

**APPROVED BY THE BOARD OF DIRECTORS
DECEMBER 9, 2008
(Amended: 02/17/09)**

**CHARTER
PUBLIC POLICY AND SUSTAINABILITY COMMITTEE**

Committee Coordinator – P. K. Collawn

A. PURPOSE

1. The Public Policy and Sustainability Committee (the "Committee") shall be a standing committee appointed by the Board of Directors with responsibility to:
 - a. oversee the Company's activities in the area of corporate responsibility that may have an impact on the Company's business operations or public image, in light of political and social trends, and public policy issues;
 - b. assess management's implementation of the Company's corporate responsibility programs;
 - c. assess the public policy positions and activities of the Company regarding pending legislative or other governmental initiatives or actions significant to PNM Resources, Inc. or its affiliates; and shareholder proposals involving issues related to political and social trends and public responsibility;
 - d. review Company practices and procedures, not otherwise reviewed by another Committee of the Board, to assess the sustainability impacts of its operations and products on the environment;
 - e. review the policies and procedures to protect the health and safety of employees, contractors and the public at large;
 - f. review the Company's policies regarding charitable and political contributions.
2. The Committee shall be responsible for monitoring, evaluating and recommending appropriate actions to the Board regarding the Company's public responsibilities, corporate image, environmental standards, and corporate citizenship with a goal that the Company is held in high regard by its customers, shareholders, government officials, and the public at large.

B. STRUCTURE AND OPERATIONS

1. The Committee shall consist of at least three directors appointed by the Board upon the recommendation of the Board Governance and Human Resources Committee. The Committee shall annually elect one of its members as Chair.
2. The Committee shall meet as often as it deems appropriate, but not less frequently than three times a year.
3. The Committee has the authority to initiate and supervise investigations into any matters within the scope of its authority and responsibilities. The Committee is authorized to retain the services of internal or outside legal, accounting and other advisors, as it deems necessary in the fulfillment of its duties. The Committee and its designees shall have unlimited accessibility to all the Company's records, property, and employees. The Committee shall have sufficient funding to carry out its duties.
4. The Committee may delegate specific responsibilities to a subcommittee of one or more of its members provided that the subcommittee shall keep the full Committee informed of its activities.

C. DUTIES AND RESPONSIBILITIES

1. The Committee shall review the Company's key public policy positions taken regarding legislative, regulatory, judicial and other governmental matters.

2. The Committee shall monitor and assess the progress and success of the Company's public image strategy, community involvement, and communication initiatives, including PNM Resources Foundation and corporate charitable giving programs.
3. The Committee shall have the responsibility to review the Corporate Environmental Management Systems, monitor the implementation of Corporate Environmental Policy, environmental strategies and results, including progress towards meeting the Company's environmental goals.
4. The Committee shall review significant social, governmental, and environmental trends and issues that may affect the Company's operations, and advise the Board accordingly.
5. The Committee shall review the Company's policies and public positions regarding the impact on sustainability of its operations and products, specifically its impact on the environment, its promotion of energy efficiency and use of renewable energy resources.
6. The Committee shall assure that the Company addresses relevant public affairs issues from a perspective that emphasizes the interests of its key constituents, recognizing the long-term interests of shareholders.
7. The Committee shall review and make recommendations to the Board on shareholder proposals, for inclusion in the Company's proxy materials, that relate to political or social trends or corporate public responsibility issues.
8. The Committee shall review the Company's programs and results regarding safety for employees, contractors and the public at large.
9. The Committee shall review Company policies with respect to charitable and political contributions, and make recommendations to the Board, if appropriate, with respect to such policies.
10. The Committee shall review reports and presentations from employee affinity organizations, such as Llave and the American Indian Employee Organization (AIEO).
11. The Committee shall conduct an annual evaluation of its performance and shall submit an annual report to the Board regarding the evaluation and confirming that all responsibilities described in this Charter have been fulfilled.
12. The Committee shall review this Charter at least annually and recommend any appropriate changes to the Board for approval.