

**APPROVED BY THE BOARD OF DIRECTORS**

**December 17, 2003**

**(Amended: 2/28/12)**

**(Amended: 2/28/13)**

**(Amended: 2/26/15)**

**(Amended: 2/24/17)**

**(Amended: 2/28/23)**

**CHARTER**

**FINANCE COMMITTEE**

**A. PURPOSE**

The Finance Committee (the "Committee") shall be a standing committee appointed by the Board of Directors of PNM Resources, Inc. ("PNMR" or "Company") with responsibility to:

- a. review and recommend to the Board the Company's capital structure and financial strategy, including dividend policy;
- b. oversee the Company's financial performance, capital expenditures and investment procedures and policies;
- c. oversee the Company's investments in subsidiaries;
- d. oversee financial risk management strategies and policies; and
- e. oversee the Company's investment trusts and corporate investments, other than benefit plan trusts.

**B. STRUCTURE AND OPERATIONS**

1. The Committee shall consist of at least three independent directors appointed by the Board upon the recommendation of the Nominating and Governance Committee. All members of the Committee shall be free of any relationships that would interfere with their exercise of independent judgment. The Committee shall annually elect one of its members to be the Chair, giving due consideration to the nominee recommended by the Nominating and Governance Committee.
2. The Committee shall meet as often as it deems appropriate, but not less frequently than three times a year.
3. The Committee has the authority to initiate and supervise investigations into any matters within the scope of its authority and responsibilities. The Committee is authorized to retain the services of internal or outside legal, accounting and other advisors as it deems necessary in the fulfillment of its duties. The Committee and its designees shall have unlimited accessibility to all the Company's records, property, and employees. The Committee shall have sufficient funding to carry out its duties, including funding for payment for any advisors used by the Committee and ordinary administrative expenses necessary and appropriate in carrying out its duties.
4. The Committee may delegate specific responsibilities to a subcommittee of one or more of its members provided that the subcommittee shall keep the full Committee informed of its activities.
5. The Committee Chair shall schedule meetings and in consultation with management and with the other Committee members, shall establish meeting agendas.
6. The Committee may take action by unanimous written consent.

**C. DUTIES AND RESPONSIBILITIES**

1. The Committee shall review the Company's liquidity position, and recommend to the Board changes in capital structure, financial strategy and dividend policy for the Company.

2. The Committee shall assist the Board in reviewing the Company's financial results compared to the Annual Operating Plan (the "AOP") and assessing operational performance.
3. The Committee shall approve the Company's investment trusts and corporate investment policies (other than benefit plan trusts), as well as review the investment performance of those trusts, and the corporate investments other than those in money market funds.
4. The Committee shall assist the Board in reviewing the Company's Capital Expenditure Budget included as part of the AOP.
5. The Committee shall (i) review for compliance with corporate strategic goals and approve single capital projects not included in the AOP the value of which is equal to or greater than \$25 million and up to \$75 million and (ii) review and recommend for approval by the Board all single capital projects not included in the AOP the value which is in excess of \$75 million. The Committee, at its discretion, may review any capital project. All such capital projects shall have previously been approved by the CEO or any officer of the Company to whom such authority has been properly delegated. This section shall not apply to capital projects of subsidiaries in which the Company does not have a majority interest. The CEO shall be authorized to approve emergency capital expenditures for repair or replacement of existing facilities, not to exceed an amount set by the Committee annually, if, in the judgment of the CEO, the circumstances warrant, and it is not practical to convene a meeting of the Committee to review and approve the expenditure. Notice and an explanation of the emergency capital expenditures shall be provided to the Committee within 72 hours of the CEO authorizing such expenditure.
6. The Committee shall review and approve every issuance of equity by PNMR and its wholly owned subsidiaries when the value of such issuance is \$75 million or less, and shall review and recommend approval by the Board when the cumulative value of such equity issuance for any entity within the prior twelve-month period (not including any issuance previously approved by the Board) is greater than \$75 million.
7. The Committee shall review and approve any debt financing (including, e.g., capital leases, special purpose vehicles, refinancing, restructuring and early retirement) of PNMR and its wholly owned subsidiaries when the cumulative value of such financing for any entity within the prior twelve-month period (not including any financing previously approved by the Board) is equal to or greater than \$25 million and up to \$75 million and review and recommend approval by the Board when the cumulative value of such financing for any entity within the prior twelve-month period (not including any financing previously approved by the Board) is in excess of \$75 million.
8. The Committee shall review and approve capital contributions to a PNMR subsidiary (including partially owned subsidiaries) when the cumulative value of such contributions to a subsidiary within the prior twelve-month period (not including any contribution previously approved by the Board) is equal to or greater than \$25 million and up to \$75 million and recommend approval by the Board when the cumulative value of such contributions to a subsidiary within the prior twelve-month period (not including any contribution previously approved by the Board) is in excess of \$75 million.
9. The Committee shall review and approve intercompany loan agreements of more than \$50 million.
10. The Committee shall review the financial implications of any significant transactions related to mergers, acquisitions, reorganizations and divestitures and make a recommendation to the Board.
11. The Committee shall review transactions, or a series of similar transactions within the prior twelve-month period, which involve the sale, transfer or other disposition of assets valued at \$50 million or more by the Company or a wholly owned subsidiary of the Company. In the case of a subsidiary in which the Company has a 50% interest, the threshold shall be \$100 million. For any other subsidiary, the threshold shall be based upon the Company's ownership interest in the subsidiary consistent with the methodology used for the threshold of a subsidiary in which the Company has a 50% interest. Following its review, the Committee shall make a recommendation for approval by the Board.

12. The Committee shall review and approve any Company guarantee of obligations of its wholly owned subsidiaries when the cumulative value of such guarantees for any entity within the prior twelve-month period (not including any guarantee previously approved by the Board) is equal to or greater than \$25 million and up to \$75 million and review and recommend approval by the Board when the cumulative value of such guarantee for any entity within the prior twelve-month period (not including any guarantee previously approved by the Board) is in excess of \$75 million.
13. The Committee shall approve changes to the Risk Management Committee (“RMC”) Charter and review changes to the risk management policies approved by the RMC. The Committee shall have the responsibility to approve risk tolerance levels recommended by the RMC, which shall be reflected in the Corporate Financial Risk Management Policy. The Committee shall approve the RMC members.
14. The Committee shall have the authority and discretion to review and approve the decision to enter into interest rate hedging arrangements, in accordance with the policies established for such activities. The Committee’s authority shall include election of the End-User Exception, which applies to hedges that are excepted from requirements that certain hedges must be cleared and traded in accordance with applicable statutory provisions, rules and regulations under the Dodd-Frank Act.
15. The Committee shall review the Company’s insurance program for adequacy of coverage.
16. The Committee shall periodically receive updates of rating agency discussions and actions.
17. The Committee shall conduct an annual evaluation of its performance and shall submit an annual report to the Board regarding the evaluation and confirming that all responsibilities described in this Charter have been fulfilled. The report shall address all transactions conducted during the year in the range of \$25 million to \$75 million.
18. The Committee shall review this Charter at least annually and recommend any appropriate changes to the Board for approval.