
POLICY STATEMENTS
Policy No. 86.1
Compliance Program Reporting and Investigation Policy

Effective Date:
February 16, 2018

This policy supersedes Policy No. 86.0 dated August 12, 2015.

I. PURPOSE

- A. To comply with the Sarbanes-Oxley Act of 2002 (the "Act"), the Audit Committee of MDU Resources Group, Inc. established a policy and procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- B. MDU Resources Group has established the Leading with Integrity Guide to ensure legal and ethical conduct throughout the organization. The Integrity Guide provides that each employee is responsible for raising concerns about illegal or unethical conduct that may affect the corporation. If an employee believes that another employee or a contractor may have violated or may violate a law or the Integrity Guide, the employee must report that information so management has an opportunity to investigate and take action to protect the corporation.
- C. This policy is to recognize and provide a process to implement the elements of the Audit Committee Complaint Reporting Policy and Procedure.
- D. This policy also provides a process for the receipt, retention, and treatment of reports regarding areas other than accounting, internal controls, and auditing matters, namely legal and ethical, human resources, and safety.

II. SCOPE

This policy shall cover all employees of MDU Resources Group, Inc. and all divisions and companies directly or indirectly majority-owned by MDU Resources Group, Inc., collectively referred to as the "Company".

III. DEFINITIONS

- A. "**Business Unit Compliance Officers**" are those persons who have been appointed as compliance officers for the Company's Business Units as provided in Policy CORP 81.7, as well as for MDU Resources Group, Inc. compliance officer as appointed by the Chief Compliance Officer.
- B. "**Business Units**" are MDU Resources Group, Inc., its divisions and its first and second tier subsidiaries that conduct themselves as separate operating units. As of the effective date of this policy, "Business Units" included MDU Utilities Group (Cascade Natural Gas Corporation, Great Plains Natural Gas Company, Intermountain Gas Company, and Montana-Dakota Utilities Co.), Knife River Corporation, MDU Construction Services Group, Inc., WBI Holdings, Inc., and their respective subsidiaries.

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- C. **“Significant Report”** is a report providing a credible recitation of alleged illegal or unethical behavior, which if proven correct, could have a material adverse financial or other impact to MDU Resources Group, Inc.
- D. **“Whistleblower Hotline”** is the EthicsPoint hotline through which employees or third parties can confidentially report issues of concern regarding the Company by calling toll-free (866) 294-4676 or online at www.mdu.ethicspoint.com

IV. POLICY STATEMENT AND PROCEDURE

A. Reports

Any person should report concerns he or she may have about the presence of accounting and finance, legal and ethical, human resources, and safety issues to management. Concerns may be raised (a) with the employee’s supervisor, (b) with the Business Unit Compliance Officers (c) directly with the General Counsel, the Director of Internal Auditing or a member of the Audit Committee, or (d) through the Company’s third party Whistleblower Hotline. The communication should include all information necessary to facilitate an understanding of the facts, circumstances, or issues of concern – for example, dates, document references, individuals involved.

In the absence of other direction from the General Counsel or the Director of Internal Auditing, reports from employees or non-employees through the Whistleblower Hotline will be routed to the appropriate Business Unit Compliance Officer to investigate the issues raised in the report. Reports received through the mail or email or reports made directly to a supervisor, Business Unit Compliance Officer, General Counsel, Director of Internal Auditing regarding the following will be entered into the Whistleblower Hotline reporting database and routed for investigation:

1. Violation of the Sarbanes-Oxley Act, Foreign Corrupt Practices Act, anti-trust laws, anti-money laundering laws, or similar laws and regulations concerning corporate governance and oversight.
2. Involvement of any corporate or Business Unit officer, Board of Directors member, or Business Unit Compliance Officer in any unlawful or unethical conduct.
3. Potential material financial impact to a Business Unit.
4. Likely potential reputational harm or adverse public relations for a Business Unit (e.g. anything that is likely to end up as an adverse article in a newspaper, magazine, or reputable blog).
5. Likely potential for significant legal action.

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6. Any flagrant, reprehensible, deliberate, willful attempt to circumvent normal procedures or controls.
7. Theft of company resources exceeding \$1000.
8. Any manipulation of fraudulent transactions impacting the Business Units financial statements or regulatory reporting
9. Safety violations condoned, encouraged, or required by management in the course of doing one's job
10. Conflicts of interest that meet policy criteria for reporting that haven't been reported.

Presidents of the applicable Business Unit, the General Counsel, the Chief Financial Officer, and the Director of Internal Auditing will also receive notification of reports made through the Whistleblower Hotline or entered in the Whistleblower Hotline reporting database; provided, however, that persons identified in a report as having engaged in unlawful or unethical conduct will not receive a report unless determined appropriate by the General Counsel or the Director of Internal Auditing.

Any allegation of fraud involving an employee who has a significant role in designing, executing or overseeing the execution of the Company's internal accounting controls is to be reported promptly to the Audit Committee by the Director of Internal Auditing. The individuals investigating the incident are to keep the Director of Internal Auditing informed of the status of any related investigation, and its results, including remedial action.

B. Confidentiality and Anonymity; Whistleblower Protection

The Corporation will, to the extent possible, treat the name of the person making a report or expressing a concern confidential. In some circumstances, it may be necessary to reveal the reporting person's name – for example, during the course of litigation or a governmental or other investigation. However, federal law and this Policy provide whistleblower protection and prohibit retaliation against the reporting person. Anyone initiating or threatening to initiate retaliation against an employee for making a report will be disciplined, up to and including immediate termination. Anyone becoming aware of retaliation resulting from a report made pursuant to this Policy should follow the same reporting process as outlined in this Policy.

It is the Company's policy not to retaliate against an employee who in good faith files a report or expresses a concern pursuant to this Policy or who is otherwise covered by federal whistleblower protection. Employees who submit complaints through the Whistleblower Hotline can view the status and results of the investigation with due regard to individual and legal confidentiality considerations.

