

Expectations for Supplier Code of Ethical Conduct

Pinnacle West Capital Corporation (PNW) and its primary subsidiary, Arizona Public Service Company (APS) adhere to high standards of corporate responsibility and are committed to doing business ethically. Towards that end, PNW and APS provide this Supplier Code of Ethical Conduct to suppliers, vendors, and others with whom the companies do business with so that our expectations for ethical business conduct are clear.

The following are PNW/APS expectations for Supplier Code of Ethical Conduct:

Laws, Regulations, and Contracts: Suppliers must perform all duties and expectations in compliance with all laws and regulations applicable to their business.

Management Processes: Suppliers are expected to support compliance with PNW/APS Supplier Code of Ethical Conduct by having management systems in place to support compliance with laws, regulations and expectations. Suppliers are encouraged to implement their own written code of ethical conduct and to provide their employees adequate avenues of raising issues or concerns without fear of retaliation.

Anticorruption: PNW/APS has a zero-tolerance policy for corruption, and prohibits anyone conducting business on behalf of PNW/APS, including Suppliers, from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes the offer and/or receipt of any bribe or kickback to and/or from any customer, Supplier or others. PNW/APS specifically prohibits facilitating payments (payments made to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance). Suppliers must comply with the anti-corruption laws that govern operations in the countries in which they do business, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

No Unfair Business Practices: Suppliers will act lawfully and with integrity in the handling of competitive data, proprietary information, and other intellectual property. Suppliers will comply with legal requirements regarding fair competition and antitrust, and accurate and truthful marketing. This includes avoiding business practices such as entry into arrangements that unlawfully restrain competition; improper exchange of competitive information; price fixing, bid rigging, or improper market allocation.

Gifts and Business Courtesies: Employees of APS and PNW are prohibited from accepting anything more than modest gifts, meals, and entertainment from Suppliers. Ordinary business meals and small tokens of appreciation such as gift baskets at holiday time are generally acceptable, but Suppliers should avoid offering employees travel, conference fees, expensive tickets, frequent meals, or expensive gifts. Regardless of value, it is not appropriate to extend a gift during a procurement bid event. Gifts of cash or cash equivalents, such as gift cards, are never allowed. Always check with business leadership before extending a business courtesy to ensure it is not in violation of [PNW/APS Code of Ethical Conduct](#). The PNW/APS Code of Ethical Conduct is available under the Corporate Governance section on pinnaclewest.com.

Conflict of Interest: PNW/APS expects Suppliers to avoid all conflicts of interest or situations giving the appearance of a potential conflict of interest in their dealings with the company. A financial or any other relationship between a Supplier and a(n) PNW/APS employee (or a family member or friend of a(n) PNW/APS employee) that could involve a financial benefit or other personal or competing interest may create an actual, potential or perceived conflict of interest for PNW/APS and/or a Supplier. A conflict of interest arises when the personal interests of the PNW/APS employee and the Supplier (or its employees or agents) are inconsistent with his/her/their/its responsibilities to PNW/APS or the Supplier. All such conflicts must be disclosed and approved or corrected. Even the appearance of a conflict of interest may be damaging to PNW/APS and to the Supplier, and it must be disclosed and approved in advance by PNW/APS leadership and the APS Ethics Office.

Export/Import Control: PNW/APS expects Suppliers to ensure that their business practices are in accordance with all applicable laws and regulations governing the export and import of domestic and foreign origin parts and components and related technical data.

Counterfeit Parts: PNW/APS expects Suppliers to develop, implement, and maintain methods and processes appropriate to their products and services to minimize the risk of introducing counterfeit parts and materials into delivered products.

Financial Responsibility/Accurate Records: PNW/APS expects Suppliers to accurately record, maintain, and report business documentation, including but not limited to financial accounts, quality reports, time records and expense reports.

Environmental Management: Suppliers are expected to carry out operations in compliance with all applicable environmental laws and regulations as well as reduce or eliminate waste/pollution at source, and continually improve resource and materials use efficiency. Suppliers are expected to comply with APS/PNW's principles: Low Carbon Economy Principles, Water Principles and EMS Environmental Policy and Scope.

Responsible Sourcing: PNW/APS expects Suppliers to deploy mechanisms to ensure that products and services procured are from ethical sources and that Suppliers comply with the principles of conduct in this Supplier Code of Ethical Conduct.

Supplier Diversity: PNW/APS expects Suppliers to encourage diversity in the supplier base by creating opportunities for minority- and women-owned businesses to compete for PNW/APS business. We recognize that a strong, diverse supplier community is essential to economic vitality, and we seek opportunities to conduct business with competitive diverse suppliers.

Our goal is to work with diverse suppliers directly and through our Suppliers who will provide the best total value for APS which includes diversity. APS looks to partner with a supplier base that supports the communities in which we serve. We encourage Suppliers to work cooperatively with diverse suppliers and to develop and utilize diverse suppliers of their own while performing work on our behalf. Suppliers that have second tier spend requirements in their contracts shall report their spend per their contract requirements.

Fitness for Duty: A process must be in place to determine the workforce can safely perform the essential physical and cognitive requirements of their job without risk to self, others or the environment and are not impaired by drugs, alcohol, or fatigue. PNW/APS expects Suppliers to maintain a workplace free from alcohol and illegal drugs.

Employee Health and Safety: PNW/APS expects Suppliers to provide products and services that meet applicable health and safety laws, regulations, and standards, and perform operations to prevent injuries, incidents, or illness.

Security: Suppliers are expected to conduct business in compliance with all PNW/APS cyber and physical security requirements. Any threats identified by Supplier should be communicated immediately to APS Corporate Security.

Human Rights and Fair Treatment: PNW/APS see our Suppliers as the partners who contribute to the communities we serve. PNW/APS upholds individual human rights in all our operations. PNW/APS is committed to doing business ethically and fairly with our contractors, suppliers, and other business partners. Suppliers are expected to treat people with dignity and respect, encourage diversity and diverse opinions, promote equal opportunity for all and help create an inclusive and ethical culture. Suppliers should also treat their employees fairly and honestly, including their working hours and benefits.

PNW/APS Human Rights Policy is generally consistent with international principles including:

- [United Nations Universal Declaration of Human Rights](#)
- [United Nations Guiding Principles on Business and Human Rights](#)
- [International Labor Organization's 1998 Declaration on Fundamental Principles Rights at Work](#).

We expect our Suppliers to hold the standards respecting human rights and to conduct their business in a manner that is free from human rights abuses. Suppliers are also expected to self-monitor and, if requested, demonstrate their compliance with APS's standards.

Human Trafficking and Child or Forced Labor: PNW/APS expects Suppliers to not engage in the use of forced, bonded, or indentured labor, involuntary prison labor, slavery, or trafficking of persons. Suppliers should ensure that no child labor is used in any operations.

Conflict Minerals: Suppliers are expected to ensure that goods and services provided to PNW/APS are in compliance with all relevant regulations, including exercising due diligence investigating the source of minerals used which may be defined as a conflict mineral and declare its use if required.

Non-Discrimination: PNW/APS expects Suppliers to provide equal employment opportunity to employees and applicants for employment without regard to race, religion, color, gender, national origin, age, military veteran status, sexual orientation, gender identity or expression, marital status, pregnancy, genetic information, disability, or perceived disability so long as the essential functions of the job can be performed with or without reasonable accommodation.

Subcontracting: If allowed under the terms of the contract with PNW/APS to subcontract work, services, or supply goods, Suppliers are expected to ensure subcontractors are informed and in compliance with this Supplier Code of Ethical Conduct.

Reporting Potential Misconduct: PNW/APS expects our Suppliers to comply with PNW/APS Code of Ethical Conduct, Supplier Code of Ethical Conduct, Human Rights Policy, and applicable laws. Like employees and contractors, Suppliers must also speak up when they see any ethical violation. Suppliers who believe that an employee of PNW/APS or anyone acting on behalf of APS, has engaged in illegal or otherwise improper conduct, should report the matter immediately to APS. The Supplier can contact the employee's leader or the APS Ethics Office at Ethics@aps.com, 1-800-446-8441 or www.ethicspoint.com. A Supplier's relationship with APS will not be negatively affected by an honest report of potential misconduct.

Violation of Supplier Code of Ethical Conduct: Compliance with the PNW/APS Code of Ethical Conduct, Supplier Code of Ethical Conduct and Human Rights Policy is mandatory; failure to comply may result in termination as a(n) PNW/APS Supplier.