

TXNM ENERGY, INC.

**AUDIT & ETHICS COMMITTEE
POLICY GOVERNING AUDIT, AUDIT-RELATED, TAX
AND NON-AUDIT FEES AND SERVICES**

As approved by the Audit and Ethics Committee

December 9, 2002

(Amended Feb 17, 2003, Nov 7, 2003, July 17, 2006, Feb 23, 2017 and Feb 24, 2025)

OVERVIEW

The Sarbanes-Oxley Act of 2002 (“Act”) was signed into law on July 30, 2002. Subsequently, on January 28, 2003, the Securities and Exchange Commission adopted Rules on Strengthening the Commission’s Requirements Regarding Auditor Independence (“Rules”). The Act and the Rules require that audit, audit-related, and non-audit services (other than those prohibited), to be performed by the Independent Registered Public Accounting Firm (the “external auditor(s)”) must be pre-approved by the Audit and Ethics Committee (the “Committee”) of the Company’s Board of Directors. The Committee does not need to pre-approve non-audit services provided by an accounting firm that is not the Company’s external auditors.

Audit services include fees billed for professional services rendered by the external auditors for the audit of the Company’s annual consolidated financial statements included in the Company’s Form 10-K, review of consolidated financial statements included in the Company’s Form 10-Q, audit of the Company’s Employee Benefit Plans or services that are normally provided by the external auditors in connection with statutory and regulatory filings or engagements and may include services associated with SEC registration statements, period reports and other documents filed with the SEC or issued in connection with securities offerings.

Audit-related services include fees billed for assurance and related services by the Company’s external auditors that are reasonably related to the performance of the audit or review of the Company’s consolidated financial statements and are not considered Audit services. The audit-related services category specifically includes, among other services, due diligence reviews pertaining to potential business acquisitions/dispositions; accounting consultations related to accounting, financial reporting or disclosure matters not otherwise classified as “audit services”, assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities, agreed-upon procedures related to accounting records required to respond to or comply with financial accounting or regulatory reporting matters.

Tax services generally include tax compliance, tax planning and tax advice.

Non-audit services include professional services provided to the company by the external auditors, other than those provided to a company in connection with Audit or Audit-related services. The Company may engage the external auditors for any non-audit service that is not prohibited.

The following non-audit services are specifically prohibited by law from being provided by the external auditors:

- Bookkeeping or other services related to the accounting records or financial statements of TXNM Energy Inc. or its subsidiaries or affiliates
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resource administration or management services
- Broker-dealer, investment adviser, or investment banking services
- Legal services
- Expert services unrelated to the audit
- Specified types of tax or tax-related services
- Any service or product for a contingent fee or commission
- Any other services that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

The Committee must pre-approve all audit, audit-related and non-audit services provided by the Company's external auditors before they commence. There is no limit to the number of services that the Committee may pre-approve at one meeting or occasion. Each service must be specifically identified. The Act permits the Committee to delegate to one or more of its members the authority to pre-approve services. The delegated member must report approvals at the next meeting of the full Committee. The pre-approval requirement is waived with respect to an inadvertent violation involving a non-audit service if:

- The service was not recognized by the company at the time of the audit engagement to be a non-audit service
- The aggregate amount paid for all services is not more than 5 percent of the total amount of revenues paid by the company to the auditors during the fiscal year when the non-audit services are performed
- The service is promptly brought to the attention of the Committee
- The Committee approves the activity prior to the conclusion of the audit

Committee approvals must be disclosed to investors in periodic reports filed with the SEC.

POLICY

The Committee shall approve all audit, audit-related and non-audit services provided by the public accounting firm currently engaged as the Company's auditors. In order to maintain control over the contracting of services from the audit firm, the Controller has the responsibility of providing to the Committee or its delegate sufficient documentation describing with particularity the specific services desired to be procured from the audit firm, the budget for the services and a statement that the services are permitted by law to be provided by the audit firm. The Company will not contract for any services with the audit firm that has been prohibited by the Act or the Rules.

Prior to the external audit firm's initial engagement and at least annually thereafter, the Committee shall (i) obtain and review a written communication from the external auditors that describes all relationships between the external auditors or any of its affiliates and the Company or persons in financial oversight roles at the Company that, as of the date of the communication, may reasonably be thought to bear on independence, (ii) discuss with the external auditors the potential effects of the relationships described in (i) on the independence of the external auditors, (iii) obtain and review written communication from the external auditors affirming that the external auditors, as of the date of the communication, are independent in compliance with Rule 3520 promulgated by the Public Company Accounting Oversight Board, and (iv) ensure that the substance of the discussions with the Committee and the independent auditors is documented by the independent auditors.

The Committee shall obtain and review at least annually a report from the external auditors describing:

- (a) the external auditors internal quality-control procedures.
- (b) any material issues raised by the most recent internal quality control review, or peer review, of the external auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, with respect to independent audits carried out by the external auditors, and any steps taken to address any such issues.
- (c) all relationships between the external audit firm and the Company, including a description of each category of services provided by the external auditors to the Company and a list of the fees billed for each such category.

PROCEDURE

Fees

The Committee shall approve fees for services of the external auditors. Each service provided for shall be reported to the Committee at the next regularly

scheduled meeting. Previously unidentified services that have received preliminary approval from the delegated member will be submitted to the Committee or its delegate for final approval.

All external audit, audit-related and non-audit services provided by the external auditors shall be presented to the Committee.

Committee Approval

Services for the audit of the Company's annual consolidated financial statements and review of quarterly financial statements included in the Company's Form 10-Q shall be approved by the Committee at the meeting prior to issuance of the annual proxy statement. Audit-related services and other allowable services to be provided by the audit firm shall be specifically identified and submitted to the Committee for approval during regularly scheduled meetings. The Committee shall request from the external auditors written assurance that each non-audit service they are to provide to the Company is not a prohibited activity as described in Section 10A(g) of the Exchange Act, Rule 2-01(c)(4) of Regulation S-X, or rules promulgated by the Public Company Accounting Oversight Board. The Committee hereby delegates to its Chair the authority to pre-approve audit firm services during interim periods. The Chair shall report approvals at the next meeting of the full Committee.