

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF NOVEMBER 18, 2021 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Thursday, November 18, 2021 at 4:30 p.m., at the Company’s offices at 25 Walnut Street, Nashua, NH.

Written materials relating to items listed in the Agenda were provided to the Committee members for their review prior to the meeting.

The following Committee Members were present at the start of the meeting constituting a quorum:

Committee Members: James P. Dore, Chairman
 C. George Bower
 H. Scott Flegal
 Thomas J. Leonard
 Deborah Novotny

The following individuals were present for all or a portion of the meeting:

Pennichuck Corporation: Larry D. Goodhue, Chief Executive Officer
 Donald L. Ware, Chief Operating Officer
 Suzanne L. Ansara, Corporate Secretary
 George Torres, Corporate Controller and Treasurer
 Carol Ann Howe, Assistant Treasurer (by Microsoft Teams)
 Steven Greenwood, IT Director
 Lori Douglas, Accounting Manager

Melanson, P.C.: Deborah Tarbox, Principal

S. Ansara recorded the minutes of the meeting.

Election of Chairman

On motion duly made by T. Leonard and seconded by D. Novotny, all of the Committee members then voting, it was unanimously

Resolved: that James P. Dore is hereby elected Chairman of the Audit, Finance and Risk Committee.

Approval of Minutes

There being no comments on the draft minutes of the March 23, 2021 Committee meeting, on motion duly made by S. Flegal and seconded by G. Bower, all of the Committee members then voting, it was unanimously

Resolved: that the minutes of the March 23, 2021 meeting of the Audit, Finance and Risk Committee are hereby approved.

2021 Audit Plan

Ms. Tarbox led a discussion relating to the 2021 year-end Audit Plan, a copy of which was included in the written materials to the Committee. She reviewed Melanson's responsibilities with regard to their audit of the Company's financial statements. She discussed the changes in staffing for the audit from last year. She then reviewed the timing and scope of the audit work to be performed. Ms. Tarbox indicated that Melanson expects to complete their fieldwork by the end of the 2nd week of February. Draft financial statements are expected to be available by March 16, 2022 and final audited financial statements released no later than March 24, 2022.

Ms. Tarbox indicated that next year Melanson will be required to review information included in the Company's Annual Report to Shareholder that relates to information identified in Melanson's audit report. Melanson is requesting that a copy of the Annual Report be provided to them prior to the Company releasing the report to the public.

L. Goodhue reported that the Company has filed a petition with the PUC for approval of alternate accounting for its lease obligations. He said that he does not expect an answer from the PUC this year.

IT Update

S. Greenwood presented a cyber security update. He said that no additional ISO 27001 equivalent testing has been conducted since his last update to the Committee in November 2018. He said that the 13 critical/high vulnerabilities reported in 2018 have all been rectified. He said that in 2022, IT will perform a full reassessment of the Company's network through penetration testing to look for any new vulnerabilities and ensuring that the protocols IT has implemented are secure. The network infrastructure enhancement of a redundant internet line into the Distribution facility has been completed. IT is continuing to inform employees of any cybersecurity issues through meetings and email. The Company provides on-line compliance training courses to all employees. He referred the Committee to the Security Score Report conducted by the Company's cyber-liability insurance provider, where Pennichuck scored a 94% versus the Industry Benchmark for utilities at 83%.

Savings Plan for Employees of Pennichuck Corporation - Review of 2020 Audited Financial Statements

L. Douglas led a review and discussion of the 2020 audited financial statements and accompanying notes and supplemental schedule for the Savings Plan. The form and content of the information included in the financial statements and supplemental schedule, other than information certified by MassMutual and Reliance Trust as custodians of the Savings Plan, were audited by Melanson in accordance with auditing standards generally accepted in the United States and, in Melanson's opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As of December 31, 2020, the Savings Plan had approximately \$21.5 million in net assets available for benefits.

Pension Plan for Employees of Pennichuck Corporation
- Review of 2020 Audited Financial Statements

L. Douglas led a review and discussion of the 2020 audited financial statements and accompanying notes and supplemental schedules for the Pension Plan. The form and content of the information included in the financial statements and supplemental schedules, other than information certified by MassMutual as custodian of the Pension Plan, were audited by Melanson in accordance with auditing standards generally accepted in the United States and, in Melanson's opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. At December 31, 2020, the Pension Plan had approximately \$24.1 million in net assets available for benefits.

There was a discussion regarding the language relating to the disclosure of benefit distribution options, lump sums and the calculation of benefits at retirement (page 7 under "Pension Benefits" in the Notes to the Financial Statements). It was agreed that L. Goodhue and G. Torres will discuss the matter further with D. Tarbox after the meeting.

Review of Audited Schedule of Expenditures of Federal Awards – Drinking Water State Revolving Loan Funds (SRF)

L. Douglas led a review of the audited Schedule of Expenditures of Federal Awards and related notes for the year ended December 31, 2020. The audit is required because Pennichuck East Utility, Inc. expended more than \$750,000 of SRF related loans in 2020 for projects relating to Locke Lake. In the opinion of Melanson, the Schedule of Expenditures of Federal Awards presents fairly, in all material respects, the expenditures of federal awards under the Capitalization Grants for Drinking Water State Revolving Loan Funds – Loan Program in accordance with accounting principles generally accepted in the United States.

Ms. Tarbox left the meeting at 5:45 p.m.

2021 Internal Control Review and Testing Update

C. Howe provided a status update on the internal control review and testing plan for 2021. She indicated that testing plans for each business area have been created, and that testing and review of the information is underway. High risk areas are tested each year and Medium risk areas are tested every other year. C. Howe indicated that she has selected 9 controls to be tested in IT. Narrative review is 75% completed. Testing is scheduled to be completed by year end. A final report will be presented to the Committee at a meeting in the first quarter of 2022.

Committee Charter

There was a review of the Committee's Charter. The Committee agreed that the Charter was adequate for its purposes and no changes were necessary.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:12 p.m.

/s/ Suzanne L. Ansara
Suzanne L. Ansara
Corporate Secretary