEO shall be approved by the Board of Trustees, which shall also conduct the appraisal annually. A report is to be provided to the Board of Trustees annually on the administration of the wage and salary plan.
- c. to evaluate new positions and re-evaluate existing positions, if their responsibilities and authorities substantially change, and as a result of such evaluation or re-evaluation, place or alter these positions in the Board approved wage and salary plan.
- d. to conduct labor surveys, as necessary, to determine wage and salaries paid for comparable jobs in the area in which the Cooperative recruits personnel, and make recommendations to the Board of Trustees or a committee of the Board of Trustees on any revisions required in the wage and salary plan, taking into account the financial condition of the Cooperative.

10. Employee Relations

To ensure that two-way communication between employees and management is established providing opportunities for feedback and employee involvement and participation as appropriate.

C. Operations

I. Overall Administration

- a. to direct the day-to-day operations and activities of the Cooperative except as specified otherwise by the Bylaws or the Board of Trustees; to delegate authority to immediate staff; to authorize further delegation of authority to any

level of management with full recognition that the President and CEO cannot be relieved of his/her overall responsibility or any portion of accountability;

- b. to manage operations of the Cooperative in accordance with the policies of the Board of Trustees and in accordance with the policies and procedures of RUS, CFC, and other lending institutions and applicable federal, state, and local laws;
- c. to recommend to the Board an appropriate person to serve as Acting President and CEO in the event of an extended absence of the President and CEO (the Board retaining its authority to appoint an acting President and CEO);
- d. to ensure that staff advice and assistance is provided to the Board of Trustees and its committees and to participate in the deliberation of the Board of Trustees or any of its committees as requested or required;
- e. to accept invitations to participate in, or designate other staff members to participate in national, regional, state, and local meetings which further the best interests of the Cooperative within the limitations of Board policy and the approved budget. Participation by the President and CEO in activities which require considerable time over a sustained period requires the approval of Board of Trustees. In addition, the President and CEO shall report to the Board of Trustees if he obtains a Board position with any other organization;
- f. to determine the transportation needs of the Cooperative, with the understanding that the number of Cooperative-owned or leased cars individually assigned to employees will be minimized, and a pool of Cooperative-owned or leased cars will be utilized and both will be done to the most economical and practical extent possible. Such Cooperative-owned or leased cars shall be used only for trips which are primarily for official business;
- g. to serve as the authorized spokesperson for the Cooperative on major issues and to keep the Board of Trustees up-to-date and well informed on such issues.

2. Membership Services

- a. to direct membership services in such areas as, but not necessarily confined to, public and member relations, load management, energy conservation, marketing communications, and research as authorized by the Board of Trustees;
- b. to see that a program of community and economic development is developed and implemented which includes the attraction of new commercial and industrial loads and retaining existing businesses and helping them expand. Such a program shall be included in the Cooperative's strategic plan and recommended to the Board of Trustees as part of the annual budget.

3. Legislation

- a. to develop and carry out in coordination with organizations such as NRECA, and within Board policy, a legislative program furthering the Cooperative's objectives and policies. Such a program will include, but not be limited to, research, preparation, and presentation of testimony before appropriate legislative committees, consultation with members of Congress, the state legislatures, and state and federal administration and regulatory agencies;
- b. to participate with allied groups to obtain their increased understanding and support of the Cooperative's legislative and regulatory objectives and programs.

4. Financial

- a. to administer the approved budget, including approval of all non-budgeted items which, in his/her judgment, are vital to affect unanticipated emergency maintenance or repairs;
- b. to invest or re-invest funds, cash investments when due and cash government bonds when and if necessary, to protect the Cooperative's cash position and to carry out an effective cash management program. Investments will generally be made in CFC securities, in federal government insured or guaranteed securities or in other securities approved by the lending agencies. In addition, investments will be made in compliance with state and federal law;

- c. to authorize and approve the travel expenses of personnel, except the President and CEO's, on Cooperative business within the limitations of the budget and within established policy. Such expenses shall be supported by itemized expense accounts with receipts attached, as appropriate. Expenses of the President and CEO will be reviewed by the Finance Committee.
- d. to approve accounting, systems, procedures, statistics, and types of reports necessary for sound financial management, to meet the requirements of lending and regulatory agencies, and for control information required by the Board of Trustees.
- e. to purchase or lease all equipment, vehicles, hardware, furniture, materials, and supplies within the limitations of the budget and Board policy. All purchases shall comply with the applicable RUS policies or procedures. All purchases of major equipment or large quantities of materials for distribution lines, substations, and associated facilities shall be done with competitive bids when applicable.
- f. to negotiate contracts for construction in accordance with RUS procedures, with such contracts to be submitted to the Board of Trustees for approval. Once approved, the contracts will be awarded in accordance with RUS procedures so completed construction can be reimbursed from loan funds without delay.
- g. to execute and sign purchase orders or contracts or by a designated person for projects previously approved by the Board of Trustees;
- h. change order authority will be given to the President and CEO on a contract-by-contract basis;
- 1. to determine insurance coverage required for effective risk management and to negotiate purchase of such coverage within the limitations of the budget and Board policy;
- J. to authorize individual membership in civic clubs and organizations and Cooperative memberships in local organizations in which he/she thinks membership of the President and CEO or staff members would be beneficial,

and to authorize payment of dues by the Cooperative within the limitations of the budget and established Board policy;

- k. subject to Section III. C. 4. f and Section III. C. 4. g above: to negotiate and execute all documents in relation to the acquisition by purchase or lease of all real property, including easements and substation sites, and execute, deliver, and accept all document relating thereto; to exercise the power eminent domain to acquire for projects described in an approved budget property, that which the system has been unable to obtain by negotiation; to execute and deliver all environmental studies and reports; to make application for all permits relating to the operations of the system; and to design, route, and determine the site for all facilities within the limitations of Board policy and the budget;
- l. to perform all acts necessary or incidental to the management of the operations of the Cooperative unless such acts are specifically reserved to the Board of Trustees pursuant to law, the Articles of Incorporation, the Bylaws, or Board Policies.

5. Controls

a. Operations

to submit periodic and special reports to the Board of Trustees on conformity of operations with approved policies and programs, to recommend any revisions requiring approval from the Board of Trustees, and to direct any remedial action required.

b. Finances

to see that all persons having access to cash or responsible for the purchasing of materials are properly bonded in accordance with any and all requirements of the lending agencies or Board policy.

c. Budgets

to report monthly to the Board of Trustees on revenues and expenditures compared to budget, to recommend any revisions required, and to direct any necessary remedial action.

d. Annual Financial Audit

to participate with the Board of Trustees in the review, with the auditor present, of the annual financial audit and management letter, to direct any remedial action required, and to ensure that the management letter, along with the audit report, is sent to each Board member prior to the meeting at which they are to be discussed.

e. Materials Management

i. to determine the amount of, and establish proper control of, all physical inventories to minimize investment in inventories needed to meet operating and construction needs;

ii. to ensure that a system is established to accurately account for all materials used.

f. Member Complaints

to submit periodically to the Board of Trustees a report regarding member complaints, to take any corrective action required, and to recommend appropriate revisions in Board policy.

g. Member Meetings

to report to the Board of Trustees on the effectiveness of annual and other member meetings with recommendations on any improvements or changes which should be made.

h. Reliability of Service

to submit annually to the Board of Trustees a report on service reliability and any remedial action taken.

i. Bylaws

to report to the Board of Trustees or a committee of the Board of Trustees on annual review with the Cooperative's Attorney of the Bylaws and to recommend any revisions required.

J. Availability of Power Supply

to report periodically to the Board of Trustees on load growth compared to the power requirements studies and to recommend plans to meet anticipated growth.

k. Rates

to continually study power and other costs compared to projections, to recommend to the Board of Trustees, as far in advance as possible, any changes in retail electric rates necessary to maintain financial strength and stability, and to meet all requirements of lending and regulatory agencies.

I. Construction

to review construction practices with appropriate staff to make sure projects are being constructed in accordance with RUS policies and procedures so that reimbursement for completed construction and awarded contracts can be obtained promptly.

m. Internal Auditing

to monitor staff so as to assess the adequacy, effectiveness, and efficiency of the systems of control within the organization, the quality of ongoing operations, and compliance with the policies and procedures established by management and/or the Board of Trustees and regulations and requirements of RUS and other lending institutions, as well as applicable federal, state, and local laws.

n. Loss Control

to ensure that a loss control program is carried out to minimize and control losses due to accidents, environmental hazards, and other risks.

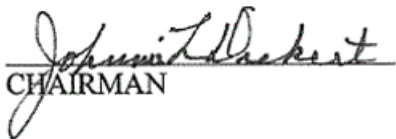
IV. RESPONSIBILITY

- A. The President and CEO shall report to the Board of Trustees periodically on how the delegation of the stated duties are being carried out. The President and CEO may delegate to his/her staff duties as required. However, the President and CEO shall continue to be responsible for any duties delegated.

Except and unless restricted by the Board of Trustees, the President and CEO may delegate any of the foregoing duties to the Acting President and CEO and the Acting President and CEO may act in any or all of these responsibility areas in the absence of, and when designed to act for, the President and CEO.

- B. The Board of Trustees is responsible for approving any changes to the duties delegated to the President and CEO.
- C. The Board of Trustees, or an appropriate committee thereof which shall report to the Board of Trustees, shall be responsible for seeing that the performance of the President and CEO is appraised each year. The appraisal shall include a recommendation on a salary adjustment when appropriate. The results of the appraisal will be discussed with the President and CEO.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1991

Revised Date: June 25, 2012

Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 9

SUBJECT: PROPOSALS TO ACQUIRE COOPERATIVE ASSETS AND PROPERTY

I. PURPOSE

To establish principles, standards, rules, and procedures applying to proposals by investor-owned utility (IOU) hostiles or other non-cooperative entities to acquire the Cooperative's assets, whether by purchase, merger, lease, or otherwise.

II. POLICY

The present unanimous position of the Cooperative's Board of Trustees is that the Cooperative is performing well and beneficially the services for which it was organized; thus, there exists no need for inviting proposals to acquire the Cooperative's assets. This does not mean that a proposal may not be in the best interest of the Cooperative and its members. Rather, the Board of Trustees' position is that it perceives no need or useful purpose in inviting or encouraging proposals to acquire the Cooperative's assets.

III. PROVISIONS

A. Principles

Upon receipt of a proposal to acquire the Cooperative's assets, the Board of Trustees should determine, in the exercise of its best business judgment, whether the proposal is in the best interest of the Cooperative's members. In making that judgment, the Board of Trustees should consider not only economic matters, such as its rates and the value of its assets, but also the value of the Cooperative institution and way of doing business. Such consideration shall be made not merely in light of the then current situation, but also with due regard to the reasonably foreseeable future.

1. The Cooperative was organized and has always been operated as a nonprofit, mutual benefit organization whose purpose is to provide its member/consumers with adequate and reliable electric service on an area coverage basis at the lowest cost consistent with sound business principles. All revenues received by the Cooperative in excess of its costs and expenses are tax exempt and are allocated to its consumers on a patronage basis as capital

credit to the accounts of the consumers. Those capital credits are retired to the consumers in accordance with the Cooperative's Bylaws and policies.

2. The uniqueness of the Cooperative's way of doing business is not limited to the economic facts of absence of profit at the corporate level and the allocation of patronage among the consumers. It is also important that a Cooperative is a participatory democracy. Its' members ultimately govern the Cooperative by electing its Board of Trustees, amending its Bylaws and making other important decisions of governance. This identity of consumer and ownership is an integral aspect of the Cooperative objective of furnishing the best service at the lowest cost, consistent with sound business principles on a nonprofit basis.
3. The Cooperative is not just a business. Because of its membership aspects, it is a socio-economic institution with ongoing community involvement and concerns. It exists not merely for the benefit of its present members and community, but for the benefit of the future members and the ever-changing community serviced by the Cooperative.
4. The Cooperative was not organized and is not operated for the purpose of increasing its market value with the view of converting its assets into profits by means of a sale or other disposal. Rather, it exists to serve its community on the Cooperative basis described above.
5. An IOU is not owned or governed by its consumers. It is predominantly owned by absentee stockholders and is primarily an outlet for capital with the cardinal purpose of rendering utility service at rates designed to earn the greatest profits permitted by regulatory authority at the least capital risk. The IOU's profits are taxable, yet it seeks to earn sufficient profits to pay dividends and accumulate a substantial capital surplus. Therefore, other things being equal, an IOU must earn greater revenues from the same enterprise than the Cooperative does in order to pay taxes, dividends, and accumulate surpluses. Accordingly, the institutional differences between the Cooperative and an IOU are both profound and important. These differences should be taken into account by the Board of Trustees in its evaluation and recommendations relating to any proposal to acquire.
6. Acquisition of the Cooperative assets by an IOU, hostile, or other non-cooperative entity, necessarily means that the Cooperative's form of business will end. Legally, a Cooperative cannot be

acquired by an IOU and continue as a Cooperative. Rather, the acquisition would cause the Cooperative to cease its legal existence as an institution furnishing electric service within its constituent communities on a Cooperative, nonprofit basis.

7. Acquisition of the Cooperative by an IOU will lessen or eliminate competition, comparison and pluralism within the areas served. Without prejudgment of which is the superior way of providing utility service, both IOUs and cooperatives are vital participants in pluralistic industry which is necessarily affected by horizontal market monopolism. The pluralism consists chiefly in the fact that each reflects different motives. Indeed, it has been the dynamic competition of those motives that has been primarily responsible for the fact that all Americans today have access to reliable electric power at affordable rates. The preservation of this pluralism is, therefore, of vital concern not only to the Cooperative and its present and future constituency, but throughout American society in general. The preservation of this pluralism also provides regulatory bodies with competing models by which may judge the performance of either.

B. Standards

In receiving, evaluating, and acting on a proposal to purchase, certain fundamental standards will be taken into account.

1. Any proposal must be submitted to the Board of Trustees for its recommendation and not directly to the members of the Cooperative without Board recommendation.
2. Any proposal must not be in a form which would cause the Cooperative to violate its legal obligations under its contract for electric service ("All Requirements Contract") with Central Electric Power Cooperative or the Central System Compact ("Compact") with Central and other Compact member cooperatives, if applicable.
3. The proposed acquisition must be in the best interest of the members, as determined by the Board of Trustees, before it will be recommended by the Board of Trustees and submitted to a vote of the membership. In making that judgment, the Board of Trustees shall consider economic matters and the value of the Cooperative's way of doing business. Those judgments shall be made with regard to then present and reasonably foreseeable future circumstances.

4. Rates, other fees and charges, service rules, and regulations of the IOU hostile or other non-cooperative entity must be equivalent to, or better than, those of the Cooperative, both at the time of the proposal and for the reasonably foreseeable future. In evaluating rates, the Cooperative's capital credit system shall be taken into account.
5. The IOU's, hostile's or other non-cooperative entity's electric service, must be at least as reliable as that provided by the Cooperative at the time of the proposal and as projected into the reasonably foreseeable future.
6. Other service functions affecting consumers shall be at least as good as those afforded by the Cooperative.
7. Adverse tax impacts upon the Cooperative as a corporate entity and upon present and former members must be minimized to the extent practicable.
8. The proposal must contain obligations by the IOU, hostile, or other non-cooperative entity, to retain employees upon terms at least equal, to the extent practicable, to those enjoyed by the Cooperative's employees at that time. This shall include concerns for wages, salaries, fringe benefits, rank and job title, place of employment, and residence.
9. The proposal must provide that the total consideration to be paid by the IOU, hostile, or non-cooperative entity, will be paid directly to the Cooperative or on its account, provided however, that a proposal or merger may provide for acquisition of stock by members in exchange for their patronage allocations and membership. Any proposal to acquire the Cooperative which is accompanied with an independent offer to pay directly to the members an additional dollar amount shall be summarily rejected.
10. The Board of Trustees shall consider whether the IOU, hostile, or non-cooperative entity is financially able to consummate the proposal to acquire.
11. Given the fact that, other things being equal, an IOU must earn greater revenues than the Cooperative in order to pay taxes and dividends as well as accumulate surpluses, consideration shall be given to whether an IOU can provide equal or better service at equal or lower cost, now and in the reasonably foreseeable future,

particularly after the IOU expends capital to acquire the Cooperative.

12. The Board of Trustees may consider whether the IOU, hostile or non-cooperative entity would continue or enhance the Cooperative's community involvements.
13. The Board of Trustees may consider whether a possible merger or consolidation with one or more other electric cooperatives might be preferred to the proposed acquisition by an IOU, hostile, or other non-cooperative entity.
14. The Board of Trustees should not rely solely on the standard criteria for evaluating proposals of one stock-for-profit corporation to acquire another stock-for-profit corporation. Recognition must be given to the unique nature and institution of the Cooperative way of doing business and what the impact of its termination will be upon the Cooperative's members.
15. The Board of Trustees must consider how the proposal to purchase, if accepted, will affect present formal contractual relations of the Cooperative with its supplier of wholesale power, RUS and other lenders, and other entities with which the Cooperative has current executory contracts.
16. The proposal to purchase must state the total consideration that the IOU, hostile, or non-cooperative entity will pay, and that payment will be wholly made directly to the Cooperative as such, to be duly applied by the Cooperative to the discharge of its liabilities, retirement of outstanding capital credits, and distribution to present and past members of any then-remaining surplus, in accordance with the applicable law and the Cooperative's articles and Bylaws. (If the proposal does not contain such provisions, the Board of Trustees will reject and vigorously oppose the proposal. The Board of Trustees is of the firm opinion that such a proposal would be illegal and, if approved, would result in expensive and prolonged litigation, involving not only the Board of Trustees, but also, current and past Cooperative members whose respective rights to the distribution of the total consideration would be highly controversial issue).
17. Certain of the foregoing provisions of this policy underlie the Board's firm position that some of the traditional standards for evaluating proposals to purchase as between one stock-for-profit corporation and another stock-for-profit corporation are neither

necessary germane nor sufficient to evaluate a proposal by an IOU, hostile, or non-cooperative entity to purchase the property and assets of a cooperative. Also, additional standards will doubtless be applied, particularly with respect to certain detailed aspects of a proposal to purchase. However, the final standard that will be applied is as follows:

The Board of Trustees, acting in good faith after thoroughly informing itself of all relevant information and data and after applying relevant provisions of this policy, will decide whether to accept and recommend or to reject a proposal to purchase, based upon its determination of what is in the best interests of the Cooperative's present members and reasonably anticipated new consumers.

C. Rules and Procedures

In receiving, evaluating, and acting upon a proposal to purchase, the following rules and procedures will be applied and followed; provided that other rules and procedures may be applied and followed when the Board of Trustees determines that extenuating circumstances so require:

1. Only proposals submitted to the Board of Trustees for its recommendation will be acted upon by the Board of Trustees or the members.
2. In order for a proposal to be officially evaluated and acted upon by the Board of Trustees, it must be a written firm offer, binding upon the IOU, hostile, or non-cooperative entity until a specified date or until rejected, executed by appropriate officers of the IOU with the express representation that they are authorized to bind the IOU to the proposal, and accompanied by the IOU's deposit into escrow of money or stock equal to at least 10 percent of the acquisition price, upon terms acceptable to the Board of Trustees that shall provide that the principal amount of the deposit shall be paid to the Cooperative if the IOU defaults prior to the expiration or rejection of its firm offer. Said proposal must contain at least the following information:
 - a. Comprehensive coverage of all substantive aspects of the offer which, if legally accepted by the Cooperative, would ripen into an enforceable contract;
 - b. The names, addresses, and telephone numbers of the persons representing the maker of the proposal with whom

the Board of Trustees may communicate and from whom it may secure authoritative answers and decisions relating to the proposal; and

- c. The specific date on which the proposal will expire if not accepted by the Cooperative.
3. Upon receipt of such a proposal, the Board of Trustees shall first determine whether it meets the following qualifications: it is in compliance with Section II.C.2. above, it is not in conflict with this policy, and the maker appears fully capable of performing its obligations under the proposal. If the proposal does not meet any one of these qualifications, it shall be summarily rejected by the Board of Trustees. If the proposal meets all three qualifications, the Board of Trustees shall promptly:
- a. Notify the members of the proposal, summarizing the terms thereof, and advising the members that a copy of the formal proposal may be reviewed or copied by them at the Cooperative's principal office during regular business hours;
 - b. Forward a copy of the proposal to Central Electric Power Cooperative and request from it a statement as to the effects upon the All Requirements Contract if the proposal is accepted by the Cooperative;
 - c. Forward a copy thereof to Central Electric Power Cooperative and all other cooperatives which are members of the Central System Compact advising them of receipt of the offer and consideration of it by the Board of Trustees, if applicable;
 - d. Undertake a complete evaluation of the proposal with due regard to the provisions of this policy. The Board of Trustees shall obtain at least two appraisals from appraisers expert in such matters who shall provide the Board of Trustees with their respective opinions concerning the fair value of the Cooperative and its assets as a going concern, with due regard to the development or growth value of the Cooperative's service territories. The Board of Trustees may also request that other methods of valuation be applied to the Cooperative by outside experts or staff. Valuation shall include a determination of the value to the members of operating on the Cooperative basis as opposed to receiving electric service from an IOU. The Board of

Trustees shall consider all such information and opinions but shall have the final responsibility to make the determination of value and whether acceptance of the proposal is in the best interests of the Cooperative and its members;

- e. Obtain a comparison of the Cooperative's and the IOU's, hostile's, or other non-cooperative entity's present and reasonably foreseeable future rates, fees and charges, service rules, regulations, adequacy and reliability of service, and all other consideration bearing upon the provision of electric service to the Cooperative's members; and
 - f. Undertake such other consultations, studies, deliberations and other measures as it deems appropriate to enable it to inform itself of all matters relevant to its decision to accept or reject the proposal.
4. If the Board of Trustees determines the proposal should be rejected, it shall promptly notify the maker thereof and the members, informing the latter of its reasons for not submitting the proposal to vote of the membership. If the Board of Trustees determines the proposal should be accepted and is prepared to recommend approval to vote of the membership, it shall:
- a. Notify Central Electric Power Cooperative and other Compact member cooperatives, if applicable, of its intention to recommend the sale to its membership pursuant to the requirements of the Compact;
 - b. Notify the maker of the proposal that the Board of Trustees recommends the acquisition and that it will submit the proposal to the membership upon the conditions that the Cooperative is released from the All Requirements Contract or that such contract is otherwise satisfied, and that the Compact members do not exercise their right of first refusal;
 - c. Only upon satisfaction of the conditions set forth in Section III.C.4.b above, notify the members of the Board's recommendation for acceptance of the proposal, and call a membership meeting for the purpose of voting upon the proposal pursuant to the Cooperative's Bylaws and South Carolina law.

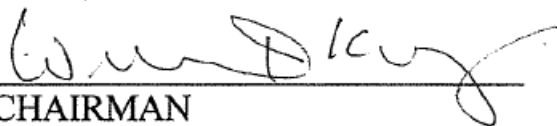
5. The conduct of all matters concerning the membership meeting to vote on the proposal recommended by the Board of Trustees shall be undertaken to minimize the financial cost and operational disruption of the Cooperative's affairs. Due regard shall be given to the following:
 - a. The Board of Trustees shall promptly fix the time, date, and place of the meeting and shall prescribe the wording and method of disseminating, collecting, and counting the written ballots to be employed in the voting. In fixing the date of the meeting, the Board of Trustees shall have due regard for the ability of the members to become fully apprised of the proposal so as to enable them to make an enlightened decision thereon through their votes at the meeting, which shall in any event be called and held in compliance with the Cooperative's Bylaw provisions applying thereto;
 - b. If the Board of Trustees determines that false or incorrect information is being disseminated by one or more persons, whether in favor of or opposed to the proposal, and that such may materially affect the outcome of the meeting and election, the Board of Trustees may abort or withdraw the call of the meeting. Thereafter, the Board of Trustees may either repudiate the agreement to accept the proposal, if it determines that the maker thereof was responsible in whole or in substantial part for the dissemination of such false or incorrect information; or it may reschedule the meeting and voting, conditioned upon the correction of such false or incorrect information by the person(s) responsible therefore and their agreement to pay the cost of publishing such corrections in a manner prescribed by the Board of Trustees and/or upon their agreement to refrain from disseminating false or incorrect information relative to such newly fixed meeting and voting; and/or the Board of Trustees may take any other action it deems appropriate in the circumstances; and
 - c. The Board of Trustees shall conduct the meeting and the voting and count and announce the result of the votes cast therein, in accordance with such plans and procedures of law or of the Cooperative's Articles of Incorporation or Bylaws.
6. If the proposal is rejected, either initially by the Board of Trustees or by the members, any further consideration of such

proposal within three years thereafter shall be summarily rejected by the Board of Trustees unless it materially differs from the rejected proposal. If the proposal is approved by the members, the Board of Trustees shall proceed forthwith to undertake all further action necessary to carry the proposal final effect.

IV. RESPONSIBILITY

It is the responsibility of the Board of Trustees to implement the provisions of this policy.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997
Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 10

SUBJECT: ATTENDANCE AT REGIONAL AND NATIONAL MEETINGS

I. PURPOSE

To assure adequate representation and participation of the Cooperative by Board of Trustees and the President and CEO at regional and national meetings and to insure the cost-efficient expenditures of cooperative funds incurred in traveling to cooperative industry associated meetings. Also, to assure that board members attend training classes so they can become certified, credentialed directors under the required classes sponsored by the NRECA (National Rural Electric Cooperatives Association).

II. POLICY

Trustees may attend the NRECA National Annual Meeting and the NRECA Region II Meeting, and any additional cooperative industry-associated meeting of their choice each year. Trustees will be reimbursed for the expense of attending these meetings to the extent outlined in Section III.

III. PROVISIONS

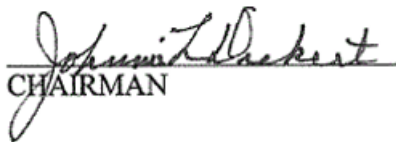
- A. Board of Trustees may, upon Board approval consistent with this policy, attend regional and national cooperative industry associated meetings.
- B. The Board of Trustees shall authorize attendance and designate a voting delegate and one alternate for the regional and national meetings of both the National Rural Electric Cooperative Association and The Cooperative Finance Corporation.
- C. Board of Trustees, the President and CEO, and their respective spouses will be reimbursed for incidental expenses including meals, taxi, car rental, bus fare, and other such expenses incurred while traveling to authorized meetings. The Finance Committee will retain the authority to disallow any such expenses deemed unreasonable.
- D. The cost of airline tickets will be paid by the Cooperative.
- E. Expenses arising out of attendance at these meetings will be paid by the Cooperative.

- F. In the event that a Trustee cancels a trip, he/she must give the Cooperative sufficient notice to cancel any reservation, so as not to incur any expense for the cancelled event. If the Trustee fails to give the Cooperative sufficient notice to cancel reservations, he/she is responsible for paying those expenses. If unusual circumstances arise, this requirement may be waived by a majority vote of the board.

IV. RESPONSIBILITY

- A. It will be the responsibility of each Trustee to request to the Board of Trustees to attend any regional or national meeting so that appropriate arrangements can be made.
- B. The President and CEO and staff will be responsible for making necessary arrangements for the Trustees to attend all regional and national meetings authorized by the Board and for processing reimbursement of approved expenses.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: October 27, 2003

Date Revised: June 25, 2012

Date Revised: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 11

SUBJECT: BOARD TRAINING AND DEVELOPMENT

I. PURPOSE

Under South Carolina Law (Code 33-49-610), the ultimate responsibility for the management of the Cooperative rests with the Board of Trustees. The management of a multi-million dollar utility business requires knowledge and understanding of business management practices not usually present in the general population. Special training relating to the operation and management of a rural electric system is necessary and essential for a Trustee to function most effectively in his/her management responsibilities.

In addition, changing technology and operating conditions require that Trustees regularly upgrade their skills to be able to understand and cope with new situations. Accordingly, it is highly desirable for the Cooperative to maintain an active program to ensure proper training for its Board of Trustees.

Maintaining Trustee proficiency in understanding the complex issues of distribution cooperatives, federal and state regulations, board management, and evolving changes in technology requires on occasion that funds be expended for training and development.

II. POLICY

It shall be the policy of Newberry Electric Cooperative, Inc., to expect its Trustees to gain and maintain the knowledge and skills necessary to function actively and effectively as members of the Board of Trustees.

III. PROVISIONS

- A. Upon election to the Board of Trustees, a new Trustee will receive a thorough orientation into the responsibilities of his/her position, conducted by the Board Chairman, the President and CEO, and the management staff.
- B. Trustees elected before the revision of this policy (June 25, 2012), will be grandfathered and not required to become certified under the Board

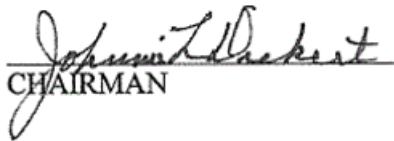
Management Program of the National Rural Electric Cooperative Association. Newly elected Trustees thereafter will be required to become certified under the Board Management Program of the National Rural Electric Association to become a certified, credentialed director before the expiration of the three (3) year term.

- C. In addition to formal Trustee training programs, Trustees are encouraged to attend Trustee conferences and other activities designed to improve the skills and knowledge of Trustee.
- D. The expenses of enrollment and attendance at Trustee training programs, including travel, lodging, and meals, are paid by the Cooperative in accordance with Board policy.
- E. The Trustee training programs shall be conducted within the confines of an annual budget established by the Board of Trustees for this purpose.

IV. RESPONSIBILITY

- A. The President and CEO shall develop an annual work plan and budget to ensure the attendance of Trustees at appropriate training programs.
- B. Each Trustee is responsible for engaging in activities to upgrade his/her skills as a Trustee.
- C. The President and CEO is responsible for making arrangements for Trustees to attend training programs and for providing for payment of costs.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Date Effective: July 21, 1997
Date Revised: June 25, 2012
Date Revised: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 12

SUBJECT: ACTIVITIES BY BOARD OF TRUSTEES IN RELATION TO THEIR DUTIES, ACCESS TO COOPERATIVE INFORMATION, COMMUNICATIONS WITH EMPLOYEES, AND ETHICS OF CONDUCT

I. PURPOSE

To establish the standards, rules and procedures whereby the Trustees shall perform their duties.

II. POLICY

All of the powers of the Cooperative may be exercised by the Board of Trustees except as conferred upon the members by law, the Articles of Incorporation, or the Cooperative's Bylaws. This policy establishes certain standards whereby such powers will be exercised in the best interests of the Cooperative.

III. PROVISIONS

A. General Conduct of Board of Trustees

Board of Trustees should conduct themselves, personally and professionally, in accordance with the highest moral and ethical standards.

B. Conduct with Respect to Fellow Board of Trustees

Regardless of the personal relations and differences of the Board of Trustees, they should respect each other in the following ways:

1. Each Board of Trustee should allow ample opportunity or every other Board of Trustee to speak on any matter being considered by the Board of Trustees and listen carefully to the opinions and factual observations of the other Board of Trustees.
2. Except when in the best interest of the Cooperative, no Board of Trustee should reveal differences of positions among Trustees on matters considered and acted upon by the Board of Trustees except

to other Board of Trustees or the President and CEO. This standard applies to informal as well as formal communications.

C. Board of Trustees Access to Cooperative Information

Any Board of Trustee is entitled to have access to any information of the Cooperative which is germane to his/her standing as a Trustee and which is requested for a proper purpose. Access to Cooperative information is subject to the following conditions:

- I. All requests for such information shall be made to the President and CEO. In no case shall such information be sought by a Trustee through other employees, agents, or independent contractors. However, if the President and CEO is involved in actual or potential criminal activity and information is being sought concerning the same, the Cooperative Attorney shall advise the Board of Trustees how to proceed.
2. Information received by a Trustee pursuant to this policy shall not be revealed to any other individuals, unless the Trustee is sincerely convinced that to do so is compelled by law or the overriding best interests of the Cooperative.
3. A Trustee shall not disclose information received pursuant to this policy if the effect of such disclosure is to damage the Cooperative or the public's perception of the Cooperative.

D. Loyalty to the Cooperative

A Trustee owes a duty of loyalty to the Cooperative and should, therefore, abide by Trustee decisions. Debate and differences of opinion are inevitable when reaching a consensus; however, such differences should remain within the Board room. Trustees shall keep such differences confidential unless compelling circumstances require membership resistance or court intervention in Board action.

E. Good Faith and Fair Dealing

Every Trustee shall act in good faith and fair dealing with every other Trustee and the President and CEO in all matters relating to Cooperative business. Good faith and fair dealing require:

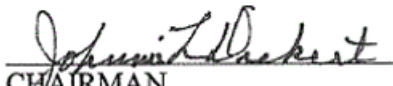
- I. That Trustees reveal all information or interest which they may have that may bear upon action being considered by the Board of Trustees or the President and CEO;

2. That Trustees will not pursue a position, inquiry, recommendation, or motion for the purpose of harassing or annoying another Trustee or the President and CEO; and
3. That Trustees' communications with employees other than the President and CEO, if made at all, shall be casual and conducted on a friendly and courteous basis. Communications with employees shall not be for the purpose of influencing an employee's position or attitude concerning Cooperative-related activities, or concerning such activities or the employment positions of other Cooperative employees, or seeking Cooperative information.
4. Members of the Board of Trustees shall not bring pressure to bear, either by threat or by reward, upon employees in an attempt to influence or coerce employees to vote for or against or to work for or against any candidate seeking election to the Board.
5. The Board of Trustees may reprimand any Trustee who is in violation of this policy and may request his/her immediate resignation from the Board. If such Trustee fails to vacate his/her seat on the Board, the Trustee shall inform the members of the Cooperative of the charges against the Trustee, prior to the next annual meeting of the members.

IV. RESPONSIBILITY

This policy shall be the responsibility of the Board of Trustees, except as otherwise provided for herein by the President and CEO or Cooperative Attorney.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997

Revised Date: June 25, 2012

Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 13

SUBJECT: CONFLICTS OF INTEREST

I. PURPOSE

- A. To provide general guidance to Trustees, officers, and employees in the performance of their duties and responsibilities for the Cooperative.
- B. To assure the high standards of integrity, impartiality, and conduct necessary for maintaining public confidence in the operations of the Cooperative.

II. POLICY

Trustees must avoid activities that create a conflict of interest or the appearance of a conflict of interest.

III. PROVISIONS

A "conflict of interest" exists when a Trustee or the President and CEO has a personal interest in a matter of such a nature and magnitude that a conflict exists between the personal interest and the Cooperative's interest that could potentially cause an inability to exercise independence and objective judgment on the matter. "Personal interests" may not technically involve the Trustee or President and CEO but may involve relatives, business associates, or other individuals or organizations with which he/she is closely associated.

According to Board resolution, the following statements will guide the members of the Board of Trustees and the President and CEO in the management of the affairs of the Cooperative.

A. Use of Office

They shall not use their respective offices for private gain for themselves or for other individuals or organizations with which they are associated.

B. Use of Information

They shall not use inside information for private gain, either by direct action or by Cooperative Attorney recommendations, or suggestions to other individuals or organizations with which they are associated.

C. Gain from Beneficiary Organizations

They shall not receive or solicit from beneficiary organizations, related organizations, or other individuals having business with the Cooperative, anything with a value greater than \$500.00 as a gift, loan, favor or gratuity for themselves or any other individuals or organizations with which they are associated. Meals are exempt from this provision.

D. Decisions Which Pose a Conflict of Interest

They shall make full disclosure to the Board of Trustees of any facts indicating a conflict of interest. They shall disqualify themselves from participating in decisions posing a conflict of interest or the appearance of a conflict of interest. They may request an opinion of the Cooperative's Attorney before taking such action.

IV. RESPONSIBILITY

A. President And CEO

The President and CEO shall provide assistance to the Board of Trustees to assure compliance with this policy. The President and CEO shall also develop and enforce an appropriate management policy relating to conflicts of interest of employees.


B. Cooperative Attorney

The Cooperative Attorney shall advise individual Trustees and/or the Board of Trustees regarding compliance with this policy.

C. Board of Trustees

The Board of Trustees shall review compliance with this policy and Cooperative Attorney with any Trustee or the President and CEO as the situation may require. The Board of Trustees is not damaged or compromised because of the existence of a conflict of interest on the part of the Board of Trustees, the President and CEO, or the Cooperative Attorney.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997
Date Revised: June 25, 2012
Date Revised: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 14

SUBJECT: INDEMNIFICATION OF COOPERATIVE BOARD OF TRUSTEES,
OFFICERS, AGENTS AND EMPLOYEES

I. PURPOSE

- A. To provide for the Cooperative's indemnification of the Cooperative's Trustees, officers, agents, and employees against liability and related costs for their acts and omissions in their respective official capacities.
- B. To provide for the purchase of insurance to cover such indemnification.

II. POLICY

It is the policy of Newberry Electric Cooperative, Inc. to indemnify Trustees, officers, agents, and employees as allowed by South Carolina Law.

III. PROVISIONS

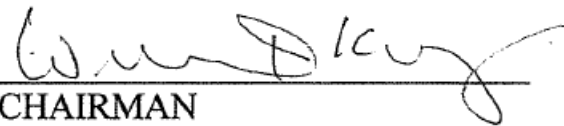
S.C. Code 33-49-680 contains provisions allowing the indemnification of Board of Trustees and officers and, if the Board of Trustees so decides, Cooperative employees and/or agents. By this policy, the Cooperative adopts the indemnification provisions at S.C. Code 33-49-680 and provides for the purchase of insurance to cover such indemnification.

- A. The Cooperative shall indemnify its Board of Trustees, officers, and employees in amounts fixed by Board resolution, but not to exceed the maximum amount allowable by law. Where the Board of Trustees deems appropriate, the Cooperative may indemnify one or more agents.
- B. To the extent allowable by law, indemnification shall apply to officers and employees, whether former, existing, or future.
- C. Indemnification shall cover the costs, including reasonable attorneys' fees, of resisting and defending against liability claims.

IV. RESPONSIBILITY

It shall be the responsibility of the President and CEO to implement this policy.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997
Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 15

SUBJECT: BOARD OF TRUSTEES - PRESIDENT AND CEO
INTERRELATIONSHIPS

I. PURPOSE

To establish the policy governing the basic relationship between the Board of Trustees and the President and CEO, including the principles involving the delegation of authority.

II. POLICY

It is recognized that good management is the most important factor to the success of the Cooperative. In exercising such management, the Board of Trustees reserves its responsibility to establish policy, approve plans and programs, and delegate authority to manage the offices of the Cooperative to its President and CEO except those rights and duties that are by law, the Articles of Incorporation, and Bylaws of the Cooperative conferred upon or reserved to its members.

III. PROVISIONS

- A. The Board of Trustees recognizes its responsibility to establish policies, approve plans, and delegate authority to the President and CEO to execute and carry out its plans, programs, and policies. The President and CEO shall, among other things, have authority to hire capable personnel within the approved wage and salary plan, establish schedules, train and supervise employees, and when necessary, replace them.
- B. All policies of the Board of Trustees shall be promulgated at regular and special meetings with the Board of Trustees acting collectively.
- C. The Board of Trustees recognizes that, should any Trustee undertake in private conversation with others to make commitments for the Board of Trustees, the Trustee becomes involved in a serious breach of policy which might disrupt the entire organization. A Trustee may be subject to rebuke from his fellow Trustees should he/she attempt to make commitments unofficially for the Board of Trustees. Therefore, the Cooperative's Chairman, or in his/her absence the Vice Chairman, shall be spokesperson for the Board of Trustees, except in cases previously authorized by the Board of Trustees. It will also consider all available

salary comparisons of CEOs in South Carolina and data from NRECA, as well as multiple evaluations by Cooperative supervisors.

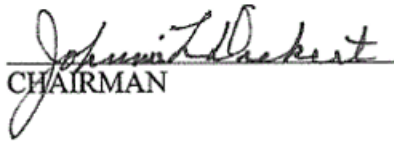
- D. Trustees shall refrain, as individuals, from discussing management problems with the personnel of the Cooperative, except in cases where the Board of Trustees may deem it necessary to confer with personnel at regular or special meetings of the Board of Trustees.
- E. It shall be distinctly understood that the “flow” of authority for the management of the Cooperative shall pass through the President and CEO and the President and CEO shall be the connecting link between the Board of Trustees and the employees. The Board of Trustees shall require full and complete information from the President and CEO concerning all matters in connection with the management of the Cooperative set forth in Board policies.
- F. The Board of Trustees recognizes that efficient management of the Cooperative can exist only through mutual understanding and complete cooperation between the Board of Trustees and the President and CEO. The President and CEO is expected to produce results and give an account to the Board of Trustees for his/her stewardship. His/her performance cannot be of the best unless he/she is given latitude to exercise independent judgment in executing policies of the Board of Trustees. The Board of Trustees acknowledges that obligation and gives the President and CEO the latitude of judgment and discretion, and expects faithful performance in carrying out all of the policies of the Board of Trustees.
- G. The Board of Trustees recognizes its responsibility for the employment of a President and CEO and further recognizes the additional responsibility for a systematic appraisal of the performance of responsibilities in order that growth, development, and effective improvements are encouraged. The Board of Trustees may, at its discretion, enter into a contract for the services of a President and CEO.

IV. RESPONSIBILITY

- A. The Chairman of the Board of Trustees is responsible for inviting the attention of Board members to non-adherence to this policy.
- B. The Board of Trustees or appropriate committee is responsible for the systematic appraisal of the performance of the President and CEO.

- C. The Board of Trustees will be guided by the results of the most recent performance appraisal report and any changes in performance prior to approving the President and CEO's salary and adjustment within the approved wage and salary plan and the corresponding schedule of rates. It will also consider all available salary comparisons of CEO's in South Carolina and data from NRECA, as well as multiple evaluations by Cooperative supervisors.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: July 21, 1997
Revised Date: June 25, 2012
Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 16

SUBJECT: BOARD OF TRUSTEE COMPENSATION

I. PURPOSE

- A. To insure fair and equitable compensation for time spent and reimbursement for expenses incurred by Trustees when attending regular or special board meetings and/or committee meetings.
- B. To insure adequate participation by Cooperative Trustees on boards and committees of associated organizations.

II. POLICY

In conformity with the Bylaws of the Cooperative, it is the policy of Newberry Electric Cooperative, Inc. to reimburse Trustees for time and travel expenses as established in the provisions of this policy.

III. PROVISIONS

A. Meeting Attendance Fee

A Standard Meeting Attendance Fee shall be set and adjusted periodically by the Board of Trustees in a manner consistent with Bylaw requirements listed in Section 4.10 "Compensation; Expenses". In setting and adjusting the standard Meeting Attendance Fee, the board will reference the most current wage and salary surveys provided yearly by the cooperative's state and national associations, to insure that Board of Trustees' compensation is appropriate and reasonable compared to other cooperatives in the region.

Members of the Board of Trustees shall be paid the standard Meeting Attendance Fee for each day or part thereof for attendance at regular or special meetings of the Board of Trustees. For attendance at Board committee meetings held non-concurrent with regular and special Board Meetings, or for attendance at other authorized state, regional, national, or training meetings, a Trustee shall receive the Standard Meeting attendance fee for each day actually in attendance, including necessary travel time.

Board of Trustees will be paid the Standard Meeting Attendance Fee for attending business meetings of the Board, including special meetings and committee meetings, and other meetings where Cooperative business is involved and their attendance is expected. Trustees will not be paid for informal conferences with the CEO or each other or for their informal meetings with members.

Trustees who are designated by the NEC Board of Trustees as delegates to the boards of associated organizations (such as Central Electric Power Cooperative, Central Electric Utility Supply, and Electric Cooperatives of South Carolina) will receive the standard Meeting Attendance Fee for each day in attendance at those board meetings, including necessary travel time, provided the associated organization does not pay a meeting attendance fee concurrently. For days that the associated organization pays a daily meeting attendance fee, NEC's standard Meeting Attendance Fee will not be paid.

B. Transportation Expenses

Trustees shall be reimbursed for transportation expenses in attending such meetings as follows:

- I. When traveling by personal automobile, a Trustee shall be reimbursed at the prevailing mileage rate approved by the Internal Revenue Service for federal income tax purposes, plus any related charges, such as tolls, parking charges, etc. not to exceed the cost of the normal airfare level.
2. When travel by common carrier is necessary, reservations will be made and airline tickets will be purchased in advance by NEC staff when possible. However, in cases where it is necessary for Trustees to purchase airline tickets themselves, the cost of air travel tickets purchased by Trustees shall be reimbursed on the basis of coach-class round-trip air fare or actual transportation expenses incurred, whichever is less.
3. Other transportation expenses incurred by the Trustee while attending such meetings, including rental car or fares for bus, limousine, subway, taxi, or other available public transportation will be reimbursed by the Cooperative.

C. Incidental Expenses

1. When a Trustee attends any of the meetings listed in Section III, Paragraph A above, he/she shall be reimbursed for actual incidental expenses incurred, including lodging, food, etc.
2. All Trustees are authorized and encouraged to attend the Annual Meetings of The South Carolina Electric Cooperatives Association and the National Rural Electric Cooperative Association. They are also encouraged to attend training schools and meetings sponsored by these associations, subject to the approval of the Board of Trustees and within the limits of approved budgets.


D. Insurance Coverages

Trustees may participate in the Cooperative's offered medical insurance programs, 24-hour accident insurance, dental insurance, business travel insurance, and director life insurance. Premiums for all coverages are paid by the Cooperative.

IV. RESPONSIBILITY

- A. It is the responsibility of each Trustee to submit an itemized expense report to include fees, all necessarily incurred expenses, and other authorized reimbursement expenses including travel.
- B. It is the responsibility of the Finance Committee to review all Trustee expense reports and to assure that all reimbursements are reasonable and in accordance with this policy.
- C. It is the responsibility of the President and CEO to see that Trustee expenses are paid upon the submission of appropriate expense reports. When travel funds have been advanced, the President and CEO shall provide for appropriate reconciliation of the accounts. When Trustee expenses are paid by the President and CEO, appropriate adjustments and review shall be made of the trustee expense accounts.
- D. It is the responsibility of the Board of Trustees to develop, with the assistance of the President and CEO, an annual budget for fees and expenses of the Board of Trustees to be included in the Cooperative's Annual Work Plan and Budget.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: April 26, 2004
Revised Date: June 25, 2012
Revised Date: October 29, 2012
Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 17

SUBJECT: QUALIFICATIONS FOR ELIGIBILITY FOR SERVICE ON THE
COOPERATIVE'S BOARD OF TRUSTEES

I. PURPOSE

The purpose of this policy is to establish and define the Board's authority and responsibility for insuring that members of the Board of Trustees possess and maintain eligibility and the qualifications required by the Bylaws; and to establish and define the Board of Trustees authority and responsibility for removing a member from the Board of Trustees in instances where eligibility and/or qualifications for service is lost due to an existing member's change in qualification status.

II. POLICY

Specific qualifications are required by law and the Cooperative's Bylaws to be eligible to become and remain a Trustee of the Cooperative. It is the responsibility of the Board of Trustees to ensure that all members of the Board of Trustees meet and maintain the qualification requirements stipulated in the Bylaws. Should the Board of Trustees determine that an incumbent Trustee or a potential appointee to the Board of Trustees lacks, or at some point loses, any of the required qualifications, it is the duty of the Board of Trustees to remove such incumbent from the Board or to disqualify potential appointees who lack qualifications under the requirements of the Cooperative Bylaws.

III. PROVISIONS

A. General Requirements

Any person, to become and remain a trustee of the Cooperative, shall among other things:

1. Comply with all applicable requirements of law, the Cooperative's Articles of Incorporation and Bylaws, the Cooperative's duly adopted policies, and the Cooperative's duly made decisions.
2. Assume a fiduciary duty to act, in good faith, in the best interests of the Cooperative and its members.

3. Be loyal to the Cooperative and not have conflicting commercial or personal interests.
4. Be possessed of the minimum knowledge and skills necessary to oversee the management of the Cooperative.
5. Be willing to devote such time and effort to the duties of a Trustee as may be necessary to oversee the management of the Cooperative.

B. Bylaws Requirements

To be eligible to become or remain a Trustee, a person must:

1. Not be a close relative of an incumbent Trustee or a Cooperative employee. However, no incumbent Trustee will lose eligibility to remain a Trustee or to be re-elected as a Trustee if he/she becomes a close relative of another Trustee or an employee because of a marriage to which he/she was not a party.
 2. Be a member of good standing of the Cooperative, receive service from the Cooperative at his/her primary residence for at least seven (7) consecutive years immediately preceeding nomination for election to the Board of Trustees, and maintain primary residence in the District for which the Trustee is elected or appointed to represent.
 3. Be at least 18 years of age.
 4. Not be employed by the Cooperative or have been employed by the Cooperative at any time during the preceding five years.
 5. Not be in any way employed by, or financially interested in, a competing enterprise or a business selling electric energy or significant amounts of supplies to the Cooperative.
 6. Not have been convicted of or pled nolo contendere to a felony charge.
- C. Upon the establishment of the fact that a Trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such Trustee from office. Such removal shall be accomplished only upon a vote of not less than two-thirds of the Board of Trustees eligible to vote.

D. Procedures for Policy Implementation

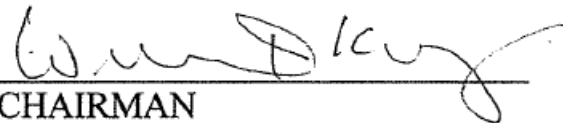
This policy shall be implemented as follows:

1. This policy shall be disseminated and explained to the Nominating Committee each year, before it makes nominations. The committee should avoid placing in nomination persons whose qualifications are questionable.
 2. Upon receiving nominations by the Nominating Committee and/or by petition, the Cooperative shall furnish all nominees with a copy of this policy, an Affirmation of Trustee Qualifications Form, and a Trustee Qualifications Questionnaire. To ensure that nominees are qualified in accordance with this policy, the signed and completed Affirmation of Trustee Qualifications Form and Trustee Qualifications Questionnaire must be submitted to the Credentials and Election Committee for review and certification.
 3. The Board of Trustees, in filling any vacancies occurring on the Board of Trustees, shall ensure that all proposed candidates for appointment are qualified to be appointed. The Cooperative shall furnish all candidates for appointment to the Board of Trustees with a copy of this policy, an Affirmation of Trustee Qualifications Form, and a Trustee Qualifications Questionnaire. To ensure that candidates for appointment are qualified in accordance with this policy, the signed and completed Affirmation of Trustee Qualifications Form and Trustee Qualifications Questionnaire must be submitted to the Board of Trustees for review.
 4. All persons nominated or being considered for appointment as Trustees shall, prior to election or appointment, read this policy and sign and complete the Affirmation of Trustee Qualifications Form and Trustee Qualifications Questionnaire which are attached hereto and made part hereof.
- E. Every year prior to the meeting of the Nominating Committee, each incumbent whose office is up for election and who wishes to be placed in nomination for re-election at the forthcoming Annual Meeting shall review this policy and complete and sign an Affirmation of Trustee Qualifications Questionnaire. If nominated, the completed and signed Affirmation of Trustee Qualifications Form and Trustee Qualifications Questionnaire must be submitted to the Credentials and Election Committee for review and re-certification.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the enforcement of this policy.

APPROVED BY BOARD OF TRUSTEES


CHAIRMAN

Effective Date: May 3, 2000
Revised Date: June 25, 2012
Revised Date: April 3, 2013

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 18

SUBJECT: PURCHASE AUTHORITY WITHOUT ADVANCE BOARD APPROVAL

I. PURPOSE

To establish a defined level of authority for the President and CEO to make capital and expense purchases without advanced approval by the Board of Trustees as the need arises.

II. POLICY

The President and CEO is authorized by Board Policy to make capital and expense purchases of no more than \$5,000.00 without advanced approval of the Board of Trustees, within the limitations outlined in Section III.

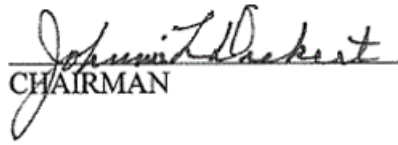
III. PROVISIONS

- A. Under this policy, purchases will be made consistent with Cooperative Purchasing Policies and will flow through the Cooperative's Purchasing and Purchase Order System when deemed practical.
- B. Receipts for capital purchases will be recorded and provided to the Manager of Finance and Accounting for entry into plant inventory when appropriate.
- C. The President and CEO is expected to exercise good judgment in administering this policy and is subject to rebuke from the Board of Trustees if individual purchased items are deemed inappropriate.

IV. RESPONSIBILITY

- A. It will be the responsibility of Finance Committee of the Board of Trustees to monitor the effects and spending practices of this policy.
- B. The President and CEO will be held accountable by the Board of Trustees for any and all purchases made under this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: April 19, 1999
Revised Date: June 25, 2012
Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 19

SUBJECT: AUTHORITY AND PROCEDURE FOR SIGNING OF CHECKS

I. PURPOSE

To establish with management levels of authority for signing checks, to facilitate and insure the efficient and timely processing of the accounts payable work functions.

II. POLICY

The President and CEO and an authorized individual are authorized by Board Policy to sign and co-sign checks within the limitations outlined in Section III.

III. PROVISIONS

- A. A check signing machine bearing the signatures of the President and CEO and the Secretary/Treasurer may be used for signing checks by management as authorized under this policy not to exceed \$5,000.00.
- B. Checks will be signed only after verification by the signor of appropriate approval(s) present on invoices attached to the drafts.
- C. Checks, share draft, and money market accounts in an amount greater than \$50,000.00 should be signed by two (2) of the following:

- Board of Trustee Chairman
- Board of Trustee Vice Chairman
- Board of Trustee Secretary/Treasurer
- President and Chief Executive Officer

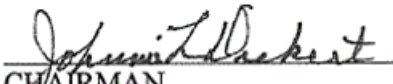
- D. Checks, share draft, and money market accounts in an amount not to exceed \$50,000.00 with prior Board of Trustee approval should be signed by two (2) of the following:

- Board of Trustee Chairman
- Board of Trustee Vice Chairman
- Board of Trustee Secretary/Treasurer
- President and Chief Executive Officer
- Manager of Finance and Accounting

IV. RESPONSIBILITY

- A. It will be the responsibility of the Finance Committee of the Board of Trustees to monitor the effects of and compliance with this policy.
- B. The Board of Trustees will hold the President and CEO accountable for administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES:


CHAIRMAN

Effective Date: April 19, 1999
Revised Date: April 20, 2004
Revised Date: December 13, 2010
Revised Date: May 31, 2011
Revised Date: June 25, 2012
Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 20

SUBJECT: AUTHORITY AND PROCEDURE FOR APPROVING DONATIONS

I. PURPOSE

To establish with management levels of authority for making donations to civic organizations and causes, charitable organizations and causes, educational programs, and other such donations that have a favorable public relations value to the Cooperative and its membership.

II. POLICY

The President and CEO is authorized by Board Policy to authorize at his discretion donations of up to \$1,000.00 per request, subject to the limitations of Section III.

III. PROVISIONS

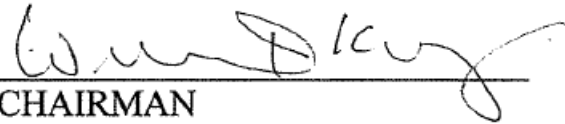
- A. Total donations should not exceed budget levels.
- B. Donation requests for amounts greater than \$1,000.00 will be presented to the Board of Trustees in the Regular Monthly Board Meeting.
- C. The President and CEO is expected to exercise good judgment in administering this policy and is subject to rebuke from the Board of Trustees if the nature and intended use of donations are deemed inappropriate.

IV. RESPONSIBILITY

- A. It will be the responsibility of the Finance Committee of the Board of Trustees to monitor the effects of and compliance with this policy.

- B. The Board of Trustees will hold the President and CEO accountable for administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES:


CHAIRMAN

Effective Date: April 19, 1999
Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 21

SUBJECT: BASIS FOR WAGE AND SALARY ADMINISTRATION

I. PURPOSE

To establish with management an accepted basis for determination and development of employee wage and salary administration, to insure that the Cooperative effectively recruits and retains highly qualified employees in all positions.

II. POLICY

The *National Rural Electric Cooperative National Compensation Survey* (NCS) will be utilized referencing the South Carolina section to establish wage and salary scales for all positions. Yearly adjustments to wages and salaries will be structured according to the most recent edition of the NCS. Generally, salaries will be maintained between the 1st and 3rd Quartiles. The 1st and 3rd Quartiles will be accepted by management as being the determinants of the salary scale (the pay range) for the respective position.

III. PROVISIONS

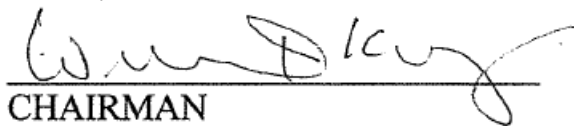
- A. Management will present to the Finance Committee its proposed regular annual wage and salary adjustments. Management will report to the Finance Committee both the total dollar amount of the proposed adjustments and also the total increase or decrease in current base payroll as the result of the proposed wage and salary adjustments.
- B. Any proposed adjustment for any employee who is subordinate to the President and CEO that is greater than \$5,000.00 will be disclosed to the Finance Committee, and the circumstances warranting the adjustment will be discussed with the Finance Committee.
- C. Any unscheduled wage and salary adjustment that is given at the discretion of the President and CEO during the year, the need for which may arise due to circumstances relating to employment status or changes to an employee's job responsibilities, will be reported to the Finance Committee subsequent to the adjustment being made.

- D. Once the Finance Committee has determined its approval of management's annual wage and salary adjustments, the proposed adjustments will be presented to the Board of Trustees for approval, no less than 30 days prior to the date adjustments are scheduled to take effect.
- E. The Board of Trustees will approve the total amount of the recommended wage and salary adjustments proposed by management in consideration of the current financial condition of the Cooperative.
- F. The Finance Committee may, at the discretion of the Chairman of the Board, review management's wage and salary plan (s) and recommendations for salary adjustments for report and recommendation to the Board of Trustees.

IV. RESPONSIBILITY

- A. It will be the responsibility of the President and CEO to develop and administer the NEC Wage and Salary Plan consistent with this Board Policy.
- B. The Board of Trustees will hold the President and CEO accountable for administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: February 29, 2008
Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 22

SUBJECT: SAFETY AND ACCIDENT PREVENTION

I. PURPOSE

To establish with management the Cooperative policy, delegation of authority, and procedures for controlling behavior pertaining to adherence to safety rules and practices, to assure company-wide compliance with all governing entities including OSHA, the National Electric Safety Code, and the NEC Safety Manual.

II. POLICY

The President and CEO of the Cooperative shall implement a structure whereby safety accreditation will be achieved and maintained through policy development and implementation, organizational structure, supervision, and activities that will educate, train, and otherwise assure NEC's compliance with rules and guidelines of governing entities.

III. PROVISIONS

The President and CEO will implement and maintain a safety program consistent with the following provisions:

- A. A safety meeting will be held monthly to provide NEC employees with training on safety rules and procedures, and to provide personnel with the opportunity to share experiences related to job related incidents and safety violations.
- B. The Vice President of Human Resources and the Manager of Operations will facilitate ongoing training related to safety rules and procedures and monitor work practices on a regular basis. The Manager of Operations will investigate any and all accidents and incidents in which non-adherence and violations of safety rules may have occurred. The Manager of Operations shall document in writing all information gathered in the incident investigation including the time and date of the incident, witness statements, and a description of the incident. The Manager of Operations shall determine and record as part of the investigation any and all safety violations that occurred in the incident and record action that policy dictates should be taken by the employee's supervisor. Once completed, the incident report will be forwarded to the

President and CEO and the employee's supervisor for employee counseling and appropriate disciplinary action consistent with policy.

- C. The Vice President of Human Resources and Manager of Operations shall monitor NEC's safety program and its rules and policies to assure ongoing compliance with the Rural Electric Safety Achievement Program (RESAP).
- D. The Vice President of Human Resources and Manager of Operations shall take steps as necessary to assure compliance by the Cooperative with safety standards defined by the Occupational Safety and Health Act (OSHA) and all other applicable state and nationally recognized safety requirements.

IV. RESPONSIBILITY

- A. It will be the responsibility of the President and CEO and/or his designee to develop and administer the NEC Safety and Training Program consistent with this Board Policy.
- B. The Board of Trustees will hold the President and CEO accountable for effective administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: September 27, 1999
Revised Date: April 27, 2009
Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 23

SUBJECT: PROCEDURES FOR ELECTION OF BOARD OF TRUSTEES

I. PURPOSE

To establish the policy governing the procedures by which members of the Cooperative exercise their right to elect members to the Cooperative Board of Trustees. To provide guidelines available to members and candidates so that every person may participate in the election process with equal opportunity for success.

II. POLICY

Be it resolved that the Board of Trustees of the Newberry Electric Cooperative, Inc. has established the following policy concerning election of trustees:

- A. Trustees of the Cooperative shall be elected at the Annual Meeting of the Members.
- B. The date of the meeting, opening of member registration, and time and place of the meeting shall be as specified in the notice to the members.
- C. An Election Administrator shall be selected by the Credentials and Election Committee to administer the election procedures.
- D. Registration of Member:
 - 1. At the Annual Meeting, registration lines will be provided for the members to register. Assistance will be provided at each line (in the form of Cooperative employees) to ensure that the member has little or no trouble during registration.
 - 2. During registration, the member is to present to the workers at the registration tables the registration card mailed to the member along with the Notice of the Annual Meeting. Evidence that the person presenting the card is the person named on the card may be required. During registration, the member will be given a number Voter Authorization Card. The member shall take this numbered Voter Authorization Card to the voting area and present this card to the poll

attendant. The poll attendant shall collect the numbered Voter Authorization Card and the member shall vote.

3. When registering, the member will also be given a two-part prize ticket. One section is for the prize drawing registration and will be removed at the prize drawing table and placed in a box to be used in the prize drawings. The remaining part of the card is to be used by the member for redeeming prizes in the prize drawings. If the member wins a prize, the prize drawing part of the card is to be exchanged for the door prize. In the event a joint member applied to register after his or her spouse has already registered, the first registering party shall be deemed the voting member for the purpose of this meeting.
 4. Close of registration and voting shall be determined by the Credentials and Election Committee and printed in the Annual Meeting Notice mailed to the membership. At the close of voting, the Secretary of Board of Trustees will determine if enough members registered for the meeting to determine a quorum. If the number of registered members is equal or greater than the number required for a quorum, the votes will be counted. If a quorum has not registered, the voting and election will be disqualified.
- E. The Order of Business at the meeting will be established by the Board of Trustees or the members themselves.
- F. Ballots
- Ballots for the election of trustees shall contain the following items:
1. Name of the Cooperative and date of meeting.
 2. Listing of candidates nominated by the Nominating Committee and, if any, candidates nominated by petition.
 3. Candidates will be grouped by Districts on the ballot.
- G. Election of Trustees
1. Immediately after the call to order, the report of the Nominating Committee will be made. The Nominating Committee will present its certification of the qualifications of the candidates including the candidates nominated by petition.
 2. A member does not have to have his or her registration form to receive a voting authorization card, provided reasonable evidence of their identity is provided at the registration desk.

3. A member can cast only one vote unless he or she is the designated representative of a corporation, association, body politic or subdivision thereof.
4. A corporation, association, body politic, subdivision member of the Cooperative may cast ballot through its president, secretary, treasurer, or designated delegate. Proof of authority must be provided the cooperative prior to the meeting or may be presented at registration. Proof of authority must be certified by a person other than the person casting the ballot.
5. A member may request assistance from the poll attendant in casting his or her vote.
6. Persons who, because of health or handicap, cannot stand in line may have registration materials and ballots taken to them at the election site by a member of the Credentials and Election Committee who shall observe the voting and return the ballot to the voting box.

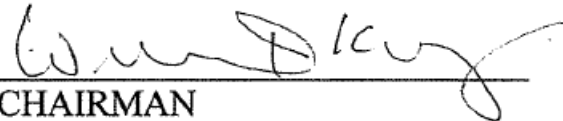
H. Campaign Activity at the Annual Meeting Site Shall Be Prohibited as Outlined Below:

1. Candidates and their representatives shall not solicit at the site of the meeting support from members by voice, card, or other reasonable means being held for election of Trustees.
2. To avoid interference with registration of members, solicitation of votes by candidates or their representative shall not occur at the Annual Meeting site. Persons acting on behalf of a candidate or the actual candidate violating this policy will be given a warning. If the actions continue, the candidate on whose behalf the solicitation is occurring may be disqualified from the election.
3. A candidate may use a nickname on the ballot if he or she has established the nickname in the community in a manner similar to (7-13-325) of the S.C. Code Ann. (1976). The authorization to use a nickname must be received from the candidate in writing 45 days prior to the meeting date. If the authorization is not received at least 45 days prior to the meeting, the legal name must be used.

III. RESPONSIBILITY

It shall be the responsibility of the Credentials and Election Committee and its Election Administrator to see that this policy is carried out.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: February 28, 2000
Revised Date: June 25, 2012
Revised Date: April 23, 2013

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 24

SUBJECT: SERVICE RECOGNITION AWARDS

I. PURPOSE

To establish through policy an equitable and appropriate program for recognizing employees and trustees for their years of service to the Cooperative.

II. POLICY

The President and CEO is authorized by this policy to administer the service awards program according to the provisions herein.

III. PROVISIONS

- A. Employees/Trustees will be given a service award at a designated function scheduled for the fourth quarter of the year following their hire date anniversary.
- B. Employees/Trustees will be given a NEC service pin or charm after the completion of one full year of service.
- C. A gemstone will be added to the service pin or charm at the following intervals:

| | |
|-------------------|--|
| Five Years | One garnet stone |
| Ten Years | One additional garnet stone for a total of two |
| Fifteen Years | One garnet stone and one diamond stone |
| Twenty Years | Remaining garnet replaced with a diamond for a total of two diamonds |
| Twenty-Five Years | One garnet stone added to the two diamonds |
| Thirty Years | Garnet replaced with a diamond for a total of three diamonds |

D. In addition to the service pin, a gift (No Cash) will be given to the employee/trustee at the following intervals:

| | |
|--------------|---|
| Ten Years | Mantel clock with an engraved recognition plate or other equivalent in dollar amount (No Cash) |
| Twenty Years | Grandfather clock with an engraved recognition plate or other equivalent in dollar amount (No Cash) |
| Thirty Years | Rolex watch or other equivalent in dollar amount (No Cash) |

The "other equivalent" dollar amount must be purchased at one of the following:

Best Buy
Dick's Sporting Goods Store
Lindsay Furniture Company
Sylvan's Jewelers

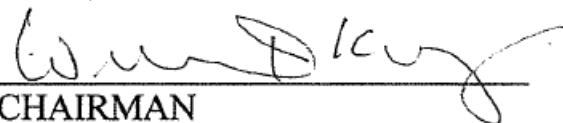
E. Retirement Luncheon & Gift

Upon retirement employees/Trustees will receive a luncheon and a gift.

IV. RESPONSIBILITY

The President and CEO shall be responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: June 1, 2010
Revised Date: January 30, 2012
Revised Date: June 25, 2012
Revised Date: October 29, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 25

SUBJECT: TO ESTABLISH A POLICY TO SET GUIDELINES FOR PURCHASES THAT
WILL BE CONSIDERED AS A CAPITAL EXPENDITURE

I. PURPOSE

To define a minimum dollar amount for purchased items that will be considered as capital expenditure items by the Cooperative.

II. POLICY

The Board of Trustees directs the President and CEO of the Cooperative to set a minimum amount of Five Thousand and no/100 (\$5,000.00) Dollars hence forth to be considered as a Capital Expenditure.

III. PROVISIONS

The President and CEO shall have the authority to settle minimal amount of an expenditure of the Cooperative at Twenty Five Hundred and no/100 (\$2,500.00) Dollars before the purchase can be considered as a Capital Expenditure.

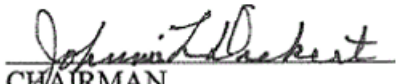
A. Capital Expenditure

A Capital Expenditure is defined as funds spent for the acquisition of a long-term asset or those financial assets that add to the net worth of a business. With the approval of this Board Policy, no purchases of items less than Five Thousand and no/100 (\$5,000.00) Dollars will be considered as capital items and, therefore, will be considered as expense items and charged off to the proper RUS Borrower account when purchased. No depreciation consideration will take place for items purchased less than Five Thousand and no/100 (\$5,000.00) Dollars.

IV. RESPONSIBILITY

The President and CEO shall be responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: March 26, 2007

Revised Date: June 25, 2012

Revised Date: March 30, 2015

Revised Date: July 30, 2018

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 26

SUBJECT: TO ESTABLISH A POLICY TO APPROVE THE PROCEDURE OF UNIT DEPRECIATION METHOD INVOLVING CAPITAL EXPENDITURES SUCH AS COOPERATIVE VEHICLES, OFFICE FURNITURE AND FIXTURES, COMPUTERS AND THE LIKE

I. PURPOSE

To define the unit depreciation method of accounting for capital expenditure items of general plant such as Cooperative vehicles, office furniture and fixtures, computers and the like. Under unit depreciation, depreciation is calculated on each individual item as opposed to group method depreciation, in which composite rates are applied to each class of property. The Cooperative has historically depreciated vehicles under the unit depreciation method each month and this account method would not change. This policy would include the above mentioned items under the unit depreciation method.

II. POLICY

The Board of Trustees directs the President and CEO of the Cooperative to set the method for accounting for depreciation expense for the above mentioned capital purchase items as Unit Depreciation.

III. PROVISIONS

The President and CEO shall have the authority to set the method of accounting for computing depreciation expense for the above mentioned capital purchase items using Unit Depreciation.

A. Depreciation of General Plant

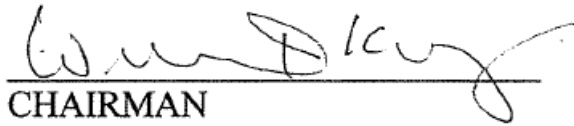
Depreciation is defined as the loss of value of depreciable plant not restored by current maintenance resulting from causes against which no insurance is carried, such as wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities. RUS Bulletin 183-1, Depreciation Rates and Procedures, sets forth a range of recommended depreciation rates to be used by borrowers, and the procedures to be used in accounting for the same. Contained in this bulletin is guidelines for depreciation rates and ranges based on what type of depreciation method best serves the Cooperative and Management's needs. RUS will not object to the use of "unit depreciation" for "General Plant" where the Board of Trustees approves of this procedure

as being necessary to meet their management needs. With the approval of this Board Policy, the unit method of depreciation will be used to determine the depreciation expense per unit each month for capital expenditure items such as Cooperative vehicles, office furniture and fixtures, computers, and the like.

IV. RESPONSIBILITY

The President and CEO shall be responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: March 26, 2007

Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 27

SUBJECT: POLICY FOR RED FLAG PROGRAM FOR IDENTITY THEFT AND CREDIT REPORTING ACCURACY

I. POLICY

It shall be the policy of Newberry Electric Cooperative, Inc., to take all reasonable steps to identify, detect, and prevent the theft of its members' personal information – commonly known as Identity Theft. In order to carry out that Newberry Electric Cooperative, Inc., hereby adopts the following policy or program for identifying and detecting Red Flags which may indicate that a member's information is potentially being misused or stolen.

II. DEFINITIONS

The term "Red Flag" means a pattern, practice or specific activity that indicates the possible existence of Identity Theft.

The term "Identity Theft" means a fraud committed or attempted using the identifying information of another person without authority.

The term "Identifying Information" means any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including name, Social Security Number, date of birth, Official State or government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number or address.

III. POLICY RATIONALE

Under federal law and regulation, Newberry Electric Cooperative, Inc., is required to adopt an Identity Theft Red Flag Prevention policy. This is required under the Federal Trade Commission ("FTC") regulations at 16 C.F.R. 681.2 *et seq.*

IV. IDENTIFICATION OF ACCOUNTS SUBJECT TO RED FLAG POLICY

Newberry Electric Cooperative, Inc. maintains accounts for its members that allow a member to pay for electric service after it has been received. Bills are sent and payments are due on a monthly basis. These accounts are covered by this Red Flag Policy.

V. IDENTIFICATION OF POTENTIAL RED FLAGS

A. Risk Factors

In identifying potential Red Flags associated with the accounts that Newberry Electric Cooperative, Inc. maintains, the following Identity Theft risk factors have been considered:

1. Types of Covered Accounts

Newberry Electric Cooperative, Inc. is an electric cooperative providing its members with electric service. Payments from members for services rendered are due within a monthly billing cycle. Newberry Electric Cooperative, Inc., does not provide credit to its members beyond this revolving, monthly account for utility service. Such service is rendered at a fixed physical location known to Newberry Electric Cooperative, Inc.

2. Methods for Opening Accounts

Newberry Electric Cooperative, Inc. requires that prospective members who wish to receive utility service submit a membership application with the following information:

- a. Name and date of birth of adult household members on the account
- b. Address location where service shall be provided
- c. Contact and billing information
- d. A social security number or tax identification number

The applicant must also be present to the Member Service Representative a valid government issued photo identification as proof of identity.

3. Methods for Accessing Accounts

Newberry Electric Cooperative, Inc. allows members to access information related to their accounts using the following methods:

- a. In person at Newberry Electric Cooperative, Inc.'s office with a picture identification;
- b. Over the telephone after providing Newberry Electric Cooperative, Inc.'s Member Service Representative with certain identifying

information, such as the caller's date of birth and/or the address and telephone number of the service location and the last four digits of the member's Social Security Number or Tax Identification Number or;

c. Over the Internet using a secure password.

4. Consumer Reports

Newberry Electric Cooperative, Inc. shall implement reasonable procedures to verify the identity of persons for whom it obtains consumer reports, and reasonable procedures for reconciling the address of the consumer with the consumer reporting agency; and shall refrain from using a report where the consumer's identity cannot be so verified.

B. Red Flags

As noted above, a "Red Flag" under this policy is defined as a pattern, practice or specific activity indicating a risk of identity theft. Such red flags may include:

1. Incidents of identity theft experienced or detected in the past;
2. Attempted use of a non-matching social security number, child's social security number, or former spouse's social security number;
3. Alerts from consumer reporting agencies;
4. The presence of suspicious documents or inconsistent data;
5. Suspicious name or address changes, or other personal identifying information, which is inconsistent with personal identifying information previously provided by a member;
6. Suspicious account activity;
7. Notices from members, others electric utility systems, victims of identity theft, and/or law enforcement personnel, concerning the possibility or reasonable suspicion of fraudulent activity involving a member account;
8. Material changes in the rates of usage of cooperative services;
9. Returned and undeliverable mail, despite continued usage of cooperative services; and/or

10. Date breaches in violation of any policy for securing confidential member and employee data while retaining and destroying records.

VI. RESPONSE TO POTENTIAL RED FLAGS

- A. The relevance of any red flag shall be evaluated based on principles of common sense and sound business judgment, taking into account all relevant factors relating the Members or applicant, the account and other circumstances.
- B. If it is determined that a member has become a victim of Identity Theft through personal information used by Newberry Electric Cooperative, Inc. in opening or maintaining a member's account, management shall take appropriate steps that it deems necessary to mitigate the impacts of such Identity Theft. These steps may include, but are not limited to:
 1. Monitoring an account for evidence of Identity Theft;
 2. Contacting the member;
 3. Changing any passwords, security codes, or other security devices that permit access to an account;
 4. Reopening an account with a new account number;
 5. Closing an existing account;
 6. Not attempting to collect on an account;
 7. Notifying the member;
 8. Notifying law enforcement; or
 9. Determining that no response is warranted under the particular circumstances;
10. In the event of genuine address discrepancies, all reasonable means shall be used to verify the consumer's correct address and then provide such confirmed addresses to the consumer reporting agency, within the reporting period. Verification steps may include verification with the applicant, reviewing the accuracy of the Cooperative's records, verifying the address through third-party sources or using other reasonable means.

VII. APPROVAL IMPLEMENTATION AND REVIEW OF THIS POLICY

- A. The Board of Trustees shall be responsible for approving the initial written policy, and thereafter any material changes in the policy.
- B. The President and CEO and his designees among senior management shall be responsible for ensuring oversight of the development, implementation and administration of the program, training relevant staff, periodically updating the program and overseeing service provider arrangements. The President and CEO shall tailor the program to the size complexity and nature of the Newberry Electric Cooperative's operations.
- C. In the event of any instance of Identity Theft, Newberry Electric Cooperative, Inc. shall review then-existing verification procedures and determine whether they remain adequate.
- D. Management shall continue to monitor the adequacy of this policy, and detection of red flags and other risks to the security of Member and applicant data. The program shall be updated from time to time based on experiences with Identity Theft, changes in methods of Identity Theft, changes in methods to detect, prevent and mitigate Identity Theft, changes in types of accounts offered to Members and other changes in business arrangements and practices.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: August 31, 2009
Revised Date: June 25, 2012

NEWBERRY ELECTRIC COOPERATIVE, INC.
BOARD POLICY NO. 28

SUBJECT: CAPITAL CREDITS

I. PURPOSE

The objective is to establish a policy of Newberry Electric Cooperative, Inc. for the assignment and retirement/payment of Capital Credits.

II. POLICY CONTENT

- A. It shall be the policy of Newberry Electric Cooperative, Inc. to assign Capital Credits on a patronage basis. The following formula shall be used for the assignments on a calendar basis.

$$(\text{Total margins} / \text{total revenue}) \times \text{member revenue (patronage capital)} = \text{Member Capital Credits assigned for the year.}$$

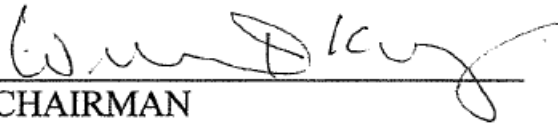
- B. Capital Credits when retired or paid shall be retired and paid on a first in/first out basis.
- C. Upon the death of any Patron who was a natural person, the Cooperative shall discount the assigned Capital Credits to present value and pay them to the Patron's estate in accordance with applicable probate law. These payments will be made only after all provisions of Article IX of the Cooperative's Bylaws have been met and will be made in accordance with state law, including SC Code §33-49-460.
- D. A Member, active or inactive, shall have any debts owed to the Cooperative offset against their retired Capital Credits. Active member accounts with receivables greater than sixty days past due will be offset at the ordinary time of Capital Credit retirement and distribution. Inactive member accounts will be offset at the time of the bad debt write off. This offset is pursuant to Article IX of the Bylaws.
- E. The discounted present value calculation will be based on the weighted average discount rate published in the Cooperative's most recent audited financial statements. The amount to be discounted and paid will be based on all the Capital Credits assigned to the Member or Patron as of the latest year assigned on the Cooperative's books at the time of retirement/payment. Any Capital Credits later assigned to a deceased Member or Patron will be recorded as retired capital.

- F. Upon payment of Capital Credits discounted for present value, the difference between the discounted value paid and the value stated in the Member or Patron's account shall be credited to an equity account in the name of that Member or Patron to be held by the Cooperative as retired capital.
- G. All payments of retired Capital Credits made will be in compliance with the Cooperative's mortgage requirements with RUS and CFC.

III. RESPONSIBILITY

The Board of Trustees and the CEO shall be responsible for the administration of this Policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: January 27, 2014

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 29

SUBJECT: EXTERNAL COMMUNICATIONS

I. PURPOSE

This policy is based on the principle that effective communication is the cornerstone of successful NEC operations. In order to maintain public trust and credibility, the cooperative has an obligation to speak with a consistent voice, openly and honestly, about its operations, events, actions and policies.

II. POLICY

External communications are defined as the formal expressions (written, visual or oral) of the cooperative's policy intended to convey to the general public or to specific publics, excluding members, (1) policy as adopted by the membership or as set by the Board of Directors or Staff, and (2) actions and events of the cooperative or that affect the cooperative and its members.

III. PROVISIONS

A. Media Relations

The CEO and VP of Member, Public & Governmental Relations is responsible for managing the cooperative's media activities, including development of media strategies, initiation of contact with the media, and response to media inquiries.

1. The CEO is the chief spokesperson for the Association. The VP of Member, Public & Governmental Relations serves as the CEO's representative with the media and serves the officers of the cooperative in the same capacity. The CEO and the VP of Member, Public & Governmental Relations have a major responsibility to represent or speak on behalf of the cooperative, and to plan and coordinate the cooperative's media relations programs.
2. It is the policy of NEC to be cooperative and responsive to news media inquiries. While VP of Member, Public & Governmental Relations has the primary responsibility for handling media inquiries, there are times when Staff members will be approached directly by reporters. It is not always necessary to refer reporters to the VP of Member, Public & Governmental Relations before talking with them, but it is necessary for the VP of Member, Public & Governmental Relations to know about all media contacts in a timely manner.

The Staff is encouraged to speak to reporters openly and fully about matters within their area of responsibility and professional expertise. This practice will help assure that our cooperative's position on current issues is accurately and fully reported in trade journals and the general media.

1. The following guidelines should be implemented when employees are questioned about incidents.
 - a) Employees receiving inquiries about internal or external incidents should refrain from responding and have the person speak with the CEO or a Staffmember.
 - b) If approached outside of the office by an individual you should ask them to contact VP of Member, Public & Governmental Relations at the cooperative.

B. News Dissemination

All cooperative employees are encouraged to work on a consistent basis with VP of Member, Public & Governmental Relations, in providing information concerning newsworthy activities and significant future programs and discussing plans for dissemination of the information.

It is expected that procedures will be established by the VP of Member, Public & Governmental Relations to facilitate the flow of news and information to the public.

VP of Member, Public & Governmental Relations should be informed of timely and/or significant activities so that successful public relations strategies can be developed and appropriate public outlets tapped to build interest in the program and support for the cooperative's goals.

1. All news releases to the trade or general press will be issued through the cooperative's VP of Member, Public & Governmental Relations. The VP of Member, Public & Governmental Relations has the responsibility to work with other departments in the development of media plans, news materials, and dissemination of information. Once the CEO or Staff is notified of an incident, an investigation should take place and all pertinent details recorded. It will be up to the discretion of the CEO as to what info should be released to the media and when.
2. Letters to the editor, feature articles, columns or other opinion pieces for public consumption that relate to cooperative policy and cooperative activities should be cleared by the CEO or VP of Member, Public & Governmental Relations.

C. Social Media

Cooperative employees may be given authority to interact in an official capacity with members and others through certain blogs and social networking services (Facebook, Twitter, LinkedIn, Instagram, etc.). In this official capacity, cooperative employees must comply with this policy and be mindful that they are representing the cooperative and must not express views that conflict with the cooperative. This policy also applies to employees who use blogs or social networking services in a personal capacity to the extent their activity relates to issues or policy concerns of the cooperative.

1. To maintain the consistency and integrity of content relating to or concerning the cooperative, the following guidelines apply:
 - a) Never reveal cooperative internal policy disputes or express opinions that conflict with the cooperative's official policies or publicly stated positions.
 - b) Never hold yourself out as an expert on an issue by virtue of your employment at the cooperative without prior permission.
 - c) If blogging or commenting about your job, be constructive and understand your authorized role as an advocate for the cooperative and our membership.
 - d) Never reveal confidential information, proprietary information, security information, or trade secrets of the cooperative.
 - e) Referencing the cooperative as your employer on social networking sites is acceptable. Referencing the cooperative as your employer is not acceptable if references or comments conflict with the cooperatives or you are advocating positions on policies that are in direct conflict with Cooperative's positions.
 - f) Never state that you represent the cooperative or are speaking for the cooperative on social networking sites, unless authorized.
 - g) If blogging or commenting about your job, be constructive and avoid writing negative or hostile comments. Before posting or commenting, ask yourself how you would feel if the comments were written about you.

2. Responsibilities

A. Employees

1. By participating in blog or social networking services, the employee accepts responsibility for complying with this policy. Violations of this policy may be cause for disciplinary action up to and including termination of employment.

B. Managers and Supervisors

1. Should there be a question of inappropriate blog or social networking services activity, the employee's manager or supervisor should first discuss the problem with the employee to ensure that there is understanding of and compliance with this policy.
11. The employee's manager or supervisor, in consultation with Human Resources, shall be responsible for determining appropriate disciplinary action resulting from non-compliance with this policy.

IV. RESPONSIBILITY

The Board of Trustees is responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES


CHAIRMAN

Effective Date: August 25, 2014

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 30

SUBJECT: BOARD STATUTORY CONFLICTS OF INTEREST

I. PURPOSE

To set forth a policy ensuring compliance with state law concerning Board conflicts of interest.

II. POLICY

Be it resolved that the Board of Trustees has established the following policy concerning Board statutory conflicts of interest:

A. Trustees may not:

1. Knowingly use their position as a Trustee to obtain an economic interest, in addition to allowable compensation, for serving as a member of the Board of Trustees for themselves, a family member, an individual with whom they are associated, or a business with which they are associated; or
2. Have a business relationship with the Cooperative that is distinct from or in addition to the Trustee's mandatory cooperative membership or their service on the Board of Trustees; or
3. Appoint, direct, or cause a family member to become a member of a committee or an employee of the cooperative.

B. Trustees are not prohibited by this policy from accepting goods or services, such as lodging, transportation, entertainment, food, meals, beverages, or any other thing of value, provided that:

1. The value of the good or service is reasonable, and the purpose relates to their duties as a Trustee; or
2. The good or service is furnished on the same terms or at the same expense to a member of the public or to general attendees of functions considered reasonable by the Board for the fulfillment of Trustee duties; or

3. If the good or service is of more than twenty five dollars in value and is furnished to the Trustee by a company that the Trustee knows has or seeks a business relationship with the Cooperative (other than a Cooperative membership), and the Cooperative is not an owner or a member of that company, the Trustee must disclose the acceptance of the good or service to the Board.
- C. For purposes of this policy, “an individual with whom they are associated” means “an individual with whom the person or a member of his immediate family mutually has an interest in any business of which the person or a member of his immediate family is a director, officer, owner, employee, compensated agent, or holder of stock worth one hundred thousand dollars or more at fair market value and which constitutes five percent or more of the total outstanding stock of any class.” “Family member” means a spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, and a member of the individual’s immediate family.
- D. All trustees shall sign the Conflict of Interest Certification and Disclosure Form (attached herewith) each year and no later than the last monthly board meeting each December.

III. RESPONSIBILITY

- A. Chief Executive Officer
- B. Board of Trustees

Trustees, individually and collectively, are responsible for avoiding conflicts of interest. The Board of Trustees shall review compliance with this policy. The Board Chair shall counsel with any Trustee as the situation may require. The Board shall assure, to the extent possible, that the Cooperative is not damaged or compromised because of the existence of a conflict of interest on the part of Trustees.

- C. General Counsel

The General Counsel shall advise individual Trustees and/or the Board of Trustees regarding compliance with this policy. The Board of Trustees has responsibility for the implementation and enforcement of this policy.

APPROVED BY THE BOARD OF TRUSTEES

Chairman

Effective Date: November 20, 2019

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 31

SUBJECT: BOARD EXECUTIVE SESSION AND MINUTES

A. PURPOSE

To set forth a policy ensuring appropriate confidentiality for Board discussions and action while providing transparency to the Cooperative's membership.

II. POLICY

Be it resolved that the Board of Trustees has established the following policy concerning executive session and minutes for Board meetings:

- A. All votes cast by Trustees at Board meetings must be taken on the record and out of executive session except where votes concern:
1. Matters related to employees of the Cooperative;
 2. Matters related to contracts or agreements with vendors or suppliers;
 3. Matters related to specific Cooperative members involving account or personal information;
 4. Matters related to economic development that involve the discussion of potentially identifiable information about businesses or industries that might be locating or expanding in or near the Cooperative service territory;
 5. Matters related to information or physical security measures;
 6. Matters related to legal advice; and
 7. Matters not specifically listed but determined by the Board, on the advice of counsel, to constitute a reasonable risk of damage to the Cooperative membership due to the release of proprietary, personnel, member, or account information.

- B. Where votes are taken in executive session, the vote then must be ratified on the record and out of executive session in a manner that does not compromise the purpose of the executive session.
- C. Approved Board minutes detailing the actions taken at these meetings must be provided within ten days of their approval to Cooperative members in the same manner that notice of the meeting was provided.

III. RESPONSIBILITY

- A. The Chairman of the Board and Chief Executive Officer shall be responsible to see that this Policy is carried out during meetings.
- B. The Secretary of the Board shall be responsible to see that this Policy is carried out regarding notice and minutes.

APPROVED BY THE BOARD OF TRUSTEES

CHAIRMAN

Effective Date: November 20, 2019

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 32

SUBJECT: BOARD CAMPAIGNS

I. PURPOSE

To set forth a policy prohibiting advocacy or campaigning near the polling place to reasonably ensure that Cooperative members can vote without harassment, intimidation, or interference. The polling place, for purposes of this policy, is the location where votes are collected for tabulation.

II. POLICY

Be it resolved that the Board of Trustees has established the following policy concerning Board candidate campaigns:

- A. Bribery: Members, including candidates for the Board, may not procure, by the payment, delivery, or promise of money or other article of value, another person to vote for or against any candidate or measure at any election conducted by the Cooperative. It is also prohibited for a member to accept such procurements.
- A. Threats: Members, including candidates for the Board, may not, by threats or any other form of intimidation, procure, offer, or promise to endeavor to procure another to vote for or against any candidate or measure in any election conducted by the Cooperative. Members, including candidates for the Board, may not threaten, mistreat, or abuse voters with a view to control or intimidate them in the free exercise of their rights of suffrage.
- B. Interference: Members, including candidates for the Board, may not:
 - 1. Interfere with voters who are inside of the polling place or are marking their ballots;
 - 2. Unduly influence or attempt to unduly influence voters in the preparation of their ballot;
 - 3. Endeavor to induce voters to show how they marked their ballot; or
 - 4. Aid or attempt to aid voters by means of any mechanical device in marking their ballot.

- C. Distribution of campaign literature: A candidate for the Board may not distribute any type of campaign literature or place any political posters within 200 feet of any entrance used by the voters to enter the polling place on a Cooperative election day. Cooperative personnel or poll managers may remove or cause to be removed any such material. A candidate may wear within 200 feet of the polling place a label no larger than 4.25 inches by 4.25 inches that contains the candidate's name and the office sought. If the candidate enters the polling place, the candidate may not display any of this identification including, but not limited to, campaign stickers or buttons.
- D. Vandalizing or removing political campaign signs: Members, including candidates for the Board, may not deface, vandalize, tamper with, or remove a lawfully placed political campaign sign prior to the election without the permission of the candidate. This section does not apply when a political campaign sign is removed because of noncompliance with applicable law.
- E. Campaign signs on poles: Members, including candidates for the Board, may not place campaign signs on telephone/utility poles. The staples and nails left in the poles are very dangerous for the workers who must climb these poles in the performance of their work.
- F. Cooperative intellectual property: Before or during the election, no campaign material (print or electronic) can be used that includes the NRECA, Cooperative, or Touchstone Energy logo, as these are registered trademarks for use by the Cooperative only.
- G. Poll watchers: Each candidate may appoint one Poll Watcher who should be introduced to Cooperative staff as soon as possible on election day. The Poll Watcher will be permitted to observe the voting process and the vote counting and report any irregularity or problem. The Poll Watcher will not be allowed to campaign for any candidate during the voting process.

III. RESPONSIBILITY

- A. The Chief Executive Officer shall ensure compliance with this policy.
- B. The General Counsel shall advise and support the Chief Executive Officer regarding compliance with this policy.

APPROVED BY THE BOARD OF TRUSTEES

CHAIRMAN

Effective Date: November 20, 2019

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 33

SUBJECT: ELECTRONIC SIGNATURES FOR BOARD CANDIDATE NOMINATIONS

I. PURPOSE

To set forth a policy allowing prospective candidates for the Board of Directors to gather petition signatures electronically.

II. POLICY

A prospective Board candidate who wishes to collect signatures electronically must notify the Cooperative of such intent. Once notified, the Cooperative will create a special online petition for the candidate on which Cooperative members can electronically sign the candidate's petition, as well as provide additional information necessary for the Cooperative to verify their electronic signatures. Such additional information may include, but not be limited to, the signatory's full name as it appears on their account with the Cooperative, service address with the Cooperative, member number with the Cooperative, a valid telephone number for the signatory, and a valid email address for the signatory. After receiving notice, Cooperative staff will move with all reasonable speed to create the candidate's online petition. However, it may take several days after notice for the online petition to go live, and it is the responsibility of the candidate to provide sufficient notice to comply with all candidate deadlines.

After accepting a petition, Cooperative staff will verify each electronic signature using the information provided.

III. RESPONSIBILITY

- A. The Chief Executive Officer shall ensure compliance with this policy.
- B. The General Counsel shall advise the Executive Officer regarding compliance with this policy.

APPROVED BY THE BOARD OF TRUSTEES

CHAIRMAN

Effective Date: November 20, 2019

NEWBERRY ELECTRIC COOPERATIVE, INC.

BOARD POLICY NO. 34

SUBJECT: EARLY VOTING FOR CONTESTED TRUSTEE POSITIONS.

I. PURPOSE

To set for a policy ensuring compliance with state law concerning early voting, SC Code Section 33-49-440.

II. POLICY

Be it resolved that the Board of Trustees has established the following policy concerning early voting for Trustee positions:

- A. Newberry Electric Cooperative will allow members of the Cooperative to cast a ballot in election for Trustee on the day before the annual meeting day each year.
- B. Newberry Electric Cooperative will determine the time and location for this early voting opportunity on the day before the annual meeting.
- C. This notice of the time and locations for early voting opportunity in contested Trustee elections will provide that the polls will be open from 7:00am-7:00pm on the day before the annual meeting, in addition to being open on the day of the annual meeting.
- D. Newberry Electric Cooperative will provide notice to the membership via *Living in South Carolina* for information in regards to early voting as to where and when.
- E. The Cooperative will ensure that reasonable accommodations will be provided for elderly, disabled, or infirmed members.

III. RESPONSIBILITY

A Chief Executive Officer and President shall be responsible for ensuring compliance with this board policy consistent with our Bylaws and state law and will be approved by the Board of Trustees.

APPROVED BY THE BOARD OF TRUSTEES

Chairman

Effective Date: November 20, 2019