

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF NOVEMBER 18, 2024 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Monday, November 18, 2024, at 4:30 p.m. at the Company’s offices at 25 Walnut Street, Nashua, New Hampshire.

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:

C. George Bower, Chair
Aymarie R. Corriveau
Ronald J. Houle
Ralph Jenkins
John D. McGrath
Deborah B. Novotny

Attending the meeting from the Company were:

John J. Boisvert, Chief Executive Officer and Chief Engineer
George Torres, Chief Financial Officer and Treasurer
Carol Ann Howe, Assistant Treasurer and Corporate Secretary
Julia Gagnon, Financial Analyst

Attending the meeting from CBIZ was Deborah Tarbox, Managing Director

C. Howe recorded the minutes of the meeting.

Approval of Minutes

There being no comments on the draft minutes of the March 25, 2024 meeting of the Audit, Finance and Risk Committee meeting, on motion duly made by D. Novotny and seconded by A. Corriveau, all of the Committee Members then voting by roll call, it was unanimously

Resolved: that the minutes of the March 25, 2024 meeting of the Audit, Finance and Risk Committee are hereby approved.

Selection of a new Committee Chair

On motion duly made by A. Corriveau and seconded by R. Houle, all of the Committee Members then voting by roll call, it was unanimously

Resolved: that R. Jenkins is hereby elected Chair of the Audit, Finance and Risk Committee effective November 18, 2024.

Review of Audited Pension and Savings Plans Audited Financial Statements for 2022 and 2023

R. Jenkins welcomed Deborah Tarbox to the meeting. G. Torres presented to the Committee an overview of the Pension and Savings Plan audits. G. Torres noted that we have always had Pension Audit but for the last several years we have now been required to have an Audit on an annual basis on the 401K Plan due to the plan reaching at least 100 participants which requires an annual audit. G. Torres noted he would provide a high-level review of both audits. He first discussed the pension plan. He noted that we did receive a clean opinion in the Independent Auditors Report meaning there were no issues. He reviewed each of the Statements disclosed in the report. The Statement of Net Assets discussing the specifics and highlighting the General Interest Accounts (GIA) which is where the assets are paid from. He went into some detail on the Statement of changes in Net Assets Available for Benefits, describing the line items that made up the \$5 million of additions including the almost \$3 million of net appreciation in fair value of investments along with the employer contributions. The deductions primarily consisted of benefit payments paid to participants. The net result was an increase of approximately \$4 million in net assets. He also commented on the vested benefits in the amount of \$21.4 million in the Statement of Accumulated Plan Benefits and the Statement of Changes in Accumulated Plan Benefits of which R. Jenkins asked G. Torres to explain the line item noted "Decrease in the Discount Period". R. Houle also asked what we use as a guideline in determining the balance to be kept in the GIA Account. G. Torres discussed the reason we were carrying a \$5 million balance and also indicated he can address this again to determine if we should revise that balance.

B. Law joined the meeting via TEAMS at 4:50 p.m.

R. Jenkins inquired on the value of some of the certain assets shown on the Schedule H., Line 4i - Schedule of Assets (Held at End of Year). There was some discussion in the decrease in the value of Mass Mutual Select Fund.

G. Torres next discussed the 401K, starting with a description of the difference between the 401K and Pension Plans noting these are employee funds and indicating they are provided with a certain selection of funds to invest in. This is an employee funded plan other than the contributions made by the Company which are shown on the Statement of Changes in Net Asset Available for Benefits – Employer Contributions line which represents the companies 3% contribution. He also spoke to the Notes Receivable from Participants line which represent loans taken from participants. R. Houle asked about Delinquent Participant Contributions and Deborah Tarbox explained the incident related to that noting it had to do with a glitch in the Proliant System. Because of this, the Company fell out of the criteria of the funding timeline, and that

was considered to be delinquent contribution and therefore a reportable event. There is no issue because the organization is doing a self-correction and making the employee whole. Deborah Tarbox noted the delinquent timing was a matter of days and not a significant timeframe. G. Torres noted they did put in a mitigating control to alleviate this occurrence in the future.

Upon conclusion of the reviews, R. Jenkins asked if they needed to do anything to accept the Audit reports and Deborah Tarbox indicated that was not required.

Year-End Audit Plan Discussion

Deborah Tarbox discussed the audit plan for the year. She first explained the change in the company ownership and what effect that would have. She noted that most items will remain the same including staffing, etc. She indicated the engagement letter was signed under Marcum and that is still in effect. She also stated that CBIZ is a public company and therefore there are different requirements related to independence and we have to ensure the Company is not invested in CBIZ. She indicated they had met with our management team in mid-September as part of the kick-off and described some of the items discussed. This consisted of a sort of post-audit debrief as well as discussions on audit staffing, rate cases, new debt, etc. They also prepared a detailed timeline for both sides of the audit so all deliverable dates are known in order to complete the audit within the time constraints needed. Committee members asked about the timing of the estimated merger and the effect of that on the timing of the audit and the resource of time availability by the company staff to work on the audit. G. Torres indicated they don't anticipate that being an issue. Deborah reviewed the key dates as outlined in the engagement letter and explained the letter outlines the responsibility of both the Auditor and the Company.

There being no further discussion, on motion duly made by A. Corriveau and seconded by John McGrath, all of the Committee Members then voting, it was unanimously

Resolved: to accept the audit plans as presented by CBIZ (previously Marcum) at this meeting.

J. Boisvert, G. Torres, L. Douglas and J. Gagnon left the meeting at 5:39 p.m.

The Company left the meeting in order for the Committee to have an executive session with Deborah Tarbox.

J. Boisvert, G. Torres, L. Douglas and J. Gagnon returned to the meeting at 5:59 p.m.

Deborah Tarbox left at 6:00 pm

Update on Internal Control Testing for 2023

G. Torres provided an update on the Internal Control testing completed for 2023. He introduced J. Gagnon to the Committee. He noted the testing for 2023 has been completed but the report has not been finalized but will be presented to the Committee in the March 2025 timeframe.

J. Gagnon provided a brief summary of what has been completed and noted that there were not any items of non-compliance identified.

Internal Control Review and Testing Plan – 2024

G. Torres reviewed the Internal Control Review and Testing Plan update with the Committee. He explained the difference in the types of controls (i.e. Internal Controls and Application Controls). He described the narrative review process and J. Gagnon provided input on where we are in the process of that review. He also described what typically is done each year and explained the criteria used in the risk assessment and in determination of the controls to be tested.

J. Gagnon provided an update on the 2024 testing and the expected timeline on when it will be completed and the results presented to the Committee.

J. Gagnon left the meeting at 6:32 p.m.

Review of Audit, Finance and Risk Committee Charter

There was significant discussion on the Charter in Section 3(V) on certain language related to the Company's certification of the effectiveness of the Internal Control. G. Torres explained the various certifications he provides in many different scenarios. At the conclusion of the discussions, R. Jenkins requested that the company speak to our legal counsel related to the language certifications we provide.

G. Bower requested that we draft a letter to Deborah Tarbox stating that we have a new Chair of the Audit, Finance and Risk Committee. C. Howe indicated that would be done.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 7:10 p.m.

Carol Ann Howe

Carol Ann Howe, CPA
Assistant Treasurer and Corporate Secretary