

POLICY ON POLICIES

PEDERNALES ELECTRIC COOPERATIVE, INC.

1. Purpose:

The purpose of this Policy on Policies ("Policy") is to ensure that Pedernales Electric Cooperative ("PEC" or Cooperative) has comprehensive, consistent, and accessible Policies. ~~Pedernales Electric Cooperative, Inc. ("PEC") establishes its governing and organizational directives through various policies and procedures.~~ The Board of Directors establishes this Policy to ensure that all PEC Policies ~~and Procedures are consistent with~~ meet legal and internal business requirements and that there is by adopting a uniform process to create and maintain the Cooperative's Policies ~~such documents. This Policy establishes a policy management process.~~

2. Scope:

This Policy applies to all employees that are involved in the creation, revision, review, application and storage ~~and maintenance~~ of all PEC's Policies ~~and Procedures.~~

~~Such policies and procedures are intended to apply enterprise-wide at the Cooperative after Board or management approval, unless otherwise provided.~~ PEC Procedures, that have wide implications across the Cooperative, may be treated in a similar fashion as a Policy and the guidance provided for their creation, review, recension, and approval within this document would apply.

3. Definitions:

- 3.1. Policy Administrator - ~~T~~the person responsible for a Policy's implementation, interpretation, and administration. This is typically an Executive or Vice President of the Business Unit associated with the Policy. ~~individual, or individuals, responsible for the implementation and administration of a Policy or Procedure. Responsible for the day-to-day interpretation of a Policy or Procedure. Responsible for ongoing review and applicability of a Policy or Procedure.~~
- 3.2. Policy Approver - ~~T~~the individual, or individuals, responsible for the subject matter of the Policy ~~or Procedure~~ and whose adoption is required before the Policy ~~or Procedure~~ becomes effective.
- 3.3. ~~Individual Business Unit~~ - Aan Individual Business Unit may be a department, district, division, ~~business unit~~, corporate function, or site.
- 3.4. Procedure - Aa document describing a process or steps necessary to be followed in order to implement a ~~Corporate~~ Policy.
- 3.5. ~~Policies and Procedures~~ Coordinator ~~("PPC")~~ - The administrative staff that oversees the implementation of this Policy and assists with tracking, approval, and review of all PEC Policies ~~responsible for the centralized implementation of the catalogue and maintenance of PEC Policies and Procedures on behalf of the CEO. The PPC oversees the implementation of this Policy and assists with the process of tracking, approval and review of Policies and Procedures.~~
- 3.6. Policy - Aa document reflecting standards or rules that regulate or guide organizational actions and employee conduct. PEC Policies are intended to apply across the Cooperative. ~~May include the Board of~~

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~~Directors, individual units, employees, and contractors or other PEG stakeholders, as specifically applied.~~ A Policy may be a Board-Level Policy, ~~or a~~ Management-Level, or Business Unit-Level Policy.

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~~3.7.3.6.1.~~ Board-Level Policy - ~~Written~~ statements of values and expectations which guide future strategic decisions ~~of.~~ ~~They establish and set forth the desired direction of~~ management actions to attain the overall goals and objectives of PEC. Board-Level Policies have enterprise application, broad terms, ~~infrequent changes,~~ and answer major operational issues. ~~Board policies establish strategic plans embracing the overall goals and objectives for management performance.~~

~~3.8.3.6.2.~~ Management-Level Policy - ~~Define~~ and implement the desired directions, goals, and objectives of the Board. Management-Level Policies ~~CEO policies establish the procedures for the overall performance of the organization. CEO policies manage the day-to-day business activities of the Cooperative organization with a view to the fulfillment of the Board's goals and expectations. Management-Level~~ ~~CEO~~ Policy is what the Cooperative does, how the Cooperative intends to carry out its operations, and who will complete those objectives.

~~3.8.3.9.~~ Business Unit-Level Policy - Define and implement the desired directions, goals, and objectives of the Business Unit. Business Unit-Level Policies should be consistent with Board-Level or Management-Level Policies, but are only applicable to a given Business Unit.

~~3.9.3.10. 3.7.~~ Policy Preparer - The subject-matter expert that is identified by the Policy Administrator as individual who is responsible for creating, revising, or reviewing writing a Policy or Procedure.

4. Policy Statement:

4.1. PEC's goal is for efficient Policy management. This means the following:

4.1.1. Policies should only be established to meet a business need or to mitigate a key operational risk. They should be relevant.

4.1.2. There should be a focus towards modifying or expanding upon existing Policies, rather than creating new ones.

4.1.3. The user experience and effectiveness of Policies should always be considered. This means they should include clear, plain, and direct language with minimal length for ease of reading.

4.2. PEC will establish a Policy Management Program to ~~shall create, review, and adopt and maintain~~ uniform Policies and Procedures on significant, broad, and recurring subjects.

~~4.1.4.3.~~ The Policy Management Program will include the following: PEC will establish a policy management program to maintain such policies.

4.3.1. **Creation:** Policies will be created to meet a business need or to mitigate a key operational risk, with consideration of the goal of efficient Policy management.

4.3.1.1. The Policy Preparer is responsible for initiating, drafting, and submitting a Policy for creation.

4.3.1.2. Policies must be concise, short, and easily understood. This

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means using plain and direct language with minimal length.

4.3.1.3. Policies must be organized in a standard format and accessible to all employees and the public (if required).

4.2.1. **Review:** To assure that these Policies and Procedures are consistent with legal and internal business requirements, a centrally administered process will be established and include:

4.3.2. The periodic review of such Policies and Procedures will be periodically reviewed based on their defined review frequency schedule.

4.3.2.1. The Policy Administrator is responsible for ongoing review, update, and applicability of a Policy.

4.1.1.4.3.2.2. The Policy Coordinator is responsible for coordinating with the Policy Administrator in ensuring that Policies are reviewed according to their defined review frequency.

4.3.3. **Recension:** The elimination of Policies will be rescinded when they are considered which are obsolete or unnecessary.

4.3.4. **Approval:** Policies must be approved in a consistent and standard way, with each Policy having a Policy Approver. The approval authority for PEC Policies are:

<u>Policy Level</u>	<u>Approver</u>	<u>Approval Process</u>
<u>Board-Level</u>	<u>Board of Directors</u>	<u>As a resolution during a Board meeting, consistent with the Board Meetings Policy.</u>
<u>Management-Level</u>	<u>CEO, or delegate</u>	<u>During an Executive Team meeting or through direct approval through coordination by the Policy Coordinator.</u>
<u>Business Unit-Level</u>	<u>Business-Unit Executive or Vice President</u>	<u>Approved by Business-Unit Executive or Vice President.</u>
<u>Note: Only the Policy Approver may make exceptions to a Policy.</u>		

4.1.2.—

4.2. **Primacy of PEC Policies and Procedures.** Individual business units are required to follow PEC Policies and Procedures.

4.2.1. An Individual Business Unit may adopt additional or complementary Policies and Procedures which are not inconsistent with PEC Policies and Procedures for limited use within those units.

4.2.2. All individual Business Unit Policies or Procedures must be reviewed and approved by executive management for consistency with PEC Policies and Procedures and must be revised where any inconsistency is

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identified.

~~4.2.3. 4.3.3. Only the Approvers may make exceptions to a policy.~~

~~4.3.4.4. Uniform Standards for Policies and Procedures. Policies and Procedures shall consist of concise, short sentences that can be easily understood. They will be organized in a standard format, assigned a distinctive number and made available through electronic means.~~

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~~4.5.4.5. Approval authority for PEC Policies and Procedures.~~

~~4.2.1. The Board of Directors is the Approver for Board Policies. The Board of Directors may designate policies which have a significant impact on the operations of PEC or its membership as Board Policies.~~

~~4.2.1. The CEO, or designee, is the Approver for Management Policies and Procedures.~~

~~4.2.2. The Administrator is responsible for ongoing review and applicability of a Policy or Procedure after adoption.~~

5. Responsibilities for Policy and Procedure:

~~5.1. Preparer has primary responsibility for the initiation, drafting, and submission for review and adoption of a Policy or Procedure, unless otherwise specified.~~

~~5.2. PPC is responsible for assuring that the requirements of this Policy have been met, the electronic maintenance of Policies and Procedures, and interpreting this Policy with Legal Services. The PPC assists with tracking, approval and review of Policies and Procedures.~~

~~5.3. Administrator is responsible for ongoing review, update, and applicability of a Policy or Procedure. Administrator is responsible for implementation and enforcement of a Policy or Procedure.~~

6.5. References and Related Documents:

~~Board of Directors' Resolution 2015-69 (August 18, 2015)~~

~~— Adoption and Revision of Policies & Procedures Policy~~

~~Management Procedure~~

~~Policy Management Workflow~~

~~Approval Tracking Checklist~~

~~Standard Format and Style for Policies & Procedures Policy~~

~~Template~~

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7. ~~Superseding Effect:~~

~~This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this policy.~~

Policy Title:	Policy on Policies
Review Frequency:	Every <u>52</u> years
Last Reviewed:	<u>July 21, 2021</u> October 16, 2017
Date Adopted:	August 18, 2015
Effective Date:	<u>September 17, 2021</u> August 18, 2015
Amendment Dates:	<u>September 17, 2021</u>
Adopted by:	Board of Directors
Applies to:	Board of Directors, Individual Business Units, employees, contractors, and other PEC stakeholders as specifically applied.
Administrator:	Policy and Procedures Coordinator
Superseding Effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this <u>Policy</u> .