



Contracting Policy



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Statement of Policy

Conducting the Company's daily business and operations requires the execution and administration of many different types of contractual arrangements. It is the policy of the Company to manage risk exposure through the development of uniform contracting standards and internal controls.

Objective

The Company establishes this Policy to ensure:

- A. Transactions are approved by employees with the requisite authority; and
- B. When required by this Policy, contractual terms and conditions associated with Transactions are reviewed by Subject Matter Experts to protect the interests of the Company.

Scope

This Policy applies to all Transactions.

Definitions

- A. **Company.** The term "*Company*" refers to NorthWestern Energy Group Inc., NorthWestern Corporation d/b/a NorthWestern Energy, NorthWestern Energy Public Service Corporation d/b/a NorthWestern Energy and their subsidiaries and affiliates.
- B. **Company Template.** A "*Company Template*" is a form agreement approved and maintained by the Legal Department, identified in *Exhibit 3* of this Policy.
- C. **Contract Matrix.** The "*Contract Matrix*" is attached to this Policy as *Exhibit 1*, and identifies the responsible functional area of operation, Transaction approval and Subject Matter Expert review requirements.
- D. **Contract Owner.** The "*Contract Owner*" is the Company employee responsible for the overall administration of the Transaction.
- E. **Contract Review Checklist.** The "*Contract Review Checklist*" identifies risk or other factors in Transactions that necessitate Subject Matter Expert review.
- F. **Emergency.** An "*Emergency*" is any situation that poses an immediate risk to health, life, property or the environment and action is required to prevent injury, property damage or a risk of harm. Specifically included within the definition of an Emergency is the safe and orderly restoration of electrical or gas generation, transmission or distribution facilities.
- G. **Executive Professional Services.** "*Executive Professional Services*" include executive employment contracts, executive letters of engagement, executive compensation consulting, Board of Director-related corporate arrangements, services related to potential mergers & acquisitions, and investigative services regarding potential criminal or fraudulent misconduct or other malfeasance.

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- H. **Policy.** The “*Policy*” is this NorthWestern Energy Contracting Policy.
- I. **Subject Matter Expert.** A “*Subject Matter Expert*” is an employee possessing specialized knowledge and experience and is assigned to review terms and conditions of Transactions.
- J. **Transaction.** A “*Transaction*” is any contractual arrangement creating an obligation for the Company, including amendments and modifications to existing agreements.

Policy Provisions

A. Approval and Review Requirements

1. TRANSACTION APPROVAL.

- a. Monetary Transactions. Transactions creating monetary obligations must be approved in accordance with established Company policies, including but not limited to the Company’s Expenditure Approval Policy and Guidelines and the Energy Risk Management Policy.
- b. Other Transactions. Transactions with no monetary value must be approved in accordance with the guidelines established in the Contract Matrix. If a Transaction is not listed on the Contract Matrix, contact the Legal Department for guidance.
- c. Approval Requirements.
 - i. Transactions must be approved by employees acting within their normal scope of responsibility, and prior to binding the Company to any contractual obligations.
 - ii. The Contract Owner and employees of the functional area of operation responsible for a Transaction are responsible for obtaining necessary approvals prior to execution of Transaction documents.
 - iii. Approvals must be documented by: (a) signature on the Transaction document; (b) email authorization; or (c) electronic approval within established Company processes.
 - iv. Approval of the annual budget does not constitute approval of a Transaction for the purpose of satisfying the requirements of this Policy.
- d. Board of Director Approvals. Certain Transactions require the authorization of the Company’s Board of Directors. This Policy does not supersede or revise any such approval standards.

2. SUBJECT MATTER EXPERT REVIEWS.

- a. Purpose. Subject Matter Expert review of Transactions is necessary to: (i) ensure the best interests of the Company are taken into consideration during the preparation of terms and conditions; (ii) mitigate corporate risk; and (iii) notify specific employees of Transactions for regulatory filings, tax coding, compliance and other business purposes.



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- b. Designation. Vice Presidents of the Company are responsible for designating Subject Matter Experts within their respective areas of operation. The list of Subject Matter Experts is attached to the Contract Review Checklist in *Exhibit 2* of this Policy.
- c. Review Requirements.
 - i. The Contract Matrix establishes Subject Matter Expert review requirements for Transactions. Whenever the Contract Matrix refers to the Contract Review Checklist, employees must consider the factors identified in *Exhibit 2* of this Policy and obtain reviews by necessary Subject Matter Experts. If a Transaction is not listed on the Contract Matrix, contact the Legal Department for guidance.
 - ii. The Contract Owner and employees of the functional area of operation responsible for a Transaction are responsible for obtaining necessary Subject Matter Expert reviews prior to execution of Transaction documents.
 - iii. Subject Matter Expert reviews must be documented by: (a) signature or initial on the Transaction documents; (b) email authorization; or (c) electronic approval within established Company processes.
- d. Exceptions to Subject Matter Expert Review. The following are exempt from Subject Matter Expert review:
 - i. Transactions identified as “*Exempt*” within the Contract Matrix.
 - ii. Transactions entered in response to an Emergency.
 - iii. Transactions with an estimated total expenditure of \$10,000 or less.

Regardless of the estimated value or existence of an exemption, employees must exercise good business judgment and obtain assistance from Subject Matter Experts whenever a Transaction requires review in accordance with the Contract Matrix or otherwise creates increased liability exposure to the Company (such as safety or health risk to employees, customers or the public, environmental liability or other unique business risks such as employee vs. independent contractor considerations).

3. SIGNATURE RESPONSIBILITY.

- a. General Rule. The employee with the authority to approve a Transaction must execute the associated contractual documents, except as clarified in this section.
- b. Clarifications.
 - i. An employee with the authority to execute may assign signature responsibility to another employee. Assignments of signature responsibility must be documented and made part of the Transaction file.
 - ii. Transactions for the purchase of goods, services, professional services or construction work with an estimated total expenditure of \$250,000 or less may be executed by

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Manager-level or above employees of the Supply Chain function of the Company, but only after receipt of Transaction approval in compliance with the Company's Expenditure Approval Policy and Guidelines and completion of Subject Matter Expert reviews in compliance with this Policy.

4. GENERAL REQUIREMENTS.

- a. Responsible Department. The functional area of operation identified in the Contract Matrix must participate in the contracting process for Transactions. Each functional area of operation must establish procedures for the purpose of efficiently processing Transaction approvals, obtaining Subject Matter Expert reviews and retaining records in compliance with the Company's Records Management Policy.
- b. Contract Owner. The Contract Owner must coordinate with the responsible functional area of operation prior to the creation of any binding obligation. The Contract Owner and employees providing contracting support service are jointly responsible for ensuring compliance with this Policy.
- c. Retention of Records. The Contract Owner and employees providing contracting support services are responsible for ensuring the documents associated with Transactions are retained in compliance with the Company's Records Management Policy and established Company processes.

5. EMERGENCY SITUATIONS. Company employees at the Director-level and above are authorized to approve Transactions and execute necessary contracts in order to respond to an Emergency. Subject Matter Expert review is not required prior to execution of a contract entered in response to an Emergency. However, the Transaction documents must be submitted to appropriate Subject Matter Experts promptly after execution.

B. Miscellaneous Provisions.

1. APPLICABILITY. Nothing in this Policy restricts or impairs the ability of a functional area of operation of the Company to implement controls and procedures more restrictive than those established by this Policy.
2. POLICY ADMINISTRATION. This Policy may be changed by the Company at any time, and interpretation of each requirement is solely within the discretion of the Company. The Legal Department is responsible for reviewing this Policy annually to ensure continued applicability.
3. POLICY AMENDMENTS. Amendments to this Policy require the consent of employees at the level of those approving this Policy. Revisions to the Contract Matrix, Contract Review Checklist and list of Subject Matter Experts require the approval of the General Counsel and Vice President whose area of operation is affected by the change.



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Corporate Policy Provisions

- A. Nothing in this policy is intended to limit an employee's rights under the National Labor Relations Act (NLRA).
- B. If any of the provisions of this policy conflict with federal or state law, the provisions of the federal or state law prevail.
- C. If any of the provisions of this policy conflict with those of a collective bargaining agreement (CBA) for covered employees, the provisions of the CBA will prevail.
- D. All employees are expected to comply with this policy. Failure to do so may result in disciplinary action up to and including termination of employment.
- E. The existence of this policy does not create a contract or vested right of employment implied or otherwise. NorthWestern Energy is an at will employer in South Dakota, Nebraska, and Wyoming.
- F. NorthWestern Energy reserves the right to amend, terminate, or otherwise modify this Policy at any time. The effect of any amendment or modification, however, will be prospective, not retroactive.

Additional Resources

- Code of Conduct and Ethics
- Employee Discipline Policy
- Energy Risk Management Policy
- Expenditure Approval Policy and Guidelines
- Procurement Card / Expense Reimbursement Policy
- Records Management Policy
- Related Persons Transactions Policy
- Technology Acquisitions, Moves and Disposal Policy
- Vendor Selection Policy



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Exhibit 1

Contract Matrix

The Contract Matrix is a separate Excel file.



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Exhibit 2

Contract Review Checklist

- Purchase orders issued by the Company to secure goods, equipment and materials must be processed in accordance with the review requirements set forth in *Attachment A*.
- Subject Matter Experts authorized to review are listed in *Attachment B*.

LEGAL - *Legal review is required when:*

1. Material alteration is made to a Company Template.
2. Counterparty's contract or any agreement not designated as a Company Template is used as the terms and conditions for the Transaction.
3. Estimated value of the Transaction is \$100,000 or greater.
4. Transaction includes factors that impact employee vs. independent contractor classification.
5. Transaction requires performance pursuant to a statement of service/work order, and service/work is materially different from what is contemplated by a Legal-approved master agreement.

RISK MANAGEMENT - *Risk Management review is required when:*

1. Material alteration is made to the limitation of liability, indemnification or insurance requirements of a Company Template.
2. Insurance requirements deviate from the Risk Management-approved Risk Matrix, the Risk Matrix requires review or the Risk Matrix does not identify insurance requirements for the applicable Transaction.
3. Counterparty's contract or any agreement not designated as a Company Template is used as the form for any Transaction and the form requires NorthWestern to limit liability, indemnify or provide insurance coverage for the counterparty.
4. Transaction requires performance pursuant to a statement of service/work order, and service/work is materially different from what is contemplated by a Risk-approved master agreement.
5. Transaction requires the review of Business Technology or Environmental.

TAX - *Tax review is required when:*

1. Estimated expenditure (non-real property) is: (i) Montana Transaction - \$250,000 or greater; or (ii) or South Dakota/Nebraska Transaction - \$25,000 or greater.
2. Expenditure is for goods or services for projects in Yellowstone National Park.
3. Material alteration is made to the tax provisions of a Company Template.
4. Counterparty's contract or any agreement not designated as a Company Template is used as the form for the Transaction and the contract allocates tax responsibility or liability to the Company.
5. Transaction includes acquisition, development, installation, support or disposal of software or hardware deployed in multiple Company locations.



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BUSINESS TECHNOLOGY - *BT review is required when:*

1. Transaction includes hardware or software acquisitions, development, installation, support or disposal.
2. Transaction requires third-party network access at any time during project development or the ongoing performance of services.
3. Transaction requires multi-departmental data risk assessment.
4. Transaction requires the transfer of or access to sensitive Company data at any time during project development or ongoing performance of services.
5. Transaction involves the use of any uncrewed aircraft systems (UAS) for the performance of the services.

ENVIRONMENTAL - *Environmental review is required when:*

1. Transaction involves the purchase of real estate.
2. Contractor's activity may involve ground disturbance or maintenance work that is: (i) greater than one acre; (ii) in wetlands; (iii) across a stream or river or on the bed or banks or within a floodplain; (iv) in or near sites on the Federal National Priority List (Superfund), State Superfund sites or county reclamation/cleanup sites; (v) in designated waterfowl or wildlife management area; (vi) in designated state, federal or local parks or historic sites; (vii) on Tribal, US Forest Service, Bureau of Land Management (BLM) or U.S. Fish & Wildlife Service managed lands or within a FERC-licensed project boundary; or (viii) in an area that has habitat or threatened/endangered species per the Endangered Species Act.
3. Activity involves the handling, storage, transport or disposal of hazardous substances by employees or contractors or the removal or remediation of asbestos, lead-based paint or other building materials that may impact human health and/or the environment.
4. Transaction requires environmental permits or clearances (e.g., stormwater, air quality permits, work plans, etc.).
5. Activity is a response to an environmental agency request, notice or complaint.
6. Transaction involves environmental remediation associated with a release or spill of any hazardous substance.

TREASURY / CREDIT - *Treasury review is required when:*

1. Transaction: (i) involves a customer-funded project with a value in excess of \$25,000 or a construction project with value in excess of \$250,000; or (ii) otherwise requires a counterparty to post any security instrument such as a bond, letter of credit, parental guaranty or cash collateral.
2. Transaction requires the Company to post security.
3. Transaction requires the Company to make progress payments (in excess of \$250,000) for the purchase of equipment or materials.

FINANCE / ACCOUNTING – *Finance/Accounting review is required when:*

1. Transaction involves a purchase, sale or lease of real property or capital assets occurring outside of the Company's approved annual budget or established capital expenditure processes.
2. Counterparty is an entity formed for the purpose of entering the Transaction.
3. Transaction involves third-party financing or similar intermediary.
4. The Transaction requires retention or payment terms shorter than "net 30."

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HUMAN RESOURCES/COMPENSATION & BENEFITS - *HR/Comp & Benefits review is required when:*

1. Transaction involves a former employee.
2. Transaction includes factors that impact employee vs. independent contractor classification.
3. Transaction involves the transfer of employee information, personally identifiable information (PII), or protected health information (PHI) during the performance of services.
4. Counterparty is a federal, state or municipal agency and the contract includes flow-down requirements or obligations regarding nondiscrimination, equal employment opportunity, human rights or other diversity, equity and inclusion.

FERC COMPLIANCE - *FERC Compliance review is required when:*

1. Transaction involves a customer-funded rebuild or relocation of transmission facilities or involves jointly owned transmission facilities (lines or substations).

FLIGHT SERVICES - *Flight Services review is required when:*

1. Transaction involves the use of any aircraft or uncrewed aircraft systems (UAS) for the performance of the services.



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Attachment A to Contract Review Checklist

Purchase Order Review Requirements

The following Subject Matter Expert review requirements apply to purchase orders for Goods (not services) issued by the NorthWestern Energy Supply Chain function:

1. Subject Matter Expert review is not required for purchase orders in the Ordinary Course of Business with an estimated expenditure of \$25,000 or less.
2. Subject Matter Expert review is not required for purchase orders in the Ordinary Course of Business issued to Strategic Alliance Vendors with an estimated expenditure of \$500,000 or less.
3. Subject Matter Expert review is not required for purchase orders in the Ordinary Course of Business with an estimated expenditure above \$25,000 and below \$250,000, unless any factor in Section 4 applies.
4. Contract Analyst assistance with processing purchase orders is required when any of the following apply:
 - (i) Value of the purchase order exceeds is \$250,000 or greater (excluding Strategic Alliance Vendor orders).
 - (ii) Goods purchased are outside of the Ordinary Course of Business.
 - (iii) Vendor demands revisions to a Company Template.
 - (iv) Purchase order includes installation, maintenance, crane or field services.
 - (v) Goods are designed/manufactured to Company specifications or require special warranties.
 - (vi) Purchase order requires advance or progress payments of \$250,000 or greater prior to delivery.
 - (vii) Goods include hardware or software with communication capabilities or the purchase creates cyber risk for the Company.
 - (viii) Goods are purchased for installation in Yellowstone National Park or projects funded by state or federal governments.

Supply Chain personnel will obtain Subject Matter Expert review when required by the Contract Review Checklist.

For the purpose of this Attachment A, the following definitions apply:

- “Goods” are tangible items such as materials, equipment and supplies.
- A procurement of Goods in the “*Ordinary Course of Business*” means purchases occurring regularly, routinely and as a necessary element of conducting business.
- A “*Strategic Alliance Vendor*” is a Vendor designated by the Company as a primary supplier of Goods in accordance with the NorthWestern Energy Vendor Selection Policy.
- A “Vendor” is a manufacturer, supplier or distributor of Goods.



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Attachment B to Contract Review Checklist

Subject Matter Experts

Legal

Shannon Heim, General Counsel, VP of Federal
Gov't Affairs & FERC Compliance Officer
Mike Green, Associate General Counsel
Corporate Counsel

Risk Management

Donna Haeder, Director of Risk Management
Katelyn Duffy, Risk Analyst

Tax

Aaron Bjorkman, Director of Tax
Kari Randall, Transaction Tax Manager
Shawn Swanson, Accountant

Business Technology

Jeanne Vold, VP of Technology
Sean Cleverly, Director of Enterprise
Architecture & Technology Security Officer
Kimberly Bray, Director of Enterprise
Applications
Mark Maroney, Director of Network
Engineering & Operations
Gina Konen, BT Assets & Records Manager

Environmental

Sarah Babcock, Director of Environmental &
Lands Permitting & Compliance

Treasury / Credit

Emilie Ng, Treasurer
Dennis Heinz, Credit Manager

Finance / Accounting

Jeff Berzina, Controller
Elaine Rich, Assistant Controller
Evan VerWey, Financial Reporting Manager
Kristi Wallman, Accounting Manager
Belinda Tierney, Corporate Services Accounting
Manager

Human Resources / Comp & Benefits

Judy Stulken, Director of Human Resources
Chris Forbeck, Director of Compensation &
Benefits

FERC Compliance

Melissa Crosby, FERC Compliance & Policy
Manager
Sara Shepard, FERC Regulatory Analyst

Flight Services

Jeff Quam, Chief Pilot

Regulatory

Pam Bonrud, Director of Gov't & Regulatory
Affairs (SD/NE)
Charlie Lane, Director of Regulatory Affairs (MT)



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Exhibit 3

Company Templates

SUPPLY CHAIN	LANDS & PERMITTING
1. Master Service Agreement	1. Right of Way Easement
2. Master Construction Agreement	2. Purchase of Real Property Agreement
3. Master Engineering Agreement	3. Sale of Real Property Agreement
4. Master Consulting Agreement	4. Deed
5. Master Field Service Agreement	5. Mortgage Release Indemnification
6. Master Field/Consulting Agreement	6. Real Property Lease Agreement – NorthWestern as Lessee
7. Service Order Agreement	7. Real Property Lease Agreement – NorthWestern as Lessor
8. Customer Funded Service	8. Communication Site Lease
	9. Damage Release
	10. Right of Way Release
	11. Access Agreements
DISTRIBUTION OPERATIONS	
1. Customer Agreement	
2. Removal Agreement	
3. Pole Attachment Agreement	
4. Street Lighting Agreement	