

Issued: January 1, 2008

Revised: March 15, 2017

Last Reviewed: June 27, 2022

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Statement of Policy

It is the policy of NorthWestern Energy to undertake employment actions in a consistent and appropriate manner.

Objective

The objective of this policy is to undertake employment actions in a consistent and appropriate manner that meets the needs of the business, in support of NorthWestern Energy's Equal Employment Opportunity and diversity efforts, and to comply with applicable state and federal laws.

Scope

This policy applies to all NorthWestern Energy employees and all open positions.

Definitions

- A. Applicant: An individual will be considered an applicant, if the individual has met all of the following conditions:
- Expressed interest in employment using NorthWestern Energy's application process, and;
 - Applied for a position that is currently open, and;
 - Met the basic qualifications of the position, and;
 - Not withdrawn from the process.
- B. Open Position: A position that has been approved by all required parties that may or may not result in an internal job posting or external job listing.
- C. Administrative Leave: The period of time an employee is removed from work at the discretion of NorthWestern Energy to allow for investigation or resolution of an issue or concern. Administrative Leave will be time off with pay pending resolution of the investigation, issue or concern.
- D. Reorganization: The approved redistribution of functions within the organization impacting more than one employee.

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- E. Family Member: For the purposes of this policy, Family Member means: (a) a spouse, domestic partner, parent, child, grandparent, grandchild, or sibling (whether these relationships are full, step, or in-law); (b) uncle, aunt, niece, nephew, or cousin, or (c) co-habiting couples.

Policy Provisions

A. Hiring

1. Employment by NorthWestern Energy

- a. All open positions must be authorized through the utilization of the formal requisition and justification process.
- b. All open positions require the approval of all of the following:
 - Hiring supervisor's manager/director
 - Functional area vice president
 - Human resources director
 - Chief executive officer

2. Agency temporary workers are not employees of NorthWestern Energy. NorthWestern Energy's Agency Temporary Workers Policy provides guidance on requesting and placing agency temporary workers.

3. Posting of Approved Positions

- a. All job postings will be made in compliance with NorthWestern Energy's Equal Employment Opportunity Policy and the Provisions of NorthWestern Energy's Affirmative Action Plan, and based on business need.
- b. Open positions will generally be posted for ten working days, but may be posted for longer or shorter periods in order to meet business needs.

4. Application for Employment

- a. Subject to the definition of an applicant, Regular Full-Time, Regular Part-Time, Seasonal, and Limited Part-Time employees are eligible to apply for any externally listed and internally posted position.
- b. Subject to the definition of an applicant, all employees in a Temporary employment status may only apply for positions listed externally.

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- c. Current employees must have completed at least six months of service in their current position to apply for an open position unless the area vice president waives this service requirement.
- d. Employees who are on any active step of discipline at the time of the job posting are not eligible to apply for an open position unless approved by the area vice president.
- e. Where one NorthWestern Energy employee is in a supervisor /subordinate relationship with another employee who is a Family Member, it creates a risk of an actual or perceived favoritism or conflict of interest, or may lead to other problems in the workplace or in the family relationship. For those reasons, NorthWestern Energy's policy is to avoid such situations. Nevertheless, there may be unique circumstances where it is in NorthWestern Energy's interest to employ an individual in a job where that employment creates a supervisor/ subordinate relationship with a Family Member. In that circumstance, Northwestern Energy employees who participate in the hiring, promotion, transfer, supervision or management of other employees shall follow certain procedures.
 - If a Family Member applies for a position that could result in a Family Member/supervisor relationship, the NorthWestern Energy supervisor responsible for making the hiring decision will report the family relationship to the Vice President of Human Resources and the Chief Compliance Officer who will independently review and approve the Family Member's employment application before proceeding. The Vice President of Human Resources, with support from the Director of Human Resources, will take control of the hiring process to ensure the interview and selection process is unbiased and independent. The interview team will be selected by the Vice President of Human Resources and the Director of Human Resources. The hiring supervisor for the position will be allowed to participate in the interview process but the Vice President of Human Resources and the Chief Compliance Officer will review the data, including seeking feedback from each independent person on the interview team, to ensure the candidate is selected in an objective, unbiased manner. Per normal course, a Human Resources Generalist will be assigned to participate in all aspects of the hiring process. The direct supervisor may be involved throughout the hiring process, but will recuse her or himself from the ultimate hiring decision which will be made based on the final consensus of the remainder of the interview team.
 - In any case where a NorthWestern employee is directly supervising a Family Member, that supervisor, together with their own supervisor, shall take appropriate steps to ensure there is no actual or perceived favoritism or conflict of interest. Specifically, all decisions concerning compensation, changes to compensation, discipline or discharge, or performance reviews shall be reviewed and approved by the next level manager or supervisor of the Family Member.
- f. Applicants, both internal and external, must utilize NorthWestern Energy's formal application process. Reasonable accommodation will be made for individuals needing assistance in the application process if requested.



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g. Employees are strongly encouraged to notify their current supervisor or manager of their application for any internal job posting. Supervisors are not allowed to discourage or prohibit any eligible employee from applying for or accepting another internal position, or to retaliate against any employee who does apply.

h. All employment inquiries must be referred to human resources.

5. Interviews and Candidate Selection

a. Interviews and candidate selection will be overseen by a human resources generalist.

b. Pre-employment assessments of any kind must be approved in advance by the director of human resources.

6. Offer Letters and Hiring Contingencies

a. For transferring employees, the hiring supervisor and current supervisor must agree to a reasonable transfer date.

b. Verbal offers of employment will be extended to the successful candidate by the human resources generalist or the hiring supervisor consistent with the language in the approved offer letter.

B. Reorganization

1. Reorganizations must be reviewed, documented and approved by the vice president or director of human resources in advance of execution.

C. Administrative Leave

1. NorthWestern Energy may place an employee on Administrative Leave pending the investigation and/or resolution of an issue or concern.

D. Separation of Employment

1. Employees are encouraged to submit notice of their intent to resign in writing at least two weeks prior to the employee's anticipated last day of work.

2. Employees are encouraged to submit notice of their intent to retire in writing at least ninety days prior to the employee's anticipated last day of work.

3. An employee who has formally resigned can be removed from duty with pay if approved by the director of human resources and based on business need.

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4. Final payment to employees separating for any reason will be made in the next regularly scheduled payroll following the date of separation.
- E. Involuntary Termination of Employment Appeal Procedure
1. An involuntarily terminated employee may appeal the decision to terminate employment as noted in Table 1.
 2. The appeal process is not available to former employees who at the date of termination were:
 - a. Probationary status, and therefore were employed at-will, and/ or
 - b. Covered under a collective bargaining agreement, and therefore subject to the provisions of the applicable agreement.
 3. Those wishing to appeal must provide written notice of appeal within seven days of the employment termination date to the chief compliance officer and the vice president of human resources. The written notice must outline specific points of disagreement.
 - a. If at the time of termination the individual making the appeal was assigned to the reporting chain of either of the recipients, that party will be removed from responding to the appeal.
 4. Appeals must be made within seven days or the former employee will be considered not to have availed themselves to the process.
 5. The chief compliance officer and the vice president of human resources will determine if a possible resolution exists and will make a written report to the former employee outlining their determination within twenty-one days of receipt of the former employees' appeal.

Table 1:

Appeal Process Step	Description	Response Deadline
Appeal Initiation	Employee's written appeal to the chief audit and compliance officer and the vice president of human resources	Seven days following termination date
Final Determination	Written response to appeal from the chief audit and compliance officer and the vice president of human resources	Twenty-one days following receipt of employee appeal

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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.