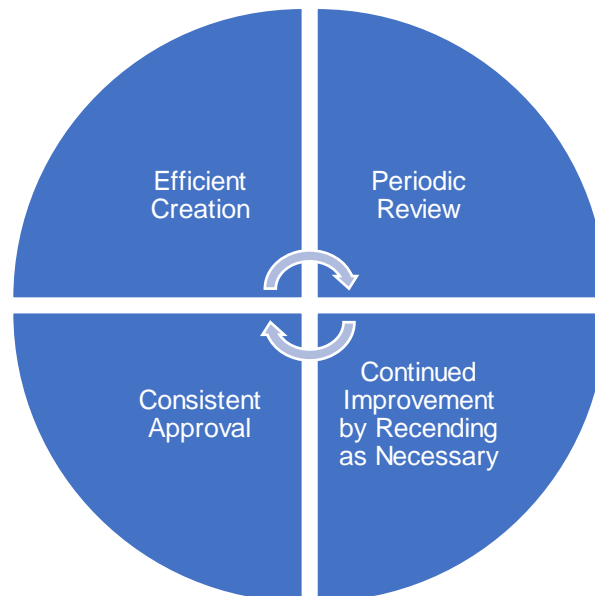# POLICY ON POLICIES

Effective Date: September 17, 2021

POLICY AT A GLANCE

PEC is committed to our Mission of delivering low-cost, reliable, and safe energy for our Members by having **comprehensive**, **consistent**, and **accessible** Policies.

POLICY MANAGEMENT PROGRAM

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. The Board of Directors establishes this Policy to ensure that all PEC Policies meet legal and internal business requirements and that there is a uniform process to create and maintain the Cooperative's Policies.

2. SCOPE

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

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. POLICY AND IMPLEMENTATION

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

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

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

    3.1.3. 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.

3.2. PEC will establish and maintain a Policy Management Program to create, review, and manage uniform Policies on significant, broad, and recurring subjects.

3.3. The Policy Management Program will include the following:

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

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

        3.3.1.2. Policies must be concise, short, and easily understood. This means using plain and direct language with minimal length.

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

    3.3.2. **Review**: Policies will be periodically reviewed based on their defined review frequency schedule.

        3.3.2.1. The Policy Administrator is responsible for ongoing review, update, and applicability of a Policy.
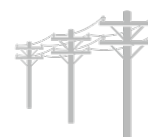
3.3.2.2. The Policy Coordinator is responsible for coordinating with the Policy Administrator in ensuring that Policies are reviewed according to their defined review frequency.

3.3.3. Recension: Policies will be rescinded when they are considered obsolete or unnecessary.

3.3.4. 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:

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

4. DEFINITIONS

4.1. Board-Level Policy – Written statements of values and expectations which guide future strategic decisions of management. Board-Level Policies have enterprise application, broad terms, and answer major operational issues.

4.2. Business Unit – A department, district, division, corporate function, or site.

4.3. 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 or Management-Level Policies, but are only applicable to a given Business Unit.

4.4. Management-Level Policy – Define and implement the desired directions, goals, and objectives of the Board. Management-Level Policies manage the day-to-day business activities of the Cooperative with a view to the fulfillment of the Board's goals and expectations. Management-Level Policy is what the Cooperative does, how the Cooperative intends to carry out its operations, and who will complete those objectives.

4.5. Policy – A document reflecting standards or rules that regulate or guide organizational actions and employee conduct. PEC Policies are intended to apply across the Cooperative. A Policy may be a Board-Level Policy, Management-Level, or Business Unit-Level Policy.
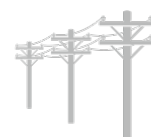
4.6. **Policy Administrator** – The person responsible for a Policy's implementation, interpretation, and administration. This is typically an Executive or Vice President of the Business Unit associated with the Policy.

4.7. **Policy Approver** – The individual, or individuals, responsible for the subject matter of the Policy and whose adoption is required before the Policy becomes effective.

4.8. **Policy Coordinator** – The administrative staff that oversees the implementation of this Policy and assists with tracking, approval, and review of all PEC Policies.

4.9. **Policy Preparer** – The subject-matter expert that is identified by the Policy Administrator as responsible for creating, revising, or reviewing a Policy.

4.10. **Procedure** – A document describing a process or steps necessary to be followed in order to implement a Policy.

5. POLICY ENFORCEMENT

The Board and Management will enforce this Policy. Violation of this Policy may result in disciplinary action, up to and including, termination.

6. REFERENCES AND RELATED DOCUMENTS

Policy Management Procedure

Policy Management Workflow

Policy Template

Date adopted:	August 18, 2015
Last reviewed:	July 21, 2021
Review frequency:	Every five years
Amendment dates:	September 17, 2021
Effective date:	September 17, 2021
Approver:	Board of Directors
Applies to:	Board of Directors, Individual Business Units, employees, contractors, and other PEC stakeholders as specifically applied.
Administrator:	Policy Coordinator
Superseding effect:	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.