

EAST KENTUCKY POWER COOPERATIVE

POLICY NO. 106

JUNE 6, 2011

ESTABLISHMENT OF BOARD COMMITTEES
AND RESPECTIVE CHARTERS

I. OBJECTIVE

- A. To establish a process for the formation and operation of Board committees to achieve the mission, objectives and goals of East Kentucky Power Cooperative ("EKPC").
- B. To define the duties, responsibilities, authority, composition and terms of all Board committees in the form of charters. All committee charters shall be maintained as attachments to this Policy.

II. POLICY

In order to govern EKPC in an effective and efficient manner, it is the policy of the Board to establish committees to assist with its work; and to perform any other duties and undertake any other tasks as set forth in these Board Policies, the Bylaws, and/or as requested by the Board. These committees include but shall not be limited to: the Executive Committee, Standing Committees, and Ad Hoc Committees (as constituted and defined herein) (collectively, "Board Committees").

III. EXPECTATIONS

A. General

- 1. Committees shall report directly to the Board.
- 2. The Board, in consultation with the Governance Committee, shall define in a committee charter the duties, responsibilities, authority, composition and terms of all Board Committees at the time of the committee's establishment. Each Board Committee charter shall be approved by the Board and shall be an attachment to this policy.
- 3. Unless otherwise stated in Board policies or charters, the Executive Committee shall appoint the Chairperson and respective committee members of each Board Committee, endeavoring to match the committee's function and needs for expertise with individual skills and experience of the appointees to the committee.

4. Board Committees shall be comprised of not less than three (3) Directors and not more than eight (8) Directors.
5. At the discretion of the Board, and as defined in the committee charter, Board Committees may also include non-voting non-Director members. Non-voting non-Director members may include, but are not limited to, member system CEOs, EKPC non-Director officers, and/or outside advisors. Member system CEOs shall be selected by the Executive Committee. EKPC non-Director officers and/or outside advisors shall be selected by the Executive Committee in consultation with the respective Committee Chair and must also be ratified by the full Board prior to serving on the Board Committee. In no case will the number of non-voting non-Director members exceed the number of voting Directors.
6. Should a conflict arise as to which Board Committee should address a particular issue, the Board Chair shall decide. That decision shall be subject to review by the entire Board at their next regular meeting.
7. The number and content of Board Committee meetings and the means of carrying out said committee responsibilities will be determined by each committee's charter, the authority delegated by the Board to that particular Board Committee, and legal, regulatory, accounting or governance principles applicable to that Board Committee's function.
8. Dates of all Board Committee meetings shall be by notice. An agenda shall be prepared for each regular or special meeting of a Board Committee by each respective Board Committee chairperson, in consultation with the President and CEO or his designee, and transmitted electronically, by mail or otherwise to each Board Committee member at least five days in advance of the Board Committee meeting. These requirements may be waived by a majority of the Board Committee.
9. Board Committees, unless otherwise directed, shall prepare and submit minutes and/ or reports to the Board. It is expected that Board Committee minutes will be included in the agenda package and verbal reports be given as appropriate.
10. Board Committee recommendations will be presented to the Board with an explanation of the decision-making process and implications of the recommendations.
11. Each Board Committee shall undertake and perform the functions and duties as described in the Board Committee's charter.
12. EKPC will afford access to its employees, professional advisors and other resources, if needed, to enable Board Committee members to carry out their responsibilities.

B. Executive Committee

1. The Executive Committee is a permanent committee of the Board.
2. The Executive Committee shall consist of the elected officers of the Board and the Chairperson of the Governance Committee.
3. The Executive Committee is responsible for working in support of, or in the event of an emergency, act on behalf of the full Board, as permitted by law.
4. The Executive Committee shall perform such other duties as may from time to time be delegated to it by the Board.

C. Standing Committees

1. All Directors are expected to serve on a Standing Committee and take on additional committee responsibilities as appropriate and needed.
2. Each member system CEO shall have the opportunity to serve on a Standing Committee.
3. Standing committees are permanent committees that relate to the ongoing governance of the EKPC. Standing committees include but are not limited to the following:
 - a. Audit
 - b. Governance
 - c. Risk Oversight
 - d. Strategic Issues
4. A Director cannot serve as the Chairperson of more than one standing committee. At the first meeting following the election of Directors, each standing committee shall elect a vice-chairperson and secretary. Only EKPC Directors may serve as standing committee officers. If a chairperson's seat is permanently vacated, the vice-chairperson would serve until the Executive Committee appoints the new chairperson.
5. The Board, in consultation with the Governance Committee, may establish additional standing committees when, in the judgment of the Board, such standing committees are necessary to perform their governance oversight. The Board may also disband standing committees if they are deemed no longer necessary.
6. At least annually, each standing committee shall review and reassess the adequacy of the committee charter. That committee shall report the results of the review to the Governance Committee and, if necessary, recommendations to amend the charter will be made to the Board.

7. Unless otherwise allowed in the committee charter, no Board officer shall also serve as a standing committee chairperson.

D. Ad Hoc Committees

1. Ad hoc committees are established from time to time for specific purposes and are disbanded when they have fulfilled their purposes.
2. The Board, in consultation with the Governance Committee, may establish ad hoc committees when, in the judgment of the Board, such ad hoc committees are appropriate and required for the completion of a specific project or task. When such ad hoc committees are formed, the Board shall approve a charter of the committee's charge as well as a timeline for the completion of the committee's work.
3. At the first meeting following the establishment of an ad hoc committee, committee shall elect a vice-chairperson and secretary. Only EKPC Directors may serve as ad hoc committee officers.
4. Ad hoc committees shall serve for such time as may be required to fulfill their purpose but shall not be considered permanent/standing committees.
5. The charter for ad hoc committees shall exist until the purpose for which the committee was established is fulfilled.

E. Management Committees

1. If Directors are required by law, regulation or policy to serve on a Management Committee, the required number of Director(s), as defined in the Committee Charter, will be appointed by the Executive Committee, in consultation with the EKPC CEO, at the time the Management Committee is formed. Thereafter the Director(s) shall be appointed annually at the same time standing committee assignments are made.
2. Management Committees requiring Director participation include but are not limited to the following:
 - a. Contracting Committee
 - b. Fuel Negotiating Committee
3. At least one Director will be appointed to serve as a substitute Director on each Management Committee. The substitute Director shall attend the Committee meeting in the event the appointed Director(s) is unable to attend.

POLICY NO. 106

JUNE 6, 2011

IV. LIMITATIONS

- A. Board Committees are established to duly perform Board work and should not impede the delegation of authority from the Board to CEO.
- B. Board Committees may not speak or act for the Board except when formally given such authority. Expectations and authority will be carefully stated in order not to conflict with the authority delegated to the CEO.
- C. The full Board must make reasonable efforts to keep abreast of the activities of all committees regardless of committee membership.
- D. Unless otherwise delegated, with the exception of the internal auditor and general counsel, Board Committees cannot exercise authority over EKPC staff.

V. RESPONSIBILITY

- A. The Board Chairman shall be responsible for Board adherence to this policy.
- B. Each Board Committee Chairperson shall be responsible for that particular committee's adherence to this policy and the corresponding Board Committee charter.
- C. It shall be the responsibility of the Board, in consultation with the Governance Committee, to establish or abolish committees, approve changes in their functions and procedures and receive and act upon their reports and recommendations.

APPROVED BY THE BOARD OF DIRECTORS



BOARD CHAIRMAN

EFFECTIVE DATE: 06-06-11

LAST DATE REVIEWED: 09-12-17

REVISED DATE: 10-13-15

REVISED DATE: 01-10-12

This policy replaces Policy 105 originally adopted July 6, 1979 and last amended September 9, 2003 and Policy 106 originally adopted July 6, 1979 and last amended January 8, 2008.

Attachment to Board Policy #106

**EAST KENTUCKY POWER COOPERATIVE, INC.
BOARD RISK OVERSIGHT COMMITTEE CHARTER**

I. PURPOSE

One committee of the East Kentucky Power Board of Directors (“Board”) will be known as the Board Risk Oversight Committee (“BROC” or “Committee”).

The primary function of the BROC is to assist the Board in fulfilling its risk oversight responsibilities by reviewing the enterprise-wide risks of EKPC, reviewing EKPC’s risk tolerances, and recommending risk management-related policies and actions to the Board of Directors.

II. COMMITTEE MEMBERSHIP

The Executive Committee shall appoint the BROC Chairperson and Committee Members. The BROC Committee shall be comprised of three Directors to serve on the BROC along with the BROC Chairperson and the Chairman of the Board. Not more than an equal number of non-voting non-Directors may serve on the Committee and shall be comprised of the EKPC President and CEO, two member system CEO’s and two outside advisors. The outside advisory members shall have, at a minimum, ten years of experience in the areas of power marketing or business finance and shall not present a conflict of interest to the business of EKPC. Non-voting non-Directors shall be selected pursuant to the provisions outlined in Board Policy 106 III. A. 5.

III. MEETINGS

The BROC will meet at least quarterly, and may meet more frequently as circumstances dictate. The Chairperson of the BROC has the power to call a special committee meeting whenever there is a need. Meetings may take place in person or by conference call. A member of the BROC should not vote on any matter in which he or she has an ethical, professional, personal or business conflict. The Committee may, in its discretion, request that members of EKPC Management or others attend the meeting for the purpose of providing assistance to the Committee in carrying out its responsibilities. However, when necessary, the Committee may meet in executive session without such other persons present. The BROC will keep minutes or other records of its meetings.

IV. AUTHORITY

The BROC shall have the authority to review EKPC’s overall risk assessment and EKPC Management’s processes for monitoring and controlling such risks. The Committee has the authority to request and receive reports from EKPC Management relating to significant risk management matters, and make recommendations to the Board with

regard thereto. The Committee shall also have the authority to request EKPC Management to perform analysis of certain risks as it may require and to request EKPC Management to impose certain limits, controls, and procedures as approved by the Committee and Board. In accordance with Board Policy 107, Use of Consultants, the Committee is authorized to retain independent counsel, accountants, or other consultants, at EKPC's expense, to assist the Committee as it deems necessary to fulfill its responsibilities.

V. RESPONSIBILITIES AND DUTIES

These General Responsibilities shall serve as a guide for the Committee to follow. However, the Committee may adopt additional functions and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions and as approved by the Board. The Committee shall also assume any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in this charter.

A. General Responsibilities

1. To oversee the risk management activities at EKPC.
2. To review EKPC's risk exposures.
3. To discuss EKPC's major financial, energy supply, physical assets and safety risk exposures and the steps EKPC Management has taken or will take to mitigate, control, and monitor such exposures.
4. To establish the scope and frequency for reporting of risks to the Board.
5. To receive reports by the Independent Risk Manager on EKPC's compliance with risk policies and procedures.
6. To review and recommend for approval the Risk Identification and Exposure Management guidelines.
7. To review and recommend for approval risk-related policies such as:
 - i. Trading Authority Policy
 - ii. Hedging Policy
 - iii. Credit Policy
 - iv. Financial Management Policy
 - v. Safety Program
 - vi. Sanctions Policy
8. To report to the Board on the matters of risk.

9. At least annually, the Committee shall review and reassess the adequacy of this Charter. The Committee shall report the results of the review to the Governance Committee and, if necessary, make recommendations to the Board to amend this Charter.

VI. LIMITATIONS OF RESPONSIBILITIES

It is not the duty of the Board Risk Oversight Committee to carry out the day to day tasks involved in risk management or risk mitigation for EKPC; rather, these are the responsibilities of EKPC Management. In addition, EKPC Management shall be responsible to clearly and timely report to the BROC any significant risk management and/or risk mitigation issue that arises.

Revised Date(s): 06-06-11

Last Date Reviewed: 07-11-17

Attachment to Board Policy #106

**EAST KENTUCKY POWER COOPERATIVE, INC.
BOARD STRATEGIC ISSUES COMMITTEE CHARTER**

I. PURPOSE

The purpose of the Strategic Issues Committee (“Committee”) is to serve as a catalyst as well as monitor the development and implementation of East Kentucky Power Cooperative’s (“EKPC”) business strategies. It will work with EKPC Management (“Management”) to develop Board focus on issues and recommendations which will further EKPC’s strategic planning and execution of such planning. The Committee furthers this purpose by:

- supporting Management in developing and overseeing the implementation of EKPC’s strategic initiatives;
- providing Management with guidance and oversight on strategic development and execution;
- providing oversight of strategic financial management issues which include, but are not limited to, financing strategies, investment strategies, and capital structure and strategies;
- monitoring EKPC’s balanced Key Performance Indicator scorecard;
- ensuring that the Board receives the information it needs to make informed decisions regarding EKPC’s strategic direction; and
- providing regular reports to the Board on its activities, recommendations and conclusions.

II. COMMITTEE MEMBERSHIP

The Executive Committee shall appoint the Strategic Issues Chairperson and Committee members. The Committee shall be comprised of not less than four (4) nor more than seven (7) Directors. Not more than an equal number of non-voting non-Directors may serve on the Committee. Non-voting non-Directors shall be selected pursuant to the provisions outlined in Board Policy 106 III. A. 5.

The Chairperson of the Strategic Issues Committee must have demonstrated leadership skills and previous experience and expertise in the area of governance, finance and/or strategic oversight.

III. MEETINGS

Regular meetings of the Committee shall be held at such times as is determined by the Board or the Committee as deemed necessary, for the Committee to discharge its duties.

The Committee may invite to its meetings any Director, any member of Management and such other persons as it deems appropriate in order to carry out its responsibilities. However, when necessary, the Committee may meet in executive session without such other persons present. The Committee will keep minutes or other records of its meetings.

IV. AUTHORITY

The Committee, in fulfilling its duties, shall have the authority to meet with and obtain any information it may require from EKPC staff and to obtain advice and assistance from legal counsel or other advisors as the Committee deems necessary.

While it is the responsibility of Management to provide sound information to the Board to make informed decisions, the Committee shall have the authority to seek to determine that Management is following through on such obligations. In accordance with Board Policy 107, Use of Consultants, the Committee is authorized to retain independent counsel, accountants, or other consultants, at EKPC's expense, to assist the Committee as it deems necessary to fulfill its responsibilities.

V. RESPONSIBILITIES AND DUTIES

In addition to the powers and authority described above, in order to fulfill its responsibilities and duties hereunder, the Committee shall:

1. Meet with Management periodically to review and evaluate EKPC's development and implementation of its business strategy, including reviewing and benchmarking the premises and mechanics utilized in implementing short and long term strategic initiatives.
2. On a periodic basis, review the material transactions and investments which have been made by EKPC and which were designed to support the implementation of the business strategy to assess whether such transactions and investments were consistent with EKPC's Strategic Plan.
3. Based on its review and assessment of the status of implementation of EKPC's business strategy, recommend areas of improvement and provide feedback to Management.
4. Support the Board and/or Management, on an as requested basis, in the development and/or refinement of specific areas of EKPC's Strategic Plan.
5. Regularly report to the Board on its activities, recommendations and conclusions.
6. Review strategic items and issues relating to the financial and operational aspects of EKPC, and the provision of service and support functions by EKPC, and make appropriate recommendations to the Board.

7. Review the EKPC Annual Budget & Work Plan as recommended by the Chief Executive Officer and submit to the Board with the Committee's recommendations.
8. At least annually, review and reassess the adequacy of this Charter; report the results of the review to the Governance Committee; and, if necessary, make recommendations to the Board to amend this Charter.
9. Perform such other functions as the Board shall deem necessary for the efficient discharge of the foregoing.

VI. LIMITATIONS OF RESPONSIBILITIES

Management is responsible for the day-to-day operation of EKPC's business. As a result, Management, staff, and other persons who may be engaged by EKPC, the Board, or the Committee may have more time, knowledge and detailed information about EKPC than do the Committee members. The Committee will review information, opinions, reports or statements presented to the Committee by Management, staff, or other persons as to matters the Committee members reasonably believe are within such other person's professional competence and who have been selected with reasonable care by or on behalf of EKPC.

While the Committee has the responsibilities and authority set forth in this Charter, each member of the Committee, in the performance of his or her duties, will be entitled to rely in good faith upon reports presented to the Committee by these individuals. Accordingly, the Committee's role does not provide any special assurances with regard to matters that are outside the Committee's area of expertise or that are the traditional responsibility of Management.

Amended: 06-06-11

Last Date Reviewed: 08-08-17

Date Revised: 08-08-17

Attachment to Board Policy #106

**EAST KENTUCKY POWER COOPERATIVE, INC.
GOVERNANCE COMMITTEE CHARTER**

I. PURPOSE

The purpose of the Governance Committee (“Committee”) is to assist the East Kentucky Power Cooperative’s (“EKPC”) Board in fulfilling its governance oversight responsibilities by (a) ensuring that the Board meets its fiduciary duties, upholds the Governance Guiding Principles and is fully engaged (b) maintaining the integrity of Board governance (c) developing, updating as necessary, and recommending to the Board, corporate governance principles and policies, applicable to EKPC, and (d) monitoring compliance with such principles and policies.

II. COMMITTEE MEMBERSHIP

The Chairman of the Board will consult with the Board Officers in appointing the Governance Committee Chairperson. The Chairperson of the Governance Committee should have demonstrated leadership skills and previous experience and expertise in the area of corporate governance. The Chairman of the Board, the Board Officers, and the Governance Committee Chairperson will then together comprise the Executive Committee of the Board. The Executive Committee shall appoint not less than four (4), nor more than seven (7) directors to serve on the Committee. Not more than an equal number of non-voting non-Directors may serve on the Committee. Non-voting non-Directors shall be selected pursuant to the provisions outlined in Board Policy 106 III. A. 5. The Chairman of the Board, Board Treasurer, and Standing Committee Chairpersons are not eligible to serve on the Governance Committee.

Each member of the Governance Committee will be expected to monitor and review corporate governance issues, emerging trends and “best practices” on an ongoing basis. When feasible, the immediate past governance committee Chair will continue serving as a member of the Committee for at least one year to ensure an orderly transition.

III. MEETINGS

Regular meetings of the Committee shall be held at such times as is determined by the Board or the Committee to be deemed necessary for the Committee to discharge its duties.

The Committee may invite to its meetings any Director, member of EKPC Management and such other persons as it deems appropriate in order to carry out its responsibilities. However, when necessary, the Committee may meet in executive session without such other persons present. The Committee will keep minutes or other records of its meetings.

IV. AUTHORITY

The Committee, in fulfilling its duties, shall have the authority to meet with and obtain any information it may require from EKPC staff and to obtain advice and assistance from in-house or outside counsel and other advisors as the Committee deems necessary.

In Accordance with Board Policy 107, Use of Consultants, the Committee also has the authority to engage, at EKPC's expense, persons having special competencies, including, but not limited to, legal, governance, or industry expertise, to assist the Committee as it deems necessary to fulfill its responsibilities.

V. RESPONSIBILITIES AND DUTIES

In addition to the powers and authority described above, in order to fulfill its responsibilities and duties hereunder, the Committee shall:

A. Director and Board Performance

1. Review performance criteria/expectations for Directors in areas of attendance, preparedness, candor and participation.
2. Determine procedures to evaluate the Directors, the Board, and Board Committees to ensure that they are effectively satisfying their fiduciary obligations to EKPC.
3. Establish, coordinate and review with Chairman of the Board criteria and method for evaluating the effectiveness of the Board.
4. Annually review director compensation and benefits to ensure the total package is adequate and fairly compensates directors for their time and effort, and has a sound and definable basis.

B. Board Leadership

1. Develop and recommend to the Board, procedures for the selection of the Chairman of the Board.
2. Develop and recommend to the Board, procedures for Board evaluation of the Chairman of the Board, and for communicating such review to the Chairman of the Board.

C. *Meeting Procedures*

1. Annually, in consultation with the Chairman of the Board and the CEO, ensure that an annual Board meeting calendar incorporating strategic priorities and input from the standing committee annual agendas is developed.
2. Establish, in coordination with the Chairman of the Board and CEO, a process for evaluating Board meeting structure and the agendas of Board meetings to focus on policy, strategic issues and organizational vision.
3. Determine the format, subject matter, level of detail and appropriate timing for distribution of Board materials to allow Directors adequate time to review materials and prepare for meetings.
4. Ensure that executive sessions take place regularly in conjunction with scheduled Board meetings.

D. *Board Committee Matters*

1. Recommend to the Board, as appropriate, the number, type, functions, and structure of Board Committees.
2. Establish and coordinate with the applicable Board Committee Chairpersons, the criteria and method for evaluating the effectiveness of the Board Committees.

E. *Management Selection and Development*

1. Review the procedures for the search and selection of the CEO of EKPC, in compliance with Policy 110: CEO Search and Selection.
2. Establish, coordinate and review the criteria and method for evaluating annual performance and compensation of the CEO, in compliance with Policy 108: CEO Evaluation Process and Compensation.
3. Review procedures for the designation of other corporate officers, in consultation with the CEO. Develop guidelines for and monitor compliance with long-range succession planning.
4. Establish and maintain, in consultation with the Board and the CEO, a short-term succession plan for unforeseen conditions or situations affecting the CEO and other EKPC officers.

F. *Director Orientation and Continuing Education*

1. Periodically review and recommend revisions, as appropriate, to EKPC's Director Orientation program.

2. Monitor, plan, and support budgeted continuing education activities of the Directors.
3. Ensure that the Board receives on-going information on corporate governance issues, emerging trends and “best practices” in this area.

G. Governance Policies and Bylaws

1. Review and recommend to the Board, in consultation with the Audit Committee, appropriate revisions to the conflict of interest policy and the code of conduct applicable to EKPC’s Directors, corporate officers and employees or as may be required by current law applicable to EKPC.
2. Review and recommend to the Board, in consultation with the Audit Committee, appropriate revisions to a code of ethics, as applicable.
3. Monitor compliance with and the effectiveness of the aforementioned codes, within the scope of the Charter.
4. Develop, review and recommend to the Board, as appropriate, other principles and policies relating to corporate governance; and monitor compliance with and the effectiveness of such principles and policies, as appropriate.
5. Develop, review and recommend to the Board, as appropriate, Bylaw revisions to address or enhance corporate governance.

H. Other Responsibilities

1. Provide regular reports to the Board on its activities, recommendations and conclusions. Make recommendations, as necessary, for revisions to Board policies, governance principles and practices. Allow adequate time for Board to review recommendations prior to vote.
2. Establish, coordinate and review the criteria and method for evaluating annual performance of the General Counsel, in compliance with Policy 113: Legal Representation and Use of Attorneys Policy.
3. Provide periodic updates, as requested by the Board and/or CEO, to EKPC member systems, Kentucky Public Service Commission (“KPSC”) and other key stakeholders regarding EKPC’s ongoing commitment to good governance.
4. At least annually, the Committee shall review and reassess the adequacy of this Charter. The Committee shall, if necessary, make recommendations to the Board to amend this Charter.
5. Perform such other functions as the Board shall deem necessary for the efficient discharge of the foregoing.

VI. LIMITATIONS OF RESPONSIBILITIES

While the Committee has the responsibilities and authority set forth in this Charter, each member of the Committee, in the performance of his or her duties, will be entitled to rely in good faith upon reports presented and recommendation made to the Committee by EKPC Management, General Counsel, Consultants and other EKPC Board standing Committees.

The Governance Committee does not supplant the responsibility of the Board or individual Directors to govern effectively.

| Revised Date(s): 06-10-13
07-17-12
06-06-11

Last Date Reviewed: 09-11-16