

**OTTER TAIL CORPORATION  
POLICY AND PROCEDURES REGARDING  
TRANSACTIONS WITH RELATED PERSONS**

**Approved February 12, 2020**

**PURPOSE**

The Audit Committee of the Board of Directors of Otter Tail Corporation (“Otter Tail”) is responsible for the review, approval and/or ratification of all “transactions with related persons” as that term refers to transactions required to be disclosed by Item 404 of Regulation S-K.

**DEFINITIONS**

Related Person means:

- (a) any person who is in any of the following categories: (i) any director or executive officer of Otter Tail; (ii) any nominee for director of Otter Tail; or (iii) any Immediate Family Member of any of the foregoing persons; and
- (b) any person who is in any of the following categories when a Transaction in which such person had a direct or indirect material interest occurred or existed: (i) a security holder known to Otter Tail to be the beneficial owner of more than five percent of any class of Otter Tail’s voting securities; or (ii) any Immediate Family Member of any such security holder.

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, and any person (other than a tenant or employee) sharing the household of a person.

Transaction includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships. “Transaction” does not include any compensation arrangements with executive officers or directors of Otter Tail that have been approved or authorized by the Board of Directors or an appropriate committee thereof.

Covered Transaction includes any Transaction in which Otter Tail is a participant and a Related Person will have a direct or indirect material interest and where the amount involved exceeds \$120,000.

A person’s “material interest” in a Transaction must be determined on the basis of the significance of the information to investors in light of all the circumstances of the particular case. The importance of the interest to the person having the interest, the relationship of the parties to the Transaction with each other and the amount involved in the Transaction are among the factors to be considered in determining the significance of the information to investors. A person will not be deemed to have a “material interest” in a Transaction if the interest arises only: (a)

from the person's position as a director of another corporation or organization that is a party to the Transaction; or (b) from the direct or indirect ownership by such person and all other related persons, in the aggregate, of less than a ten percent equity interest in another person (other than a partnership) which is a party to the Transaction; or (c) from a combination of both (a) and (b); or (d) from the person's position as a limited partner in a partnership in which the person and all other related persons, have an interest of less than ten percent, and the person is not a general partner of and does not have another position in the partnership.

## **POLICY**

Any Covered Transaction is subject to the review, approval and/or ratification of the disinterested members of the Audit Committee; provided that if ratification shall not be forthcoming, management shall make all reasonable efforts to cancel or annul such Transaction.

All executive officers and directors of Otter Tail will be informed in writing on an annual basis of these policies and procedures.

## **PROCEDURES**

Management of Otter Tail shall disclose to the Audit Committee all material information with respect to any Covered Transaction prior to entering into such Covered Transaction, including where relevant and without limitation:

- The name of the Related Person and the basis on which the person is a Related Person;
- The business purpose and the terms of the Covered Transaction and the reasons for Otter Tail's participation in such transaction;
- If Otter Tail is a buyer or seller of property or services, the process used by Otter Tail to evaluate the Covered Transaction;
- The Related Person's and Otter Tail's interest in the Covered Transaction, including the Related Person's position(s) or relationship(s) with, or ownership in, a firm, corporation, or other entity that is a party to, or has an interest in, the Covered Transaction;
- The approximate dollar value of the amount involved in the Covered Transaction and of the amount of the Related Person's interest in the Covered Transaction, each of which shall be computed without regard to the amount of profit or loss; and
- Any other relevant information regarding the Covered Transaction or the Related Person in the context of the transaction that could be material to investors in light of the circumstances of the particular transaction.

In determining whether to authorize, approve and/or ratify any Covered Transaction, the Audit Committee shall use any process and review any information that it determines is reasonable in light of the circumstances in order to determine if the Covered Transaction is fair and reasonable and on terms no less favorable to Otter Tail than could be obtained in a comparable arm's length transaction with an unrelated third party to Otter Tail.

The Audit Committee may, but shall not be required to, seek bids, quotes or independent valuations from unaffiliated third parties sufficient to enable the Audit Committee to assess the fairness of the Covered Transaction to Otter Tail.

## **DISCLOSURE**

Transactions with Related Parties covered by this policy are to be disclosed in Otter Tail's applicable filings to the extent required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules. Furthermore, any Transaction with a Related Party covered by this policy shall be disclosed to the Board of Directors.

## **RESPONSIBILITY**

The Chief Executive Officer, President, Sr. Vice President & Chief Financial Officer, Vice President & General Counsel, Sr. VP of Electric Platform, and Sr. VP of Manufacturing Platform of the Corporation are responsible for implementation of these Procedures and compliance with the disclosure requirements of the federal securities laws with respect to Related Party Transactions.