APS Code of Ethics and Business Practices
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Dear Fellow Employees,

At APS, we are dedicated to doing the right thing and operating with integrity. You can see the results in our customer satisfaction rankings, our focus on attracting and developing top talent, our investment in our communities and our leadership in generating safe and reliable energy.

Like all aspects of our business, maintaining an ethical workplace requires ongoing training and vigilance. Even one lapse in judgment can dramatically impact our customers, our shareholders, our employees and our company.

APS’s Code of Ethics and Business Practices helps guide our ethical decisions and helps us live and work by our company values—safety, integrity and trust, respect and inclusion and accountability. The Code also references our corporate policies, which provide high-level guidance and expectations. It applies to all APS and Pinnacle West employees, officers and board members. Please take time to read it.

We all share responsibility for operating with the highest integrity and protecting our company’s hard-earned reputation. I know we are up to the task.

Thank you for your continued commitment to doing the right thing.

Sincerely,

Don Brandt
Chairman, President and
Chief Executive Officer
The APS Core

Our values are the fabric of our engaged culture and set the tone for how we work and treat each other.

Our Values

- **Safety**: We work safely; it’s the most important thing we do every day. Every employee has the absolute right and responsibility to prioritize safety—of self, co-workers and the public—above all else.

- **Integrity & Trust**: We are transparent and truthful, protect confidential information and represent APS in a manner that is honest, ethical and trustworthy. We will do the right thing in all situations.

- **Respect & Inclusion**: We foster an environment of involvement, respect and connection where the variety of ideas, backgrounds, demographic diversity and perspectives are harnessed to create business value.

- **Accountability**: We take full ownership of our decisions, actions and performance. We are accountable to each other, to our customers, to the communities we serve and to our shareholders.
APS CODE OF ETHICS AND BUSINESS PRACTICES

Our Commitment
Our Commitment

APS has built its success since 1887 on a simple commitment: Conduct business with the highest integrity.

Our Core values support that commitment

- Safety
- Integrity & Trust
- Respect & Inclusion
- Accountability

The APS Core is an integral part of our Code of Ethics and Business Practices and our daily work experience.

We work to demonstrate our Core values every day

- Safeguarding our fellow employees
- Working through the night to restore power to customers
- Donating millions of dollars and thousands of hours to our communities
- Adhering not only to the letter of the law but to its spirit
- Safely, reliably and efficiently generating electricity to ensure a sustainable energy future for Arizona
- Increasing shareholder value by honestly and effectively using the billions of dollars invested in our company
- Building customer satisfaction and trust
- Embracing diversity and respecting diverse opinions
- Doing what we say we will do

We have built a solid foundation to support our Core values

- Strong commitment from the Board of Directors and leadership team
- Ethics Office with a team of consultants and investigators
- 24/7 APS Helpline (operated by a third party) to report concerns by phone or website, with the option of remaining anonymous
- Palo Verde Employee Concerns Program
- Annual ethics training for every employee and member of the Board of Directors
- Strong performance-management system
- Governance structure of policies, processes and procedures

This Code describes our values, our governing policies and our expectations. It also cites the laws and regulations with which we must comply. The Code provides guidance to employees, officers and board members and assurance to our customers, shareholders and the public.
No single document can address every ethical issue that may arise, but the company offers numerous resources to help us make ethical decisions and report concerns. As employees of APS, we are accountable for demonstrating the company’s core values, abiding by the Code, complying with laws and regulations and exercising good judgment.

In the end, if we don’t have integrity, nothing else matters.

**To whom the Code applies**

This Code applies to all company employees, officers and board members. We expect our vendors and third-party agents to follow similar principles when working with or on behalf of our company.

**Abiding by our Code**

We all are responsible for understanding and abiding by this Code. Remember, following the Code is a condition of employment with the company. Code violations can result in serious consequences, up to and including termination of employment.

**Leader responsibilities**

- Demonstrate commitment to the company’s Core values and its culture of doing business with the highest integrity
- Ensure that those who report to you receive the training and information necessary to perform their work in accordance with our Code
- Encourage open communication, feedback and discussion
- Be available and approachable for employees to ask questions and raise concerns
- Take concerns seriously, respond promptly and support those who raise concerns
- Ask internal resources to investigate, when appropriate

**Red Flags**

Have you heard, said or thought any of the following?

- No one will find out!
- It’s not my problem. Someone else will catch it and raise the concern.
- It seems suspicious, but I don’t have any proof.
- I know the policies and the Code, but this is just “how things get done around here.”
Making Ethical Decisions
One poor decision can damage not only you but your co-workers and our company’s operations, financial results and reputation.

IF YOU ARE EVER UNSURE IF AN ACTION OR DECISION IS ETHICAL AND ACCEPTABLE UNDER OUR CODE, ASK YOURSELF:

- Is it legal?
  - YES
  - NO

- Is it consistent with our Core values?
  - YES
  - NO

- Have I checked the Code of Ethics & Business Practices, company policies, processes and procedures to make sure I’m complying?
  - YES
  - NO

- Have I taken time to think carefully before acting?
  - YES
  - NO

- Would I be proud to tell someone I respect about this action or decision?
  - YES
  - NO

- If I’m not sure about something, have I asked for advice from the right person?
  - YES

THE DECISION TO MOVE FORWARD APPEARS APPROPRIATE.
Reporting Concerns

If you become aware of a decision, action or behavior that could violate our Code or any law or policy, you have a duty to report it promptly. Doing so helps our company identify potential misconduct before it happens or prevent a situation from escalating.

The best way to report a concern is to talk to your leader. They have a responsibility to listen and help. If you aren’t comfortable talking with your leader or you don’t think the issue was resolved, contact another reporting resource (listed on pg. 8).

Investigating concerns

Our company investigates issues and concerns promptly, thoroughly and fairly and will take appropriate action where warranted. Depending on the type of issue, the right leadership and organization will get involved. It may be the Ethics Office, Human Resources, the Law Department or another organization. Each of us should cooperate fully in any investigation.

Ensuring no retaliation

Anyone may report a suspected violation of our Code, company policy or the law without fear of retaliation. It is a violation of our policy and contrary to our values to engage in retaliatory acts against:

• An employee who makes a good faith report of wrongdoing of any type
• An employee who participates in an investigation

Anyone who retaliates against someone for making a report or participating in an investigation will be subject to disciplinary action, up to and including termination.
You can ask questions or raise concerns by contacting:

- Your leader
- Your leader’s manager
- APS Ethics Office: (602) 250-2979 or ethics@aps.com
- Human Resources:
  - Employee Relations: emprelations@apsc.com
  - Service Team: (602) 250-3500 or hrserviceteam@aps.com

Employees at Palo Verde also may contact:

- Palo Verde Employee Concerns Program: (623) 393-2702 or ecppv@apsc.com
- Nuclear Regulatory Commission:
  - Resident Inspector: (623) 393-3737
  - Headquarters Operations Center: (301) 816-5100
- Programs under Palo Verde’s integrated issues-resolution process, such as a Condition Report (CR), Management Issue Tracking & Resolution (MITR) or Differing Professional Opinion (DPO)

To raise a concern anonymously:

- The APS Helpline, operated by a third party, is available 24 hours a day, seven days a week: (800) 446-8441 or ethicspoint.com.
- If you work at Palo Verde, you also can call the Palo Verde Employee Concerns Program’s Hotline at: (800) 293-6498 or issue an anonymous CR.
APS CODE OF ETHICS AND BUSINESS PRACTICES

Safety
Safety

Each of us must perform every task, activity and job as safely as possible. We are committed to achieving a safe environment free of injuries—one injury is one too many.

OUR FOCUS

• Foster a culture of safety awareness, accountability and continuous improvement.
• Provide human performance knowledge and tools to mitigate the risk of employee injury.
• Comply with applicable safety and health laws and company procedures.

Working safely in the workplace

We are committed to achieving a safe working environment, free of injuries, and to assuring that our employees have the knowledge, tools and discretion they need to work safely, every minute of every day. Nothing matters more than assuring our employees go home every day in the same condition that they came to work.

We foster a culture of safety excellence by following OSHA safety requirements and company policies and procedures, using our human performance tools to avoid error-likely situations in which we might get hurt and encouraging self-criticality and continuous improvement. We challenge each other respectfully, we participate fully in safety trainings and stand-downs, we recognize employees who exemplify the highest standards of safe working practices and performance, we report events in a timely manner and we utilize our Corrective Action Program to the fullest extent.

Every employee has the absolute right and responsibility to prioritize safety—of self, co-workers and the public—above all else. This includes stopping work in any circumstance in which we observe unsafe conditions or behaviors.

Complying with nuclear safety

The company’s nuclear operations and facilities are governed by federal, state and local laws and regulations. We comply with those laws and regulations and we obtain and comply with operating licenses issued to our Palo Verde Nuclear Generating Station by the Nuclear Regulatory Commission (NRC). We are committed to:

• Following all NRC orders
• Respecting each employee’s right to discuss concerns with the NRC or with company reporting resources without fear of retaliation
Being fit for duty

We take pride in a work environment free from alcohol and the illegal or inappropriate use of drugs (including misused prescription or over-the-counter drugs). Inappropriate use or abuse of these substances may subject you to disciplinary action, up to and including termination.

When performing work, never:

• Sell, possess, use or manufacture controlled substances
• Sell or engage in the unauthorized use of prescription drugs
• Sell, possess or consume alcohol
• Operate or use company property, including vehicles, while under the influence of alcohol or any controlled substance

The company randomly tests employees for drugs and alcohol and may request drug or alcohol testing for any individual whose job performance or behavior might indicate use of these substances. Before you start working, notify Health Services if you are using medication that might impair your job performance.

If you have unescorted access to the protected area at the Palo Verde Nuclear Generating Station, you are responsible for complying with the Palo Verde fitness-for-duty policies and must report any behavior or condition that calls into question your fitness for duty. Direct these reports to the Palo Verde Fitness for Duty Department.

YOUR FOCUS

• Make conscious choices to work safely every day.
• Challenge and promptly report any unsafe behavior or conditions you observe.
• Use human performance tools to minimize the risk of injury.
• Follow all applicable safety laws and regulations and Company processes and procedures.
• Promptly report work-related injuries or illnesses, close calls and good catches.

More Information:

Safety Policy
References related company policies, processes and procedures
Q: I have worked here for many years and know a lot about the business. I want to keep up with changes in business, but my boss won’t approve any training for me. She says that I already do a great job and all of the training dollars need to be spent on younger workers because they have more to learn and are the future of the company. If I don’t learn new things, how will I stay relevant?

A: It’s a difficult situation, but you should talk to your leader, or another reporting resource, about your concern. We do not make training decisions based on age.

Providing a fair and respectful work environment

The company complies with equal employment opportunity laws to ensure all people are treated fairly throughout the employment process.

We tolerate no forms of harassment. Sexual harassment may include unwanted advances, sexual or unwelcome jokes, sexually suggestive comments, touching, requests for sexual favors and inappropriate comments about another’s appearance. We also do not tolerate ridicule, displaying offensive materials, making slurs based on any protected groups, bullying or intimidation.

We do not allow any employment decisions, such as hiring, promotion, discipline or discharge, to be influenced by unlawful criteria such as:

- Race
- Color
- National origin
- Religion
- Age
- Military or veteran status
- Marital status
- Gender
- Gender identity
- Genetic information
- Sexual orientation
- Disability or perceived disability
- Exercise of state or federal legal rights
- Any other characteristic protected by federal, state and/or local law
Championing diversity

We value a highly qualified and diverse workforce. Decisions and actions regarding employment and promotions reflect our commitment to equal employment opportunity and diversity at all levels. Our hiring practices are designed to place the most qualified candidates in our company, while reflecting the multicultural communities we serve.

Reporting violations

You may report any suspected violation of our Code, company policy or the law without fear of retaliation. You also may participate in an investigation involving possible misconduct without fear of retaliation. Individuals who retaliate against a person for making a report or participating in an investigation are subject to disciplinary action, up to and including termination. Regardless of whether retaliation comes from someone in management or from a fellow employee, such conduct always violates our Code.

Types of retaliation:
- Excluded from work activities and meetings
- Verbally abused
- Not given earned promotions or raises
- Fired, demoted or transferred
- Relocated or reassigned
- Hours or pay cut
- Harassed

AS AN EMPLOYEE

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<thead>
<tr>
<th>I WILL . . .</th>
<th>I WILL NOT . . .</th>
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<tbody>
<tr>
<td>• Treat others with respect and dignity when I represent the company</td>
<td>• Engage in verbal or nonverbal threats, insults, abuse or ridicule (sexual or otherwise)</td>
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<tr>
<td>• Think carefully before making comments or writing emails that could be viewed as harassment</td>
<td>• Possess or display obscene, defamatory, libelous or similarly offensive materials</td>
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<tr>
<td>• Promptly report any actual or perceived harassment</td>
<td>• Make remarks about someone based on differences protected by law or company policy; for example, gender, sexual orientation or age</td>
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<tr>
<td></td>
<td>• Make unwelcome physical contact with someone or otherwise unlawfully</td>
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YOUR FOCUS

• Do your part to ensure a fair and respectful work environment.
• Immediately report any acts of harassment or retaliation.

More Information:

Employee Workplace Policy
References related company policies, processes and procedures
Business Integrity
Business Integrity

Protecting APS
We are responsible for advancing our company’s business interests when we have the opportunity to do so. We should never:
• Take opportunities for ourselves that belong to the company
• Take advantage of opportunities discovered through the use of company property, information or position that benefit us personally or someone close to us
• Compete with our company
• Use company property, information or our position for personal gain

Using company resources
We are responsible for using company resources appropriately and protecting them from theft, damage, misuse, carelessness and waste. We must use these resources for legitimate business purposes and not for personal financial gain.

Examples of company resources include:
• Time
• Information
• Facilities
• Vehicles
• Office equipment and supplies
• Tools

Occasional use of company resources (such as a telephone or computer) for personal reasons is acceptable, so long as such use does not interfere with job performance or violate any company policies.

Protecting company resources includes ensuring that procurement activities comply with company procedures and make the best use of our financial resources. This includes purchasing materials and equipment and paying for services and labor. If you are involved in selecting vendors or suppliers, make sure your decisions are fair and reflect no conflict of interest or other biases.
Evaluating gifts, entertainment and business gratuities

The exchange of gifts and entertainment requires serious consideration in the business world. Exchanging gifts and entertainment with our vendors, customers and prospective service providers can help to strengthen our business relationships. But, we must avoid accepting a gift or entertainment that may seem to influence our decisions or create a sense of obligation.

Accept a gift only if it:
• Is offered infrequently and has nominal value
• Is customary and part of normal business practices
• Is not cash or a cash equivalent, such as a voucher or gift card
• Imposes no sense of obligation on the recipient
• Involves no special treatment, such as free services or special discounts
• Is not a loan or payment from a vendor or other business contact
• Would not be perceived as likely to influence your business judgment
• Would be appropriate to reciprocate in a similar manner at company expense

Follow the same guidelines when giving a gift or offering entertainment to others outside our company. In all cases, ask questions, be thoughtful and seek help when needed.

Potentially questionable gifts include:
• Travel
• Conference fees
• Raffle and door prizes at conferences
• Sports tickets
• Rounds of golf
• Lodging
• Clothing
• Pleasure trips
• Services
• Payments
• Refunds or rebates
• Special discounts
• Entertainment
• Loans
• Meals or drinks (frequent or high value)

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<tr>
<th>GIFTS AND ENTERTAINMENT</th>
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<tr>
<td>REASONABLE</td>
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<tr>
<td>Occasional lunch or dinner with a vendor</td>
</tr>
<tr>
<td>Tickets to a sporting event, play, etc.</td>
</tr>
<tr>
<td>Modest gift for a thank you, personal event or holiday</td>
</tr>
<tr>
<td>Unsolicited vendor gift of modest value, such as a ball cap, paper weight, notebook, pen</td>
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For rules that apply to gifts to political candidates, government agencies and public officials, see the Legal and Regulatory Compliance section of this Code.

Q: We just finished a big project and the consultant helping the company offered to take our department to a local restaurant for a team celebration. Can we accept the lunch?

A: Celebrating successes at the end of a project is a great way to be proud of a job well done. The answer to this question is “it depends.” Factors to consider is whether the restaurant is lavish, whether the company is currently considering future work in which the consultant may be bidding on and whether the entire team is included. The leader should work with the Ethics Office to answer these situations on a case-by-case basis.
Avoiding conflicts of interest

All business decisions must be made in the best interests of the company. This means we must avoid situations when our personal interests, activities or relationships compete or conflict with the interests of the company. A conflict of interest may arise whenever personal interests interfere—or appear to interfere—with the interests of the company. These situations may make it difficult to perform our company work objectively and effectively.

Personal relationships

Examples of conflicts of interest that could arise from personal relationships include:

- Family members or close friends working in the same business unit, particularly where one individual supervises the other or when they work in the same department
- Friends or family pursuing business contracts with the company
- Participating in negotiations with a vendor who employs a close friend or family member

Outside interests

Examples of conflicts of interest that could arise from outside interests include:

- Participating in activities that create a potential, perceived or actual conflict with the company
- Having outside interests or activities that:
  - Adversely affect the company or your job performance
  - Include activities similar to the work you perform for the company
  - Provide products or services to the company as a vendor, directly or indirectly
  - Compete with the company

Even the appearance of a conflict of interest may adversely affect the company. Be alert to situations where your judgment could potentially be influenced by personal interests or the interest of someone else, including family members or other individuals with whom you have a close relationship.

If you have any questions, or need help, talk with your leader or the Ethics Office.

Q: I have a family member who works at the company. During a recent re-org, our groups were combined and now we have the same leader. Should I say something?

A: Yes, you should disclose your relationship to your leader and work with the Ethics Office to disclose this potential conflict of interest.

Disclose and receive company approval regarding any potential conflict of interest prior to engaging in that interest.

More Information:

Business Integrity Policy
References related company policies, processes and procedures

YOUR FOCUS

- Always do the right thing.
- Do not misuse company opportunities or resources.
- Use caution when accepting gifts and entertainment.
- Avoid actual, perceived or potential conflicts of interest.
APS CODE OF ETHICS AND BUSINESS PRACTICES

Operational Excellence
Operational Excellence

Our Corrective Action Program (CAP) is a continuous-improvement process to strengthen all aspects of our performance. CAP helps us identify the root causes of safety, environmental and operational issues and determine how to prevent their reoccurrence.

OUR FOCUS

• Enable a sustainable energy future for Arizona.
• Deliver value to customers through safe, efficient and reliable business processes.
• Ensure skill versatility, knowledge transfer and cross training in the workforce.
• Maximize vendor relationships and value through strategic supply-chain sourcing.
• Conduct our business at the highest level of craftsmanship, professionalism and skill.
• Foster an open environment and questioning workplace attitude to drive process improvement and safety.
• Recognize each business unit’s uniqueness while maximizing efficiency across the enterprise.
• Prevent undesired events and strengthen business processes by using human performance tools and our Corrective Action Program.
• Manage our physical assets and our operations and maintenance costs through financial rigor and continuous process improvement.
• Ensure robust plans for emergency response, recovery and business resumption.

Ensuring continuous improvement

We use our Corrective Action Program (CAP) as a way to continuously strengthen all aspects of our performance. The Human Performance (HP) program helps us understand the nature of human errors so we can predict, manage and prevent errors and risky situations. We use CAP and HP together to improve performance throughout the enterprise.
Our company’s risk management process helps us identify, assess and respond to risk events (uncertainties) that could impact achieving our company goals and objectives.

**Identifying risks**

Our company’s risk management process helps us identify, assess and respond to risk events (uncertainties) that could impact achieving our company goals and objectives.

Each of us has a duty to report to our leader any area of risk that could impact the company’s safety, finances or reputation.

**Planning for emergency response, recovery and business continuity**

The company requires each business unit and function to be prepared to respond to and recover from significant or catastrophic events. Business units have the responsibility to:

- Conduct a risk and threat analysis to identify response-and-recovery needs
- Develop, implement, test and review their preparedness for continuity of operations as documented in their response-and-recovery and/or resumption plans
- Approve, file and retain necessary documentation

We should be aware of and understand our business unit’s response, recovery and business continuity plan. Talk with your leader if you have questions.

**YOUR FOCUS**

- Make operational excellence a way of life and strive for continuous improvement.
- Be prepared. Understand your organization’s emergency procedures.
- Document deficiencies in the Corrective Action Program.
- Understand Human Performance and how it impacts your performance.
- Immediately report any area of risk to your leader or another reporting resource.

**More Information:**

Operational Excellence Policy

References related company policies, processes and procedures
APS CODE OF ETHICS AND BUSINESS PRACTICES

Customers, Communities and Corporate Citizenship
Customers, Communities and Corporate Citizenship

Q: My son is selling candy to raise money for his basketball team to go on a trip. Can I sell candy to co-workers?

A: It is important to not create an environment where co-workers may feel obligated to purchase items or company work is disturbed. All fundraising should be cleared with your leader ahead of time and no company resources should be used (time, email, etc.).

Communicating about APS
To protect our reputation and business, individuals designated to speak on behalf of the company must effectively communicate the company’s business objectives and accomplishments, whether in media interviews, social media, external presentations or other opportunities. Any communications on behalf of the company should be conducted by or approved in advance by the Corporate Communications Department.

Supporting our communities
As a good corporate citizen, APS supports numerous charitable events and fundraisers. We also encourage employees to take active roles in their communities, whether serving on the board of a non-profit organization, participating in fundraising events or increasing awareness of important causes.

Because the company’s success is tied to the value we provide to our customers and communities, our company supports volunteering and community involvement. Decisions about volunteering during work hours are made by individual leaders based on each group’s business needs.

YOUR FOCUS
- Do not speak on behalf of the company unless granted permission to do so by the Corporate Communications Department.
- Follow the solicitation and fundraising guidelines.
- Be a brand ambassador in your community.

More Information:
Customers, Communities and Corporate Citizenship Policy
References related company policies, processes and procedures
APS CODE OF ETHICS AND BUSINESS PRACTICES

Financial Records and Controls
Financial Records and Controls

If you have concerns about accounting, internal controls or auditing matters, contact one of these resources:

**Audit Services**  
(602) 250-2605

**Ethics Office**  
(602) 250-2979  
or ethics@aps.com

**General Counsel**  
(602) 250-3252

**APS Helpline**  
(800) 446-8441  
or ethicspoint.com

**OUR FOCUS**

- Prepare and maintain accurate financial records.
- Report accurate, timely and understandable financial information.
- Maintain adequate internal controls to protect against theft, misuse and misappropriation of company financial information or assets.
- Comply with internal company controls, processes and policies.
- Promptly report any errors or possible errors or misstatements in the company’s financial records.
- Protect the confidentiality of non-public information.
- Ensure financial transactions have been properly authorized.
- Comply with all applicable laws and regulations.
- Adhere to applicable retention schedules for maintaining and destroying financial records.

**Disclosing financial information**

As a publicly held company, Pinnacle West must fully and fairly disclose its financial condition. This means adhering to applicable accounting principles, laws, rules and regulations. Our financial statements must be prepared in accordance with generally accepted accounting principles and fully and fairly present, in all material respects, our company’s financial condition.

**YOUR FOCUS**

- Contact any of the resources listed above if you have any concerns about company accounting or financial controls.

**More Information:**

Financial Records and Controls Policy  
References related company policies, processes and procedures
APS CODE OF ETHICS AND BUSINESS PRACTICES

Legal and Regulatory Compliance
Legal and Regulatory Compliance

Our business is governed by numerous regulatory agencies.

OUR FOCUS

• Ensure compliance with all applicable laws, rules and regulations.
• Protect the company’s intellectual property (patents, trademarks, copyrights and trade secrets).
• Ensure compliance with all federal grants and contracts.
• Respect others’ intellectual property rights.
• Monitor compliance and report accurately to outside agencies.
• Seek a fair, balanced regulatory environment.
• Ensure that our governmental affairs activities reflect the company’s commitment to integrity and transparency and comply with all federal, state and local laws and regulations.
• Engage outside legal services only with the approval of the Law Department.

Ensuring regulatory compliance

Our business is governed by numerous regulatory agencies, including:

• The Nuclear Regulatory Commission (NRC), which oversees reactor safety and security, reactor licensing and renewal, radioactive material safety and spent fuel management
• The Federal Energy Regulatory Commission (FERC), which regulates the transmission and wholesale sale of energy in interstate commerce and also approves and enforces, through other entities like the North American Electric Reliability Corporation and the Western Electricity Coordinating Council, many “bulk electric system” reliability requirements
• The Arizona Corporation Commission (ACC), which oversees private and investor owned utilities in Arizona and sets customer rates

In addition to these industry specific agencies, numerous state and federal agencies regulate in areas including securities, earnings management, employment, environmental, government contracting and workplace safety and health. Violations of these regulators’ rules can result in serious consequences for the company.
Avoiding insider trading

Federal and state laws, including U.S. Securities and Exchange Commission regulations and our insider trading policy, make it illegal to buy or sell Pinnacle West or another company’s securities if we have “inside information.”

Inside information is any significant information about a company that is not publicly known and that an investor would consider important in making an investment decision.

These laws and our insider trading policy cover any transactions in company securities, including transfers between the Pinnacle West stock fund and other funds in the company’s 401(k) savings plan. Inside information also can include business plans, knowledge of acquisitions or divestitures, anticipated business risks and other information that may have a financial impact on Pinnacle West.

We are prohibited from sharing inside information with anyone who does not need to know such information for business purposes. Direct any questions to the Ethics Office or the Law Department.

Complying with export control laws

Our job duties may require us to:

• Travel abroad
• Ship goods to or exchange goods with other countries
• Share technology or technological information with individuals from other countries who are located at one of our company sites

The company is governed by U.S. import and export laws and regulations. An “export” occurs when a product, software, technology or piece of information is transmitted to another country. An export also can occur when technology, technical information, service or software is disclosed or provided to a citizen of another country, regardless of where that person is located.

For example, providing export-controlled technology to a non-U.S. person located at one of our company sites would be a “deemed export” and subject to export controls laws. Before traveling abroad, shipping goods outside of the U.S. or sharing technology or technical data with non-U.S. persons, please contact the APS Export Compliance Team at exportcompliance@apsc.com.

Import activity (bringing goods we purchase from a foreign or external source into another country) also is subject to laws and regulations. This activity may require us to submit documentation and pay duties and taxes. Our company is responsible for the accuracy of import information, even when the import transaction is conducted by a licensed customs broker.

Be aware of and comply with trade control laws and our policies. If you have questions, contact the Ethics Office or the Law Department.
Each employee, officer and director should deal fairly with our customers, suppliers, competitors and employees.

Conducting business fairly

Each employee, officer and director should deal fairly with our customers, suppliers, competitors and employees. Conduct business with integrity and never participate in unfair business practices, including taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing.

Avoid these potential violations of unfair competition laws, unless they are approved in advance by the Ethics Office or the Law Department:

• Collaborating or communicating with competitors on:
  - How to price or sell goods or services
  - What to pay for goods or services
  - Whom to buy from or sell to
  - How to fix other terms and conditions of sale, such as credit terms and quantity discounts
  - Allocation of customers or markets, geographically or otherwise, unless the Arizona Corporation Commission has approved such an agreement
  - Employee recruiting, hiring, retention, salary, benefits, and other forms of compensation
• Forcing a customer to buy goods or services as a condition of buying other goods or services
• Purchasing goods or services from a supplier on the condition that the supplier purchases other products or services from our company

Antitrust laws prohibit anti-competitive behavior and unfair business practices. They can impact how our company does business with its customers, competitors and vendors. For instance, antitrust laws generally forbid entering into formal or informal agreements with competitors that may restrain trade. In general, avoid conversations about competitively sensitive information with representatives of our competitors.

Anti-corruption laws apply to our business activities and forbid the bribery or attempted bribery of a government official. A bribe is anything of value (including money, gifts, favors or entertainment) given to a government official that may be seen as an attempt to:

• Influence an official’s actions or decisions
• Obtain or retain business
• Acquire any sort of improper advantage

Government officials may include foreign, federal, state or local government employees, political candidates and even employees of businesses owned by a government.

These laws, including the U.S. Foreign Corrupt Practices Act, can carry severe consequences if they are violated.
Similarly, we may not offer or accept a kickback. This means we cannot return or accept the return of a sum already paid (or due to be paid) as a reward for making or fostering business arrangements. Our company also prohibits any act of commercial bribery. This term refers to offering a bribe to customers, suppliers or anyone working on their behalf with the intent to obtain or retain business. Do not retain a third party to engage in these or other illegal activities and carefully screen all third parties, using our due-diligence procedures, before retaining them.

If you are uncertain whether any business-related activity could raise unfair competition, antitrust or anti-corruption concerns, contact the Ethics Office or the Law Department immediately.

**Participating in political activities**

Every individual has a First Amendment right to participate in the political process as he or she sees fit.

Laws governing contributions to candidates are complex and any proposed corporate support or contributions should be approved through the Federal Affairs and/or State and Local Affairs departments. In certain cases, political action committees (PACs) may be allowed to solicit contributions from eligible company employees and shareholders.

Guidelines for personally participating in the political process:

- Campaign contributions or expenditures must be made personally and not in the company’s name or on its behalf
- Contributions made to the Pinnacle West PAC are voluntary and will not be reimbursed
In dealings with public officials and government agencies, do not:

- Influence or attempt to influence public officials by offering gifts, gratuities or other promises of reward or benefit
- Expect reimbursement (directly or indirectly) for any political contribution
- Offer or accept bribes
- Intentionally submit incorrect, misleading or fraudulent information (written or oral) to a public official or government agency

Engaging with public and government officials

Our company maintains honest and professional relationships with public officials and government employees and representatives. Certain company employees may work with or lobby elected officials, meet with regulatory authorities, submit reports and filings to government agencies or work with government representatives on a multitude of issues. If you believe your activities may be governed by lobbying laws, you have a special responsibility to understand those legal requirements.

Contact the Ethics Office, Law Department or Public Policy Department with questions or concerns.

YOUR FOCUS

- Know what regulations and laws apply to your job.
- Do not share inside information.
- Understand the rules for dealing with public officials and participating in political activities.

More Information:

Legal and Regulatory Policy
References related company policies, processes and procedures
Records Privacy and Security

OUR FOCUS

• Protect and preserve the company’s confidential information.
• Respect the privacy of customers, employees, shareholders, vendors and other business partners.
• Safeguard confidential information and processes to prevent nonbusiness-related disclosure and misuse.
• Protect proprietary business practices and intellectual property.
• Secure company assets and information when they are not in use.
• Disclose and handle sensitive information only in accordance with Law Department-approved processes and contractual provisions or forms.
• Provide information access to support legal, regulatory and operational needs.
• Comply with legal-hold requests and requirements.
• Adhere to applicable retention schedules for maintaining and destroying records.
• Comply with security procedures, processes and mechanisms intended to protect company employees and critical operating assets.

We are all responsible for appropriately using company information.

Using technology

When using company information, communications and records, follow these guidelines:
• Ensure your personal use of company technology is limited, does not impact your productivity and does not violate any company policies
• Protect company technology and information from loss or theft
• Prevent unauthorized access to company technology and information (including sensitive data, such as passwords)
• Use, copy or add only authorized software to company equipment
• Connect only authorized devices to company networks
• Do not copy company software
• Do not install company software on personal computers or devices without permission
• Do not install unapproved or personal software on company equipment without proper authorization
• Do not use your personal email for company business
Q: I recently joined APS from another company. I have documents and forms that I used at my previous job and would like to use them here. Is that all right?

A: No. You may not possess, use or share the documents at APS unless they are publicly available or you have your former employer’s permission. APS believes in protecting confidential information—whether it is ours, a customer’s or another company’s.

Company electronic communications may be monitored and are the company’s property. Report any lost, stolen or damaged company computer equipment or information, as well as any concerns regarding these resources.

We are all responsible for appropriately using the company’s electronic systems. Although occasional personal use may be allowed if it does not affect your work or violate company policy, generally use these systems only for business-related purposes and never use your personal email accounts to conduct company business.

When using company computers and systems, conduct yourself professionally and courteously. Electronic communications typically are permanent and can be forwarded and altered without your knowledge or permission.

Exercise care when posting to blogs, social networking sites or chat rooms while using company systems. If you are not authorized to speak on behalf of the company, note that in your post. For example, state that the comments or opinions in your post are yours and not those of APS. Understand that the company’s policies against harassment and discrimination could apply to posts on blogs, chat rooms or other social media.

Protecting privacy and keeping information confidential

In the process of doing business, you may need to handle confidential information or personally identifiable information (PII) belonging to the company, customers, employees, suppliers or other business partners. APS’s goal is to maintain trust and confidence when handling confidential information and PII.

Confidential information includes all non-public information, including information that could be useful to a competitor or harmful to the company or our customers. Make protecting it a top priority. PII is any information that permits the identity of an individual to be disclosed, including any information that is linked or linkable to that individual.

When handling confidential information, avoid:

• Using the information for personal financial gain
• Releasing it to unauthorized persons inside or outside the company
• Accessing company information, data or applications not necessary to perform your job
• Disclosing information that could give a vendor an unfair advantage in bidding on work for the company
• Using or disclosing confidential information or trade secrets that belong to former employers, competitors or other companies unless you secure written permission

Some of our company’s most valuable assets include past, current and future information the company holds in confidence or considers proprietary.
Only use confidential and proprietary information for company-related purposes and do not disclose such information to outside parties.

Examples of information you should protect include:

- Business and marketing plans
- Security information
- Financial information
- Sensitive information about customers, vendors, employees, or other third parties
- Research and development data
- Internal business methods and techniques
- Intellectual property
- Risk assessments

Examples of PII include names, social security numbers, drivers license/passport numbers, date of birth, banking information, medical information and ethnicity.

When handling PII, all employees and vendors should:

- Consider whether their job needs PII and if so, collect only the types and categories of PII that are essential to meeting the business purpose
- Follow processes to store PII and perform regular reviews of previously collected PII to determine whether PII is still relevant and necessary and whether it is stored in a secure location
- When the collection or use of PII is no longer necessary, PII should no longer be used and should be properly destroyed

Your responsibility to protect this information continues even after your employment with the company ends. Before leaving, do not copy or retain any documents or materials that contain confidential or proprietary information or PII.

Keeping our people and facilities secure

We take seriously the physical security of our people. We do not tolerate threats or acts of violence in the workplace. If you observe any act of violence at work, report the matter to law enforcement immediately and then contact Corporate Security.

Employees and vendors are prohibited from carrying on their person (either concealed or exposed) a firearm while on the job, representing the company, or on company property or premises. “Carrying on their person” includes in a purse, backpack, briefcase, lunch box or other container. All individuals seeking or having access to company property may be subject to a search for such items.

We are responsible to ensure the physical security of our buildings and facilities.

- Never use your identification badge to allow another person into a company building
- Never allow someone to follow in behind you without the proper badge authorization (tailgating)
- Wear your company identification badge at all times when on company property
- Immediately report suspicious persons, behavior or items
Each of us is responsible for the integrity of the information, reports and records under our control.

Questions? Contact the Records Information Management Team at: inforecord@apsc.com or (602) 250-3193.

For access to the Retention Schedule type http://records in your browser address and select the Retention Schedule tab.

Managing and retaining company records
Data owned, used and managed by our company must be accurate and complete. Information records must be maintained according to company records-retention schedules and to accurately reflect company transactions.

Handling inquires for information or records
We may receive an inquiry about the company’s position on a subject, action or thing from a third party, such as a shareholder, financial analyst, law-enforcement official or the media. Do not respond on behalf of the company unless authorized by the company to do so.

Direct the inquiry to the appropriate company contact:
• Shareholders: Corporate Secretary/Shareholder Services
• Portfolio managers, financial analysts: Investor Relations
• Media: Corporate Communications
• Law enforcement: Corporate Security
• Subpoenas or other legal documents: Law Department

If you are not sure where to direct the inquiry, talk with your leader or the Ethics Office.

Responding to audit requests
If you receive a request for information from either the internal Audit Services Department or the company’s external auditor, respond with accurate and complete information. Always discuss any concerns you have about the requested information with your leader and the auditor.

YOUR FOCUS

• Protect and keep confidential the company’s proprietary information and records, as well as confidential information received from third parties.
• Follow all document-retention guidelines.
• Use technology appropriately and in accordance with company policies.

More Information:
Records, Privacy and Security Policy
References related company policies, processes and procedures
Environmental Stewardship and Sustainability
Environmental Stewardship and Sustainability

Our Focus

- Provide reliable electricity from environmentally compliant, diverse sources.
- Consider the environmental impact of all decisions and ensure those decisions align with our vision of creating a sustainable energy future for Arizona.
- Act as responsible stewards of natural resources throughout our operations and strive to reduce our environmental footprint.
- Comply with all environmental laws and regulations, going beyond compliance when appropriate.
- Incorporate key sustainability issues into our business-planning process.
- Establish customer programs that provide eco-efficiency and reduce energy use.
- Effectively communicate our sustainability and environmental goals and performance to our stakeholders.

Being a responsible corporate citizen

Environmental stewardship is a key consideration in every decision we make. We make responsible choices that recognize the inherent value of the natural world, minimize our impacts on the environment and preserve our natural resources.

Sustainability

Sustainability is core to how we do business. We engage in sustainable business practices by actively pursuing policies and practices that engage our people, protect our planet and drive performance.

Your Focus

- Understand and support the company’s commitment to being a sustainable energy leader.

More Information:

Environmental Stewardship and Sustainability Policy

References related company policies, processes and procedures
APS CODE OF ETHICS AND BUSINESS PRACTICES

Governance
Governance

Corporate Policies

- Provide statements of principles, strategies, values and expectations
- Apply across the company, driving alignment and operating efficiency
- Provide guidance on what “good” is
- Establish accountability and oversight for important company processes (internal control framework)
- Require sponsorship by an officer and ownership by the chief executive officer

Using policies, processes and procedures

Our company policies, processes and procedures provide an organizational framework of how the company does business. They help the organization mitigate risk, ensure consistent application and retain and transfer knowledge.

- **Policies** – Set forth the principles or standards that guide employees’ conduct and create the framework within which employees exercise discretion and judgment
- **Processes** – Define how work is done, providing instructions and sequences of actions required to produce a desired result
- **Procedures** – Provide detailed, step-by-step instructions to implement a process or a portion of a process

Providing governance and oversight

The company maintains governing committees and councils at the executive level to ensure effective and efficient operations and desired business results. Detailed governance, oversight, support and performance definitions have been developed and are followed for key services and processes.
Adopting annual business plans
The company’s business planning process provides consistent, enterprise-wide, gap-based planning. The objectives are to:

• Develop effective business plans for all business units and corporate resource functions
• Develop the overall planning framework, calendar and roles and responsibilities
• Integrate the results of the corporate resources operating model (CROM) detailing the services that Corporate Resources functions provide the business units
• Establish a process for annual management review of business plans’ metrics and targets
• Conduct post-implementation reviews

Developing tiered metrics
The company sets annual performance metrics and targets that drive the alignment and achievement of critical business goals.

• **Tier 1: Corporate Metrics**
  - Most important company metrics
  - Align with our strategic framework’s critical areas of focus
  - Reflect key company outcomes

• **Tier 2: Business Unit/Corporate Resources Metrics**
  - Reflect key outcomes supporting Tier 1 metrics

• **Tier 3: Department Metrics**
  - Reflect key department-level outcomes that support Tier 2 metrics

• **Tier 4: Supporting Department Metrics**
  - Align with and support Tier 3 metrics

Energy Policy Committee
• Determines APS’s strategic positions on energy policy
• Develops the five-year corporate strategy for recommendation to the Chairman and the Board of Directors
• Develops the corporate performance targets (Tier 1 metrics) and corporate business plan each year
• Provides oversight of the business-unit strategies and performance targets (Tier 2 metrics)
• Reviews metrics, financial results and business plans to ensure alignment with corporate performance targets

YOUR FOCUS

• Understand the business planning process.
• Know, understand and comply with all policies, processes and procedures applicable to you and your job.
• Understand the company’s performance metrics and targets and how you and your performance contribute to the company’s success.

More Information:

Governance Policy
References related company policies, processes and procedures

See corporate policies, processes and procedures at: http://policies
Waivers of Our Code of Ethics and Business Practices

Consistent with the requirements of the New York Stock Exchange, only the Pinnacle West Board of Directors or a committee of the Board may waive a provision of this Code for directors or executive officers. Any waiver shall be disclosed as required by applicable laws and regulations. Waivers of this Code for any other person may be made only by the appropriate officer and must be reported to the Ethics Office.

INFORMATION RESOURCES

APS Ethics Office:
(602) 250-2979 • http://ethics • ethics@aps.com

APS Helpline (Operated by a Third Party):
(800) 446-8441 • ethicspoint.com

Human Resources Service Team:
(602) 250-3500 • http://empower • hrserviceteam@aps.com

Palo Verde Employee Concerns Program:
(623) 393-2702 • http://pvonline/ecp • ecppv@apsc.com

Palo Verde Employee Concerns Program Hotline:
(800) 293-6498

Audit Services: (602) 250-2605

Law: (602) 250-3630 • http://legal.apsc.com

Corporate Security:
(602) 250-2222 (Corporate Headquarters)
(602) 371-7775 (Deer Valley facility)
http://security • CorporateSecurity@apsc.com

3P Point Document Repository (Policies, Processes and Procedures):
http://policies