



Revised February 2021

## **COMPENSATION & ORGANIZATION COMMITTEE CHARTER**

### **I. PURPOSE**

The purpose of the Compensation & Organization Committee (“Committee”) of the Board of Directors (“Board”) of Avista Corporation (“Company”) is to:

- Be responsible for executive compensation,
- Produce a report that the rules and regulations of the Securities and Exchange Commission (“SEC”) require to be included in or incorporated by reference into the Company’s annual report and proxy statement,
- Oversee incentive, equity-based and other compensatory plans in which executive officers and key employees of the Company participate,
- Oversee the organizational structure and executive personnel of the Company,
- Oversee the Company’s strategies, objectives and performance relating to human capital management, including diversity, equity and inclusion.

### **II. COMPOSITION**

The Committee shall be comprised of three or more directors as determined by the Board. Members of the Committee shall be appointed to, and removed from, the Committee by the Board. The Board may remove any committee member, with or without cause, for any reason, and may fill vacancies and replace members on the committee at any time, in each case at its discretion. The Chair of the Committee shall be appointed by the Board. All of the Committee members shall (i) satisfy the independence requirements of the New York Stock Exchange, (ii) qualify as “non-employee directors” for purposes of Rule 16b-3 under the Securities Act of 1934. Any action taken by the Committee during a period in which one or more of the members subsequently is determined to have failed to meet the membership qualifications shall nevertheless constitute duly authorized actions of the Committee and shall be valid and effective for all purposes, except to the extent required by law or determined appropriate by the Committee to satisfy regulatory requirements.

### **III. MEETINGS**

The Committee shall meet at least four times annually and at such other times as the Chair of the Committee shall determine. The Chair of the Committee shall set the agenda for each meeting in consultation with the other members of the committee, as appropriate. The majority of the members then in office shall constitute a quorum. The act of a majority of the members present at a meeting at which a quorum is present shall be the act of the Committee. The Committee may meet by telephone or video conference and may take action by unanimous written consent. The Committee may hold executive sessions at which no members of management of the Company are present, at its discretion. The Committee shall meet in executive session on compensation matters pertaining to the Chief Executive Officer (“CEO”).

### **IV. RESPONSIBILITIES AND DUTIES**

The Committee is charged by the Board with the responsibility to:

At Least Annually:

1. Develop and periodically review compensation policies and practices applicable to executive officers, including the criteria upon which executive compensation is based, the specific relationship of corporate performance to executive compensation and the composition in terms of base salary, deferred compensation and incentive or equity-based compensation and other benefits.
2. Review and approve corporate goals and objectives relevant to CEO. Evaluate the CEO’s performance in light of those goals and objectives and determine and approve the CEO’s compensation levels based on this evaluation. Report the approved compensation to the full Board for their information. Consider and approve compensation, equity awards, and benefits of all other executive officers of the Company. Executive officers of the Company are defined as persons designated ‘officers’ by the Board for purposes of Section 16 of the Securities Exchange Act of 1934.
3. In determining the long-term incentive component of CEO compensation, consider the Company’s performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
4. Make recommendations to the Board regarding executive compensation/benefit opportunities in an effort to ensure that the Company is positioned to motivate, develop, reward, hire and retain the most competent executives possible. Establish short-term and long-term incentive opportunities that link corporate objectives with executive pay.

5. Oversee incentive, equity-based and other compensatory plans in which executive officers and key employees participate, including approving guidelines and size of grants and awards, making grants and awards and imposing limitations and conditions on grants and awards.
6. Review the Company's incentive, equity-based plans, and other compensatory plans and approve, or make recommendations to the Board, regarding changes to such plans or the adoption of new incentive compensation plans and equity-based plans.
7. Produce the Committee report as required by the SEC for inclusion in the Company's annual proxy statement. Review and discuss with management the Compensation Discussion and Analysis ("CD&A") and based upon such review and discussion, determine whether to recommend to the Board that the CD&A be included either in the Company's annual report on Form 10-K or its annual meeting proxy statement.
8. Review and approve any executive employment, severance, change-in-control or special or supplemental employee benefit agreements or arrangements, and any material amendments to any of the foregoing.
9. Assess whether any of the Company's compensation policies and practices give rise to risks that are reasonably likely to have a material adverse effect on the Company.
10. Review the performance, development and leadership capabilities of key executive officers and oversee succession planning for the CEO, as well as other executive officers and key positions.
11. Review and assess this Charter and submit to the Corporate Governance/Nominating Committee any recommended changes for review by the Corporate Governance/ Nominating Committee. After such review by the Corporate Governance/Nominating Committee, recommend any changes to the Charter to the full board.
12. Assess the independence of any compensation consultant who has performed services for the Committee taking into account such factors as required by the Securities and Exchange Commission, applicable law and such other factors as the Committee determines are relevant.
13. Perform a self-assessment relative to the Committee's purpose, duties, and responsibilities outlined herein.
14. Review the peer group(s) and criteria for benchmarking, used to assess performance and compensation.
15. Review competitive benchmarking of executive officer compensation against a company-defined peer group (or published surveys) and approve, or recommend to the Board, any changes to base salaries, target annual and long-term incentive award opportunities of such executive officers.

16. Establish and monitor compliance with any stock ownership and holding guidelines of the Company that are applicable to executive officers.
17. Recommend to the Board for approval the frequency with which the Company will include in its proxy and information statement a management proposal that provides shareholders an advisory vote on executive compensation (“Say on Pay”). This review should take into account the most recent shareholders advisory vote on the frequency of Say on Pay resolutions at the Company.
18. Review and consider the results of the Company’s most recent Say on Pay vote, if any, and any other feedback garnered through the Company’s ongoing shareholder outreach that may be in effect from time-to-time, and recommend to the Board whether and, if so, how the Company should respond to Say on Pay vote outcomes and other shareholder feedback.
19. Monitor compensation and regulatory developments and trends and solicit independent advice where appropriate.
20. Review and oversee shareholder proposals relating to executive compensation and related governance matters.
21. Review the company’s employee diversity and inclusion policies, programs and initiatives, including recruitment, retention, development, internal communications programs.
22. Provide strategic review of the company’s human resource strategies and initiatives to ensure the Company is seeking, developing and retaining human capital appropriate to the Company’s needs.

Periodically:

23. Review and approve the implementation or revision of any clawback policy allowing the Company to recoup compensation paid to executive officers and other employees.
24. Approve or make recommendations to the Board with respect to the adoption or modification of policies regarding the pledging or hedging of company stock, if any, and monitor compliance with respect to any adopted policy on pledging and hedging.
25. Review management proposals with respect to organizational structure and executive personnel and make recommendations to the full Board, as appropriate.

26. Approve policy and maintain oversight responsibility for all administrative and design aspects for the pension, 401(k), deferred compensation, and other employee benefit plans. Review management's plans with respect to said employee benefit plans. If legally required, make recommendations to the full Board for approval. The Committee has established a Benefit Plan Administrative Committee (BPAC) for the primary purpose of overseeing administrative and investment matters related to various employee benefit plans. The BPAC regularly reports to the Compensation & Organization Committee regarding the execution of its responsibilities and duties.
27. Carry out such other action and/or duties as may be delegated to it by the Board from time-to-time.
28. Report to the Board on any significant matters arising from the Committee's work.

## **V. AUTHORITY**

By adopting this Charter, the Board delegates to the Committee full authority in its discretion to:

1. Perform each of the responsibilities of the Committee described above.
2. Delegate any of its responsibilities set forth under the Charter or directed to the Committee by the Board, provided that such delegation is permitted under applicable laws, rules and regulations. To the extent required, any such subcommittee must consist solely of at least two members of the Committee who are non-employee directors for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time.
3. Engage and terminate compensation consultants, external counsel and such other advisers as the Committee determines necessary to carry out its responsibilities. Authority to select, retain and terminate any such consultant, external counsel or adviser and to approve the fees or other retention term of any such consultant, external counsel or adviser shall be vested solely in the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to a compensation consultant, external counsel or other adviser retained by the Committee. Prior to selecting a consultant, external counsel or such other advisers, the Committee shall assess the independence of such consultant, external counsel or other adviser taking into account such factors as required by the New York Stock Exchange, the Securities and Exchange Commission and applicable law and such other factors as the Committee determines are relevant.