NORTHWESTERN ENERGY
Corporate Risk Appetite Statement
Board Approved April 2026

NorthWestern Energy's (NWE) strategy recognizes that it is, at its core, a regulated electric and gas distribution, transmission and supply, investor-owned public utility, with a mission of working together to deliver safe, reliable, affordable and sustainable energy solutions that create value for customers, communities, employees, and investors.

*As such, we are appropriately a conservative enterprise focused on predictable, stable returns and reasonable growth based on core businesses. We will maintain a **low risk appetite** for risks affecting our existing federal and state regulated distribution, transmission, and supply operations, while adopting a more **moderate risk appetite** for disciplined, non-regulated growth in energy and energy-adjacent industries.*

Our risk appetite reflects the company's risk management philosophy, strategy, culture, and operating approach. It represents the amount of risk, on a broad level, that we are willing to accept in pursuit of value. It recognizes an inherent, meaningful risk associated with operating as a regulated public utility that operates in the eye of the public. It also recognizes that we have unique exposures associated with our relationships with regulatory bodies. A key question to address when establishing our risk appetite is "How willing is NWE to accept risk related to major initiatives?" Our risk appetite definition is designed to establish corporate-level risk guidance that provides boundaries for projects and initiatives based on additional detailed cost/benefit analysis.

As a key concept in our strategic planning process, we consider risk appetite when:
1. Evaluating business and strategic alternatives,
2. Setting objectives aligned with the business strategies, and
3. Managing the related risks associated with the business strategy.

We define our risk appetite with two types of measures:
1. Quantitative, and
2. Qualitative.

Our risk appetite recognizes that, with a holistic perspective, some negative impacts or costs of a decision may be acceptable if they are adequately offset by positive impacts or gains.

The Board of Directors and Enterprise Risk Management (ERM) Committee review and approve NWE's risk appetite annually and revise it, as appropriate.

NWE RISK APPETITE MEASURES:

Quantitative measures	1. Decisions should consider the long-term effects to customer rates, cost recovery, and the authorized rate of return adjusted for acceptable regulatory lag 2. Positive earnings growth, with specific growth investments being earnings accretive within a reasonable amount of time 3. Maintain unsecured credit ratings of at least BBB a. FFO to Debt ratio should exceed rating agency thresholds b. Debt to Capital ratio should not exceed 55% over time c. Dividend Payout ratio should not exceed 70% over time d. Maintain cash availability/liquidity of greater than $100 million
Qualitative measures	1. Decisions are supportive of our mission, vision and SERVICE values; reflect our culture and reputation; and are consistent with our Code of Conduct and Ethics 2. Managed in accordance with our ERM program and considering the ERM Top Priority Risks 3. Maintain high levels of system performance, customer satisfaction, and employee engagement 4. Focus on investments in regulated assets or related to the core energy business, while recognizing the following may be appropriate: a. limited non-regulated ownership interests in core energy infrastructure when strategically justified and where risks are actively managed; and b. large customer-driven load growth when appropriately mitigated through contractual protections, phased investment, and alignment with regulatory frameworks 5. Include adequate insurance coverage to protect employees, customers, other stakeholders, and assets 6. Evaluate concentration risk to strive towards an appropriate geographical and utility service mix and diversification, including consideration of customer, counterparty, and single-project concentration 7. Follow appropriate energy risk management policies, procedures, and control activities

	8. Refrain from pursuing purely speculative opportunities (e.g. speculative energy trading) and projects where capital deployment materially precedes enforceable customer or cost-recovery arrangements 9. Disciplined approach while fostering an innovation culture (i.e. implement “at the speed of value”)