



**PENNICHUCK**<sup>®</sup>  
CORPORATION

# **CORPORATE CODE OF CONDUCT**

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# CORPORATE CODE OF CONDUCT

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# PENNICHUCK CORPORATION

## OUR CORPORATE CODE OF CONDUCT

### **1. General Policy**

The Directors and Officers of Pennichuck Corporation believe that fair and ethical practices are fundamental to good business. We further believe that the nature of our business imposes special obligations of public trust upon us. We are committed to meeting those obligations without compromise.

Accordingly, the highest standards of integrity shall govern our actions. We are committed to making decisions that will honor both the letter and the spirit of all applicable laws, and to conducting our business honestly and ethically, with our best skills and judgment, for the benefit of customers, employees and our shareholder alike. The Company's success depends on a high level of public confidence. We can sustain public confidence only if we continue to observe the highest standards of ethical behavior in the performance of our duties.

We are sometimes faced with difficult situations where laws and regulations are not enough to help us choose the proper course of action. The following Code of Conduct has been created to assist us to uphold those ethical and legal responsibilities, so that we maintain and strengthen our public trust. It also restates certain of the policies and standards that are already an integral part of our corporate culture.

Each of us needs to understand our obligations under this Code. We need to be able to ask questions about appropriate conduct in specific situations. Above all, we need to feel free to report situations where we feel our own Code is not being followed and to have our concerns addressed in complete confidence.

Except where expressly indicated otherwise, this Code applies to all employees, Officers and Directors of Pennichuck Corporation, and its subsidiaries, Pennichuck Water Works, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck East Utility, Inc., Pennichuck Water Service Corporation and The Southwood Corporation. The Pennichuck Corporation and its subsidiaries (current and future) are collectively referred to in this Code as "Pennichuck" or the "Company." As used in this Code, the term "Executive Officers" refers to the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer.

### **2. Corporate Compliance and Communication**

Pennichuck takes compliance with this Code with the utmost seriousness. To ensure continuing attention to matters of ethics and business conduct on the part of all Pennichuck employees, Officers and Directors, the Company has designated the Director of Human Resources as the Company's Compliance Officer. The Compliance Officer will report to the

Chief Executive Officer and the Audit, Finance and Risk Committee of the Board of Directors and will have responsibility for monitoring performance under this Code and for resolving business conduct and ethical concerns. The Compliance Officer is also the individual responsible for receiving and investigating most reports of improper conduct. At the end of this Code, you will find detailed instructions about how to contact the Compliance Officer, or, if appropriate, the Audit, Finance and Risk Committee of the Board of Directors, and how to express your concerns. The Audit, Finance and Risk Committee has the authority to interpret this Code in any particular situation.

While the Company has appointed a Compliance Officer to be a resource for employees, we encourage all employees to share their ideas and express their concerns with whomever they feel comfortable. Supervisors, Managers and Officers should be especially careful to maintain open lines of communication and to listen to all employees.

### **3. Compliance with Laws and Regulations**

All Company activities are to be conducted in compliance with all applicable federal, state and local laws, regulations, and judicial decrees. Employees should not take any action on behalf of the Company which they know, or reasonably should know, will violate any law or regulation. Employees who have any question as to the validity of any action proposed to be taken on behalf of the Company should submit the question to their supervisor or to the Compliance Officer. In addition to literal compliance with all legal requirements, each employee is expected to adhere to high moral and ethical business standards.

### **4. Honesty with Regulators**

Several of Pennichuck's constituent companies are public utilities regulated by the New Hampshire Public Utilities Commission. We are extensively regulated by a number of commissions, agencies, and other governmental entities. It is essential that the information that we supply be accurate and not misleading. We must cooperate with those employees and representatives who communicate with or provide information to our regulators and supply all the information to which they are entitled in a timely manner. Likewise, those employees and representatives of Pennichuck who communicate with or provide information to regulators and other governmental entities must ensure that their actions and communications are honest, responsive, and not misleading.

### **5. Financial Strength and Integrity**

It is very important to our shareholder and our lenders that the information they receive is accurate and properly reflects the financial condition and results of operations of the Company. The books and records of the Company are to be kept according to generally accepted accounting principles and in a manner whereby an accurate and auditable record of all financial transactions is maintained, so that they fairly present the Company's financial

position and results of its operations. The Audit, Finance and Risk Committee of the Board of Directors, as well as our independent public accountants, helps to ensure that all of the Company's books and records are accurate. Employees must cooperate fully with these groups, and provide complete and accurate information to them. Information must not be concealed from the Managers and Officers responsible for overseeing the Company's financial and accounting obligations or from the independent auditors.

It is the responsibility of every employee to keep accurate records regarding Company assets, costs, and funds. All receipts and disbursements are to be fully and accurately described. No employee may participate in any way in the unethical receipt or payment of Company funds, or the maintenance of any unrecorded cash or no cash funds for the purpose of any such receipts or payments. We will not take part in any improper payments to government officials, or bribes, kickbacks, or influence payments to or from anyone.

The Company's records must fairly and accurately reflect, in reasonable detail, Pennichuck's assets, liabilities, revenues and expenses. The Company's records must not contain any false or intentionally misleading entries. Transactions must not be intentionally misclassified as to accounts, departments, or accounting periods. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period. Compliance with Pennichuck's system of internal accounting controls is required.

## **6. Avoiding Conflicts of Interest**

All Company employees need to remember that their personal financial interest must not adversely affect or conflict with the Company's best interests or the proper performance of their work responsibilities. To maintain independent judgment and action, employees must avoid any conflict of interest or appearance of such conflict that may arise from personal financial interests. Some of the more common types of conflicts of interest are addressed in this Code to provide you with guidance.

You or members of your immediate family should not own a significant financial interest in, or be employed by, any business organization that does or seeks to do business with the Company, unless that interest or employment has been disclosed in writing to your supervisor and the Compliance Officer, and approved by the Compliance Officer or another appropriate Company representative. A general exception to this policy is the employment of a member of an employee's immediate family by a public utility, bank, or other business enterprise that furnishes products or services to the Company at prices, rates, or charges generally applicable to all customers of the utility, bank or business enterprise in question.

A "significant financial interest" is an aggregate interest of an employee and his or her immediate family members of more than 5% of the stock of a corporation or more than 5% of the profits or other interests of a partnership or other entity. Nominal ownership of common stock of a publicly traded corporation, however, will not of itself be considered a conflict and need not be disclosed.

A "member of your immediate family" means your spouse, and your and your spouse's parents, your children, their spouses, your and your spouse's brothers and sisters, and their spouses.

Questions regarding conflicts of interest should be addressed initially to your supervisor. If your questions cannot be resolved at that level, requests for interpretations of, or exceptions to, the rules on conflicts of interest should be made to the Compliance Officer.

If you or a member of your immediate family have a significant financial interest in an organization which has or is attempting to establish a business relationship with Pennichuck or any of its subsidiaries, or have a personal interest or potential for personal gain in any Company transaction, you have the responsibility to disclose this relationship in writing to the Compliance Officer. Corporate Officers and members of the Board of Directors should report such a relationship or interest to the Compliance Officer or the Audit, Finance and Risk Committee of the Board of Directors in writing.

In addition, any related party transactions, or a series of similar transactions, between the Company and another company, in which a director, executive officer, nominee for director, or members of such individuals' immediate families have a direct or indirect material interest, and which involve more than \$60,000 or payments in excess of 5% of either the Company's or the other company's annual revenues or total assets must be reviewed and approved by the Audit, Finance and Risk Committee of the Board of Directors.

Each Director and Officer of Pennichuck Corporation will be required to file an annual disclosure report with the Audit, Finance and Risk Committee of the Board of Directors, identifying and detailing any existing conflict, and any material transaction or relationship that reasonably could be expected to give rise to a conflict. Any conflict or potential conflict arising at the Board level will be handled in the manner prescribed by the New Hampshire Business Corporation Act.

In reviewing any potential or actual conflict of interest, the Compliance Officer and the Audit, Finance and Risk Committee reserve the right to require additional information and data regarding the terms of any transaction or conflict situation that is under review.

## **7. Responsibility for Safeguarding Assets**

We each have a duty to safeguard the Company assets that are entrusted to our care. Officers and Managers are specifically responsible for establishing and maintaining appropriate internal controls to safeguard Company assets against loss from unauthorized use or disposition, to assure that financial statements are prepared from reliable information, and to provide a means for accounting for Company assets. Company assets include not only our physical plant and equipment, but also our records, customer information, and manpower. Company assets should be used solely for Company business, are not to be used

for any employee's personal benefit and are not to be sold, loaned, or given away without proper authorization by a Company Officer.

Other Company assets are our Company names and our trademarks. These may not be used by others without proper written authorization. As a general rule, we do not endorse other companies, products, or services.

Employees, Officers and Directors are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, employees, Officers and Directors are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

## **8. Right-to-Know Laws**

The By-Laws of Pennichuck Corporation provide that all meetings of the Board of Directors shall comply in all respects with the requirements of RSA Chapter 91-A, which is often referred to as New Hampshire's "Right-to-Know Law." Pennichuck Corporation's By-Laws further provide that Pennichuck Corporation's books and records shall be subject to the requirements and exemptions set forth in the Right-to-Know Law. These corporate By-Law requirements have been established by action of its sole shareholder, the City of Nashua, New Hampshire.

Consistent with these requirements of Pennichuck Corporation's By-Laws, and regardless of whether Pennichuck Corporation or any of its corporate subsidiaries is ultimately determined to be directly subject to all of the provisions of the Right-to-Know Law, Pennichuck Corporation's Directors, Officers and employees shall take all reasonable steps to accomplish the following two objectives:

- (1) all meetings of Pennichuck Corporation's Board of Directors shall be conducted in a manner that complies with the requirements of the Right-to-Know Law; and
- (2) the books and records of Pennichuck Corporation may be subject to the requirements and exemptions set forth in the Right-to-Know Law.

## **9. Confidential / Proprietary / Non-Public Information**

Certain of the information the Company uses on a daily basis is confidential. Sometimes confidential information has been developed by the Company; other times it belongs to others and we have contracted to keep it confidential. In both instances, we must be careful to guard against disclosure of the information to people outside the Company.

Confidential information includes all non-public information entrusted to or obtained by an employee, Officer, or Director by reason of his or her position. Confidential information shall not be disclosed outside of the Company except with authorization of the Board of Directors or as may be required by law.

Confidential information includes, but is not limited to, non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed, such as:

- Non-public information about the Company's customers or suppliers, which the Company is under an obligation to maintain as confidential;
- Non-public information about the Company's marketing and sales programs;
- Non-public information about discussions and deliberations relating to business issues and decisions, between and among employees, Officers and Directors;
- Non-public information regarding discussions or advice with legal counsel or litigation strategy; and
- Non-public information obtained in the non-public portions of meetings of the Board of Directors, *e.g.*, the discussion of matters allowed under NH RSA 91-A:3, including employee, Officer, or Director performance evaluations, and the related written and electronic materials.

The use or disclosure of confidential information may be for Company purposes only and not for the personal benefit of any employee, Officer or Director.

Except as described above, employees, Directors and Officers may not disclose confidential information to any other party, including by using it for their or someone else's benefit. A Director may not disclose confidential information to any principal or employee of any business entity which employs the Director, or which has sponsored the Director's nomination to the Board.

Upon leaving employment with the Company, all employees, Officers and Directors have a continuing duty to protect confidential information, and to return or destroy all confidential materials in their possession, whether in hard copy or electronic form.

To preserve confidentiality, disclosure and discussion of confidential or competitive information should be limited solely to those employees who have a need to know the information.

## **10. Customer Relations**

Since Pennichuck is the sole source of water for many of our customers, our customers cannot change suppliers if they become dissatisfied with our performance. Consequently, employees have the obligation to keep consideration for our customers foremost in all of our activities.

Special requirements of all employees to satisfy customer expectations include:

- Demonstrating that the Company is committed to providing a high quality of service in an efficient manner.
- Applying our customer policies, practices and programs in a fair, equitable and nondiscriminatory manner.
- Responding to customer inquiries and requests in a prompt, courteous and accurate manner, understanding our customers' rights, and maintaining sensitivity to each customer's needs.
- Avoiding any action that will endanger the health or safety of the public, including leaving Company property in an unsafe condition without reporting or correcting the hazard.
- Respecting the privacy and security of each customer's personal, commercial and financial information acting to protect such personal information from any unauthorized use, access or disclosure.

## **11. Gifts, Meals, Services and Entertainment**

It is improper and contrary to the best interest of the Company for an employee to request or accept anything that is, or could reasonably be considered to be, an attempt to influence the performance of duties or to favor a supplier or competitor. This includes gifts, payments, loans, travel, kickbacks, bribes or other benefits of value from any existing or potential customer, supplier, or competitor.

An occasional meal provided by an existing or potential customer, supplier, or competitor may be acceptable, if there is a valid business purpose and if the expense is not extravagant. Reciprocation should be made on occasion, as appropriate and at Company expense, to prevent the appearance of obligation.

If an unsolicited gift exceeding a value of \$50.00 or cash of any amount is received, the gift should be returned with a polite note explaining Company policy. You should inform the Compliance Officer that you have received any such gift.

**See Attachment C – Addendum to Section 11, for additional guidance.**

## **12. Loans and Gifts of Company Goods**

It is improper for an employee to offer Company property, loans, or unpaid services to a member of the public or to an employee or agent of another entity.

## **13. Corporate Citizenship**

Pennichuck has a long-standing commitment to being a good corporate citizen and civic neighbor. When we become involved in the charitable affairs of the communities in which we live and work, we increase the quality of life for everyone. Employees are encouraged to participate in Company-sponsored charitable activities and fund-raisers.

As individuals, we may also have community or charitable interests that are not connected with the Company. This is not only desirable but necessary if we are to be responsible, contributing citizens. Any leadership position, however, should be carefully examined to be sure that it does not cause or appear to cause any conflict of interest or embarrassment to the Company.

From time to time, we may also receive requests for money or other Company resources to benefit a particular charity or civic group. These requests should be referred to the Senior Management Charitable Committee. Contributions made by the Company to worthwhile programs are normally made at an indirect cost to our shareholder and go primarily to community-based, well-recognized nonprofit organizations.

## **14. Media / Public Discussion**

In the course of performing your duties, you may have occasion to be questioned by a representative of the news media. It is the sole responsibility of either the Chairman of the Board or the Chief Executive Officer to act as our Company spokesperson. Unless authorized to speak on behalf of the Company, the employee should politely refer the media representative to the appropriate Company spokesperson.

## **15. Political Process**

The Company strongly supports our representative form of government and the right of all individuals to participate in it. The Company itself may disseminate information or share our corporate viewpoint with our customers, the public, the media, and our governmental representatives. However, there are a number of laws governing our behavior in the political arena and we must be careful to obey these laws. We have also decided that, even if allowed by law, no corporate funds, assets, materials, or services may be used to support a particular candidate or political party.

In addition:

a. *Personal Political Contributions and Participation*

Employees are encouraged to be informed members of the electorate and to support candidates and ballot measures of their personal choice at all levels of government. Employees must understand, however, that their involvement, support and participation must be on an individual basis, on their own time, and at their own expense.

b. *Participation in Public Office*

Employees seeking a public office which would require time away from work must request approval from the Chief Executive Officer, or in the case of the Chief Executive Officer, from the Board of Directors.

An employee accepting public office or serving on a public body acts as an individual, not as a representative of the Company.

c. *Government Relations*

Employees must exercise good judgment in relationships with government officials and employees. It is important that we not place these officials in compromising positions. Even the appearance of compromise would reflect adversely upon both the official and the Company. It would be improper and is prohibited for any Company employee or agent to offer any gift, loan, favor or special service in order to influence or bias the judgment of any government official in performing his or her duties.

## 16. **Our Environmental Commitment**

It has been, and will continue to be, the intent of all Pennichuck companies to conduct their business in an environmentally responsible manner. We accomplish this by:

- Complying with all applicable environmental laws, regulations and standards;
- Incorporating environmental protection and stewardship as an integral part of the design, construction, operation and maintenance of our facilities;
- Encouraging the wise use of water resources and energy to minimize the impact on the environment; and
- Communicating effectively on environmental issues.

## **17. Employment Related Policies**

In addition to the standards of conduct contained in this Code, employees, Officers and Directors are expected to be familiar with and abide by the Company's standards of conduct for the workplace, including but not limited to the Company's policies and procedures regarding:

- Equal Employment Opportunity;
- prohibitions against unlawful harassment;
- appropriate use of the Company's computer, telephone and electronic communication system;
- workplace safety program;
- use of Company property for hunting, fishing or other recreational activities;
- prohibitions against controlled substances and alcohol; and
- any other policies or procedures established by the Company relating to conduct in the workplace and treatment of Company property.

Such policies and procedures, including any specific reporting and compliance procedures, are more fully described in Pennichuck's policies and procedures. You should consult with the Human Resources Department or the Compliance Officer for more information regarding these policies and procedures.

## **18. Accountability**

Each of us is responsible for adherence to the standards of conduct set forth in this Code and for raising questions if we are concerned that these standards are not being met or we are not clear as to how the standards apply. Violations of the Code, or any of the underlying policies, procedures, ethics or laws, are cause for corrective action, which may result in disciplinary action up to and including discharge and possible legal prosecution.

Each employee, officer and director will be required to sign an acknowledgement of receipt when he or she first receives a copy of this Code, and every other year thereafter, certifying that he or she understands that it is his or her responsibility to be familiar with and abide by the terms of this Code.

## **19. Waivers**

Employees: Any waiver of any part of this Code for employees (not including Executive Officers) must be authorized in writing by the Compliance Officer or his or her designee who will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect Pennichuck.

Executive Officers and Directors: Any waiver of this Code for Executive Officers or Directors of Pennichuck can only be made by a vote of the Board of Directors or a designated committee, which will ascertain whether a waiver is appropriate and ensure that the waiver is accompanied by appropriate controls designed to protect Pennichuck.

## REPORTING YOUR CONCERNS

As a condition of employment with or service to Pennichuck, all employees, Officers and Directors are expected to comply with this Corporate Code of Conduct and with all underlying policies and procedures. When in doubt, employees have the responsibility to seek clarification from their supervisors or, if necessary, from the Compliance Officer. Likewise, Officers and Directors should seek clarification from either the Compliance Officer or the Audit, Finance and Risk Committee of the Board of Directors.

Your conduct can reinforce an ethical atmosphere at Pennichuck and positively influence the conduct of your fellow employees. Employees are expected to raise a question of ethical behavior before it happens and to report any conduct which is believed in good faith to be a violation or apparent violation of these standards.

Pennichuck has established both a dedicated, toll-free hotline and a web-reporting tool for receiving confidential reports regarding ethical or legal misconduct, including concerns with respect to Accounting Matters. You may select one of the following options or a combination of the following options to report your concerns:

- Report your concern to the Compliance Officer, either in person or by telephone (603-913-2360).
- Call the Compliance Reporting Hotline (1-877-778-5463), which is available on a 24-hour basis. Provide the Company Username **pnnw** and Password **pnnw**. A trained operator will guide you through a series of questions. This is a service by which you can report, on a confidential basis, any concern which you believe violates this Code or any of its underlying policies and procedures.
- Go to **www.reportit.net**, click Report It and enter the Company Username **pnnw** and Password **pnnw**. You will then access the Company's web interface. Enter the report information and click SUBMIT. The latest in data encryption technology is used to protect your identity and report. Designated recipients are alerted that a report has been made.
- Complete a Compliance Report Form, include any relevant documentation, and forward the Report and attachment(s) to the Compliance Officer in an envelope marked "CONFIDENTIAL" and addressed to:

Mary V. DeRoche  
Compliance Officer  
Pennichuck Corporation  
25 Walnut Street  
P.O. Box 428  
Nashua, NH 03061-0428

**If you feel a member of senior management or the Compliance Officer is involved, or if the problem involves a serious accounting or financial irregularity, you should report it directly to the Audit, Finance and Risk Committee of the Board of Directors by either:**

- (1) completing a Compliance Report Form and forwarding the report and any attachment(s), in an envelope marked “CONFIDENTIAL” to the following address:

Chairman, Audit, Finance and Risk Committee  
c/o Suzanne L. Ansara, Corporate Secretary  
Pennichuck Corporation  
25 Walnut Street  
P.O. Box 428  
Nashua, NH 03061-0428

or

- (2) reporting the complaint using the Compliance Reporting Hotline or the web-reporting tool. Indicate that the complaint should be relayed to the Chairman of the Audit, Finance and Risk Committee.

Please also read the document entitled “Procedures to Report Complaints Relating to Accounting and Auditing Matters,” a copy of which is attached to this Corporate Code of Conduct, and which describes the Audit, Finance and Risk Committee’s established procedures for the submission, receipt, retention and treatment of complaints regarding accounting, internal accounting controls or audit matters.

**A copy of the Compliance Report Form is attached to this Corporate Code of Conduct.** You can photocopy the Form if you need more copies. Copies of the Form will also be available on or adjacent to the bulletin boards where other Company information is posted. You need not identify yourself either on the Form or if you use the Hotline or web-reporting tool. You must, however, provide as much detailed information about your concern or report as you can.

We will take every measure to ensure the confidentiality of your calls, Compliance Report Forms, detailed notes, e-mails or any other documentation. If necessary, however, Pennichuck will conduct an investigation into the matters raised in the report and take appropriate action. In conducting such investigation, knowledge of the Report and its substance may be disclosed to other individuals in order to obtain necessary information or to conduct a proper investigation. Such individuals will be instructed on the confidential nature of the Report and the investigation.

You have the commitment of Pennichuck, its Officers and its Board of Directors that no adverse action will be taken, nor will the Company condone or tolerate any adverse action against any individual because he or she made such a report, raised a concern or question under this Code or cooperated in the Company's investigation of a report or concern. Further, any such adverse action will also be deemed a violation of this Code.

**PENNICHUCK CORPORATION**  
**CORPORATE CODE OF CONDUCT**  
**ACKNOWLEDGEMENT OF RECEIPT**

I hereby acknowledge that I have received a copy of the Pennichuck Corporation Corporate Code of Conduct, together with all attachments (collectively, the "Code of Conduct"), and I have received training regarding the Code of Conduct. I further acknowledge that I am expected to be familiar with and abide by this Code of Conduct and with all underlying policies and procedures as a condition of my employment with or service to Pennichuck. I understand that this Code of Conduct is not a contract guaranteeing me employment for any specific period of time and those violations of ethical and legal standards are grounds for disciplinary action up to and including discharge and possible legal prosecution.

\_\_\_\_\_  
Employee Signature

Date: \_\_\_\_\_

\_\_\_\_\_  
Employee's Printed Name

COMPLIANCE REPORT FORM

(to report concerns relating to ethical or legal misconduct or complaints relating to questionable accounting matters)

**Completion of this Section is Optional:** This report can be made anonymously.

<b>Name:</b> _____	<b>Work Phone:</b> _____
<b>Home Address:</b> _____	<b>Position:</b> _____
_____	<b>Department:</b> _____
<b>Home Phone:</b> _____	<b>Supervisor:</b> _____

PLEASE PROVIDE THE FOLLOWING INFORMATION:

**A. Accounting Matters**

1. Does this matter involve questions related to the Company's accounting or financial reporting activities?    Yes \_\_\_\_\_    No \_\_\_\_\_
2. If yes, would you be willing to discuss the matter with a member of the Audit, Finance and Risk Committee of the Board of Directors?    Yes \_\_\_\_\_    No \_\_\_\_\_

**B. All Matters**

1. Description of matter:

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2. When did this occur?

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3. Person(s) and Department involved:

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4. How did you come to learn of the matter?

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**5. Do you have any evidence to prove the above allegations? If so, please describe:**

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**6. Have you discussed the matter with anyone else? If so, who? When?**

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**7. Do you have any further information to provide or any suggestions for verifying the allegations described?**

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**8. Are you aware of any other individuals who may be able to provide information about the matter?**

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**Note:** *We will take every measure to ensure the confidentiality of the above information. However, there may be circumstances where disclosure of this information may become necessary due to legal considerations and/or for purposes of conducting an effective investigation.*

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**When complete, forward this report in a Confidential envelope to one of the following:**

<u>Main Contact Person</u>	Board of Directors or Audit, <u>Finance and Risk Committee Contact</u>
Mary V. DeRoche Compliance Officer Pennichuck Corporation 25 Walnut Street P.O. Box 428 Nashua, NH 03061-0428	Chairman, Audit, Finance and Risk Committee c/o Suzanne L. Ansara, Corporate Secretary Pennichuck Corporation 25 Walnut Street P.O. Box 428 Nashua, NH 03061-0428

***Attach any other information that you think would be useful to investigate the matter identified in this report.***

PENNICHUCK CORPORATION  
AUDIT, FINANCE AND RISK COMMITTEE

**PROCEDURES TO REPORT COMPLAINTS RELATING  
TO ACCOUNTING AND AUDITING MATTERS**

Pennichuck Corporation (the “Company”) is committed to complying with all applicable laws and regulations regarding accounting, accounting standards, internal accounting controls and audit practices (“Accounting Matters”). The Audit, Finance and Risk Committee of the Company’s Board of Directors is responsible for ensuring the appropriate treatment of complaints related to questionable Accounting Matters.

You have the commitment of the Company and the Board of Directors that no adverse action will be taken against any individual, nor will the Company condone or tolerate any adverse action against any individual, because he or she made a good faith complaint related to questionable Accounting Matters.

In order to facilitate the reporting of complaints, the Company’s Audit, Finance and Risk Committee has established the following procedures for:

- (1) the confidential, anonymous submission of complaints by employees and third parties regarding questionable Accounting Matters; and
- (2) the receipt, retention and treatment of complaints regarding Accounting Matters.

**Reporting of Complaints**

To report a complaint regarding Accounting Matters, one of the following methods should be used:

- **Written Complaint:** complete a Compliance Report Form, include any relevant documentation, and forward the report and attachment(s), if any, to the following address:

Chairman, Audit, Finance and Risk Committee  
Pennichuck Corporation  
c/o Suzanne L. Ansara, Corporate Secretary  
25 Walnut Street  
P.O. Box 428  
Nashua, NH 03061-0428

Mark the envelope “CONFIDENTIAL.” The Corporate Secretary will deliver the envelope, unopened, to the Chairman of the Audit, Finance and Risk Committee.

- Telephone Messaging Hotline: Call the Company's Compliance Reporting Hotline (1-877-778-5463). Provide the Company's Username **pnnw** and Password **pnnw**. This is a third-party toll-free telephone "hotline" that allows the reporting person to report his/her complaint confidentially and anonymously.
- Online Report: Go to [www.reportit.net](http://www.reportit.net) and enter the Company Username **pnnw** and Password **pnnw**. Enter the report information and click SUBMIT. The latest in data encryption technology is used to protect the reporting person's identity and report.

Information provided through the Compliance Reporting Hotline or the web-reporting tool will be either (1) relayed to the Chairman of the Audit, Finance and Risk Committee through the Corporate Secretary, or (2) at the reporting person's request, relayed directly to the Chairman of the Audit, Finance and Risk Committee.

Information relating to complaints regarding Accounting Matters will remain confidential, subject to the need to conduct an investigation. The identity of the person reporting a complaint will remain confidential, to the extent the reporting person does not identify himself or herself in the communication.

### **Scope of Matters Covered by These Procedures**

These procedures relate to complaints relating to any questionable Accounting Matters, including, without limitation, the following:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statements or other financial report of the Company;
- fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in or noncompliance with the Company's internal accounting controls;
- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports, or audit reports of the Company; or
- deviation from full and fair reporting of the Company's financial condition.

### **Treatment of Complaints**

All complaints received will be treated as follows:

- Upon receipt of the complaint by the Chairman of the Audit, Finance and Risk Committee, the Chairman will acknowledge receipt of the complaint to the sender if possible.

- Complaints relating to Accounting Matters will be reviewed under Audit, Finance and Risk Committee direction. In connection with the investigation of a complaint, the Audit, Finance and Risk Committee may consult with, and obtain the assistance of, any member of the Company's management who is not the subject of the complaint. In addition, the Audit, Finance and Risk Committee may, in its sole discretion, retain independent legal, accounting or other advisors as may be necessary or appropriate. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.
- Complaints, if substantiated, will be resolved through prompt and appropriate corrective and/or disciplinary action.
- The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee, or tolerate any threats or harassment of any employee, who in good faith reports any complaint related to questionable Accounting Matters or otherwise.

### **Reporting and Retention of Complaints and Investigations**

- The Audit, Finance and Risk Committee will report to the full Board of Directors periodically the results of any significant investigations.
- The Corporate Secretary will maintain a log of all complaints regarding Accounting Matters, tracking their receipt, investigation and resolution, and shall prepare a periodic summary report for the Audit, Finance and Risk Committee.

Addendum to Section 11  
Gifts, Meals, Services & Entertainment

The purpose of this addendum is to provide additional guidance to employees when they receive gifts, tokens of appreciation, or offers for meals or other entertainment from vendors. A key issue in determining whether employees may comfortably accept any such items is the intent of the vendor when providing the item. This guidance is related to the maintenance of existing and/or long-standing business relationships. If the intent is to “buy” our business or in any way influence a business decision, the item should be declined.

Employees may accept for themselves and members of their families common courtesies usually associated with *current customary business practices* (but only if the members of the employee’s family are accepting and/or attending in conjunction with the employee, and there is a specified reason that the family member’s attendance or acceptance is not detrimental to the underlying business purpose). Examples of these are:

- Lunch and/or dinner with an existing vendor as long as the invitation is extended by the vendor and the intent is to discuss business related issues or build or maintain a professional business relationship. Additionally, the location and value of the lunch and/or dinner should be deemed commensurate to the underlying business purpose; facilitating the business meeting, without a level of extravagance being present.
- Gifts of nominal value from vendors such as calendars, pens, pads, caps or clothing with logos.
- Tickets to sporting or cultural events are acceptable if offered by the vendor. If the individual accepting the gift is a key decision maker, the vendor must accompany the employee to the event. Again, the value of this should be commensurate to the underlying business purpose, and the frequency of such offers should be of a periodic and infrequent basis. And, this shall be related to the overall purpose of maintaining an existing business relationship, and not related to the procurement of a new business relationship.
- Gifts of perishable items usually given during the holidays as a token of appreciation for the ongoing business relationship are acceptable. These include such items as cookies, hams, fruit, candy or nuts. When possible, such items should be shared with others in the Company by offering them in the facility lunchroom or at a meeting. Receipt of alcoholic beverages is discouraged.
- Invitations to golfing or other outings are acceptable provided that the vendor offering the invitation is in attendance and the purpose of the event is to build rapport or networking for business purposes.

Bottom line - if the acceptance of the gift would cause embarrassment if it was featured in the local news by putting the ethics of the individual or Company in question, then employees should not accept it.

Contact the compliance officer for additional guidance.