



UNS Energy Corporation

A Fortis Company

**POLICY ON REVIEW OF  
TRANSACTIONS  
WITH RELATED PERSONS**

Approved 4/22/19

**UNS ENERGY CORPORATION  
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**I. Policy**

The UNS Energy Corporation (UNS Energy) Board of Directors has determined that any Related Party Transaction shall be consummated or shall continue only if (1) the Audit and Risk Committee (the Committee) approves or ratifies such transaction (for this purpose, no member of the Committee who is a Related Party shall participate in the Committee's consideration or vote with respect to such transaction, except to furnish information to the Committee at its request).

For purposes of this Policy, a Related Party is (1) a director, director nominee or executive officer of UNS Energy or Tucson Electric Power Company (TEP); (2) a shareholder directly or indirectly owning five percent or more of the common stock of UNS Energy; (3) a person who is an immediate family member of a UNS Energy or TEP director, director nominee, executive officer or five percent shareholder;<sup>1</sup> or (4) an entity in which someone listed in clauses (1), (2) or (3) of this paragraph is (a) an officer of such entity or (b) a shareholder, partner, member, or other owner of at least a ten percent ownership interest in such entity, either individually or collectively with others listed in clauses (1), (2), or (3).

For purposes of this Policy, a Related Party Transaction is a transaction or series of similar transactions involving more than \$120,000 in which UNS Energy, TEP, or any of their subsidiaries (collectively, the Company) is or was a participant and any Related Party has a direct or indirect material interest other than (1) transactions in which rates or charges are fixed in conformity with law or governmental authority (such as TEP rates approved by the Arizona Corporation Commission), or the rates or charges are determined by competitive bid, or (2) the payment of compensation by the Company to any director or executive officer for service as a director or executive officer, respectively. It

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<sup>1</sup> "Immediate family member" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, director nominee, executive officer or five percent shareholder, and any person (other than a tenant or employee) sharing the household of such director, director nominee, executive officer, or five percent shareholder.

is the intent of this Policy that Related Party Transactions only include those transactions required to be disclosed pursuant to paragraph (a) of Item 404 of Regulation S-K.

## **II. Reporting Responsibility**

Individual directors, director nominees and executive officers shall promptly report to UNS Energy's General Counsel all proposed or existing Related Party Transactions and provide such information with respect to such transactions as the General Counsel may request.

The General Counsel shall furnish to the Chair of the Committee the material facts and circumstances of any Related Party Transaction to allow the Committee to review the Related Party Transaction in accordance with this Policy.

The General Counsel shall periodically (at least on a quarterly basis) furnish to the Chair of the Committee a report describing any reported transaction not specifically excepted above, involving the Company and a Related Party that does not, in the General Counsel's judgment, require reporting pursuant to paragraph (a) of Item 404 of Regulation S-K.

## **III. Review, Recommendations and Actions**

After the Committee's review of the material facts and circumstances of a Related Party Transaction, and such consultation with legal counsel and other advisers as it deems advisable, the Committee shall approve or disapprove the Related Party Transaction with such conditions, if any, as the Committee may impose. All Related Party Transactions, and the Committee's actions and any recommendations with respect thereto shall be disclosed to the full Board.

In the event UNS Energy's Chief Executive Officer, Chief Financial Officer or General Counsel becomes aware of a transaction which may be subject to this Policy that has not been previously reported upon and submitted to the Chair of the Committee, the relevant facts and circumstances of the transaction shall be promptly reported to the Chair of the Committee. Based on consideration of the relevant facts and circumstances, the Committee shall evaluate all options, including ratification, amendment, termination or rescission of the transaction, or other appropriate actions; provided, however, that the failure to submit a transaction for review under this Policy shall not, in and of itself, mean the Company was not authorized to participate in, or be a party to, the transaction.

#### **IV. Disclaimer**

The provisions of this Policy do not add to, and are not otherwise intended to affect, application of the provisions of Title 10, Chapter 8, Article 6 of the Arizona Revised Statutes with respect to contracts or transactions entered into by the Company that involve one or more of the Company's directors or officers.

#### **V. OTHER**

The Board shall review and assess the adequacy of this policy periodically and at such other times as it considers appropriate and shall make such changes to this policy as it considers necessary or appropriate.