

Governing Documents of Maine Community Power Cooperative, Inc.
Charter of the Audit and Finance Committee
Approved: August 21, 2024

1. Statement of Policy

This Charter specifies the scope of the responsibilities of the Audit and Finance Committee (the “Committee”) of the Board of Directors (the “Board”) of Maine Community Power Cooperative, Inc. (the “Company”) and the manner in which the Committee will perform those responsibilities.

2. Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its financial oversight responsibilities by (1) making such examinations as are necessary to monitor the corporate financial reporting, business risk management processes and compliance programs, and the internal and external audit processes of the Company and to maintain the integrity of those processes; (2) providing to the Board the results of its examinations; (3) reviewing and evaluating the qualification and independence of the Company’s independent auditors and retaining the independent auditors; (4) supervising the finance function of the Company; (5) reviewing the annual Company budget and providing recommendations to the Board regarding the approval of the budget; (6) overseeing the asset management function of the Company; and (7) monitoring the Company’s compliance with legal and regulatory requirements, particularly those related to the Company’s financial statements and financial management.

3. Organization and Membership Requirements

The Committee must be composed of three or more directors appointed by the Board. Committee members shall serve until their successors are duly appointed by the Board or their earlier resignation or removal. Each member must be able to read and understand fundamental financial statements and at least one member must be a “financial expert” as defined in the Company’s Governance Principles. Any member of the Committee may be replaced or removed with or without cause by the Board at its discretion. The Board will designate a chairperson of the Committee, who will be responsible for setting the agenda for Committee meetings, in consultation with the other members of the Committee as appropriate.

4. Meetings

The Committee shall meet as often as it determines to be advisable, but not less frequently than quarterly. Committee meetings are to be called by the chairperson. The Committee will meet with members of the Company’s financial management team at least quarterly to review the financial affairs of the Company and will meet with the independent auditors of the Company upon the completion of the annual audit and at such other times as it deems appropriate to review the independent auditors’ examination and management report. The Committee may

form and delegate authority to subcommittees when appropriate or to one or more members of the Committee. The Committee shall maintain written minutes or other records of its meetings and activities. A majority of the members then on the Committee will constitute a quorum. Any or all Board members may participate in any meeting of the Committee through the use of any means of communication by which all Committee members participating may simultaneously hear each other during the meeting. Committee members participating in this manner are deemed to be present at that meeting. If a quorum is present when a vote is taken, the affirmative vote of a consensus minus one provided that it is a majority of the Committee members present is the act of the Committee. The Committee may take action by unanimous written consent in lieu of a meeting. The Committee may hold executive sessions at which no members other than members of the committee are present and other participants invited by the committee.

5. Responsibilities and Powers

The responsibilities of the Committee include:

- 1) Management and oversight of the Company's independent auditors, which includes:
 - a) Exercising sole authority and responsibility to select, evaluate, determine the compensation for and, where appropriate, replace the Company's independent auditors;
 - b) Reviewing with the independent auditors the scope of the prospective audit, the estimated fees therefor and such other matters pertaining to the audit as the Committee deems appropriate;
 - c) Pre-approving all auditing services and non-audit services (including the fees for such services and terms thereof);
 - d) Reviewing audit results and annual and interim financial statements;
 - e) Reviewing and approving the audited financial statements prior to release;
 - f) At least annually, receiving and reviewing a report by the independent auditor describing:
 - the Company's internal quality-control procedures, other matters relating to the accounting procedures and the books and records of the Company, and the correction of controls deemed to be deficient;
 - any material issues raised by the most recent internal quality-control review, or peer review, of the Company, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to address any such issues; and
 - all relationships between the independent auditor and the Company, including a statement as to whether the relationships between the independent auditor and the Company will impact the objectivity and independence of the independent auditor;

- g) Assuring the rotation of the lead audit partner every five years and taking any other appropriate action to ensure the continuing objectivity and independence of the independent auditor;
 - h) Overseeing the Company's internal accounting controls, including obtaining management letters from the independent auditors and reports from the internal audit function, monitoring any significant deficiencies or material weaknesses, and overseeing the resolution of disagreements between management and the independent auditor;
 - i) Meeting privately with management and the independent auditors on a periodic basis to discuss issues and concerns warranting Committee attention, including:
 - Critical accounting policies and practices and any significant changes thereto; Schedule of unadjusted differences related to the annual audit;
 - Any off-balance sheet transactions or structures;
 - The cooperation received by the independent auditors, including access to all requested information;
 - Any instances where management has obtained "second opinions" from other external auditors;
 - Any disagreements with management that, if not satisfactorily resolved, would have caused the independent auditors to modify their report on the financial statements; and
 - Management's comments regarding the audit; and
 - j) Reporting to the Board any audit opinions that contain "going concern" qualifications;
- 2) Oversight of the Company's Finance function, which includes:
- a) Reviewing and monitoring the management of the Company's financial resources and financial risks, including policies with respect to investments and uses of cash and other significant financial actions proposed by management;
 - b) Reviewing with management and recommending to the Board the annual budget and operating plans of the Company;
 - c) Establishing procedures for receiving, retaining and responding to anonymous and other complaints about accounting, internal accounting controls, or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
 - d) Monitoring the Company's compliance with legal and regulatory requirements related to the financial statements and financial management; and reviewing and addressing any concerns about questionable accounting or auditing matters;
 - e) Working with management to ensure investment policies are aligned with the Company's ESG and Impact values and principles; and
 - f) Maintaining the Profit Distribution Principles and annually recommending to the Board at its first meeting of each calendar year the distribution of profits, including the distribution of the cooperative patronage refund, all in accordance with the Profit Distribution Principles.

- 3) Oversight of the Company's Ethics, Compliance and Risk Management efforts, which includes:
 - a) Periodically reviewing with management and evaluating (i) the Company's enterprise risk identification and management policies, procedures and practices (including legal, financial and reputational risks); (ii) the Company's compliance programs relating to those risks, (iii) any legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies, and compliance programs, and (iv) the steps management has taken to monitor and control such exposures, including risk transfers;
 - b) Reviewing the status of compliance with laws, regulations and internal procedures, contingent liabilities and risks that may be material to the Company, and the scope and status of systems designed to assure the Company's compliance with laws, regulations and internal procedures, through receiving reports from management, legal counsel and other third parties as determined by the Committee on such matters;
 - c) Reviewing potential conflict of interest situations involving Company officers and members of the Board and reviewing any related party transactions and recommending solutions to the Board; and
 - d) Establishing, and reviewing on an ongoing basis the adequacy of and compliance with, a privacy policy with respect to personal information of the Company's members and customers, and the Company's policies, procedures and practices designed to prevent misuse of such information by third parties;
- 4) Oversight of the Company's cyber security and data protection efforts, which includes periodically reviewing and discussing with management the following:
 - a) The Company's cyber security and data protection risk exposures;
 - b) The potential impact of those exposures on the Company's business, financial results, operations and reputation;
 - c) The steps management has taken to identify, monitor, mitigate and respond to such exposures;
 - d) The Company's policies and programs related to those exposures; and
 - e) Major legislative and regulatory developments that could materially impact the Company's cyber and data security risk exposure.
- 5) Oversight of the Company's Climate agenda, which includes:
 - a) Ensuring that climate risks and opportunities are embedded in Company strategies;
 - b) Reviewing and evaluating the Company's program, policies and practices related to climate impacts; and
 - c) Reviewing and evaluating the Company's performance with regard to goals and objectives.
- 6) Oversight of the Company's asset management function, which may include receiving management's reports of asset performance and reviewing management's portfolio expansion strategy prior to presentation of the strategy to the Board;
- 7) Make regular reports to the Board concerning the activities of the Committee;

- 8) Review and assess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval;
- 9) Perform a performance evaluation of the Committee, which may be done in conjunction with the periodic evaluation of the effectiveness of the Board as a whole; and
- 10) Carry out such other actions or duties as may be delegated to the Committee by the Board from time to time.

6. Access to Records and Resources

The Committee will have the resources and authority necessary to discharge its duties and responsibilities. In carrying out its duties and responsibilities, the Committee will have full access to any relevant records of the Company and may retain experts and outside consultants or other advisors to advise the Committee. The Committee will also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Committee will have sole authority to engage, terminate and determine the independence, compensation and terms of engagement of any experts, outside consultants, external legal counsel, accounting or other advisors. The Committee may also request that any officer or other employee of the Company, the Company's outside counsel or any other person meet with any members of, or consultants to, the Committee. The fees, expenses or compensation owed to any person retained by the Committee and any ordinary administrative expenses of the Committee incurred in carrying out its duties and responsibilities will be borne by the Company. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.