TXNM ENERGY, INC.
BOARD OF DIRECTORS EQUITY COMPENSATION AWARDS POLICY
APPROVED DECEMBER 5, 2006
(Most Recently Amended: February 25, 2025)

BACKGROUND

TXNM Energy, Inc. (the "Company") has adopted the 2014 Performance Equity Plan and the 2023 Performance Equity Plan (and any successor plan, collectively, the "PEP") by which it provides incentives for performance by granting equity awards. The PEP is available to employees of the Company and its subsidiaries that have adopted the PEP, as well as the Company's non-employee directors. The Compensation and Human Capital Committee (the "Committee") of the Board of Directors (the "Board") administers the PEP.

The purpose of this policy is to provide increased transparency in the Company's governance practices. This policy describes the Company's process and practices related to the awarding of equity compensation. To ensure adherence to this policy, the Company's Audit Services Department will annually review the process and practices used by the Company in awarding equity compensation.

POLICY

1. Equity compensation awards shall be made only in compliance with the terms of the PEP and with applicable laws and regulations. The General Counsel of the Company is charged with the responsibility of assuring equity compensation compliance.

2. The Board shall determine the amount of any award of equity compensation to non-employee directors. The date of award of any equity compensation to non-employee directors shall generally be the date of the Company's Annual Meeting of Shareholders.

3. Although the PEP delegates broad discretion to the Committee with respect to equity awards, the Committee shall recommend the amount of individual Company officer equity compensation awards to the independent directors of the Board for approval. In doing so, the Committee shall give due consideration to the recommendation of the Chief Executive Officer (the "CEO") of the Company with respect to the other officers of the Company. In connection with an award of equity compensation to the Company's CEO, the Committee shall review and recommend to the independent directors of the Board the CEO's equity compensation.

4. The CEO of the Company shall propose to the Committee annually a pool of equity grants to be made available for the award of equity to non-officer employees. The Committee will recommend approval to the Board of the award pool and inform the Board of the aggregate equity awarded to non-officer employees. If authorized by the Committee, the Committee may delegate to the CEO to approve the amounts of individual Company non-officer employee equity compensation awards, provided that the aggregate number of such equity compensation awards shall not exceed the award pool approved by the Committee and the Board.

5. The Committee shall generally make any award of equity compensation to employees at its first regularly scheduled meeting each year, unless the meeting occurs during a blackout period for trading in Company securities in accordance with the Company's Insider Trading Policy. Under those circumstances, the Committee may (a) schedule a special meeting for the consideration of equity compensation awards to be held after the expiration of the blackout period; (b) award the equity compensation by means of unanimous consent executed after the expiration of the blackout period; or (c) pre-approve the equity compensation with an effective date of the first trading day after expiration of the blackout period. In accordance with the Company's Insider Trading Policy, a blackout period expires on the third trading day after release of the material, non-public information causing the blackout period. The related award agreements are prepared and distributed as soon as administratively feasible following the date on which the awards are approved.

6. If it is determined that equity compensation should be awarded to an employee after the Committee has awarded equity compensation pursuant to its annual process, for example in the case of new hires, any such equity compensation will generally be awarded by the Committee at its next regularly scheduled meeting. The Committee may award such equity compensation by one of the alternative means identified in Section 5 of this policy and the CEO may award such equity compensation pursuant to Section 4 of this policy, subject to the Committee delegating such authority to the CEO and the availability of shares in the delegated award pool.

7. Equity compensation awards are prospective only. The date of awards is the date on which the Committee approves the awards unless: (a) the date of approval is a non-trading day, in which case the date is the immediately preceding trading date; or (b) in the case of pre-approval during a blackout period, in which case the date is the first trading date after expiration of the blackout period. The date of the award cannot be changed. If an equity compensation award is made by unanimous consent, the effective date of the award shall be the date the last signature is received unless another date is specified in the resolutions in accordance with this policy.

8. If an equity compensation award is subject to time-based and/or performance-based vesting requirements and any applicable vesting requirement(s) is/are satisfied during a blackout period, the award (or portion thereof) will be deemed to vest on the first trading day after expiration of the blackout period.

9. All equity compensation shall be subject to the Company's Clawback Policy and any applicable laws or listing standards requiring recovery of compensation, including the Dodd-Frank Wall Street Reform and Consumer Protection Act.