

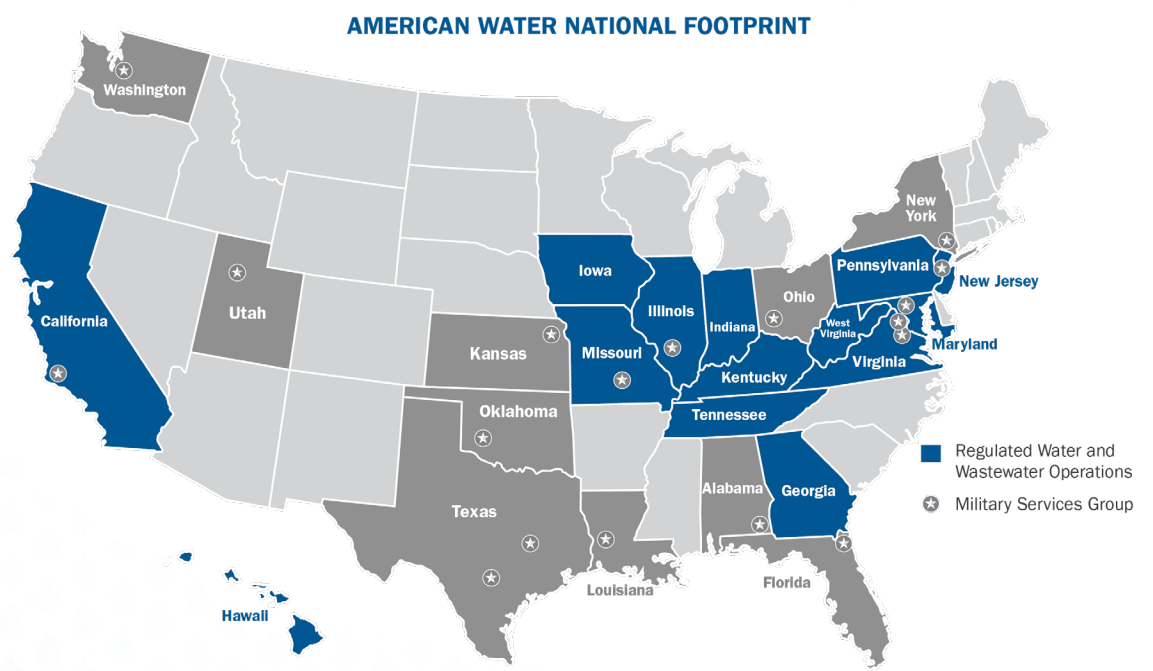


AMERICAN WATER

American Water's Compelling Sustainability Story

April 2024

American Water is the largest and most geographically diverse publicly traded water and wastewater utility in the United States



Strengthening the Communities We Serve

- Provides safe, affordable and reliable drinking water and wastewater services to over 14 million people with regulated operations in 14 states and on 18 military installations
- Committed to affordability, excellent customer service, and an inclusive and diverse workforce
- Transparent governance, with oversight from a diverse board of directors and strategic focus from our executive leadership team



Regulated Operations*

- 53,700 miles of pipe
- 620 water treatment plants
- 175 wastewater treatment plants
- 1,200 wells and 74 dams



Military Services Group

- Regulated-like earnings
- Serves 18 military installations

* As of 12/31/2023



Our Strengths



Safety

Safety is both a strategy & core company value.

Safety is More Than
“the Right Thing to Do”



Performance

Going beyond the minimum requirement to solidify our position as a leader in operational excellence.

Excellence is Getting the **Fundamentals** Right



People

Inclusion & empowerment pave a path for employee & company success.

Employees are the **Heart** of our Business



Solutions Provider

Growth enables investment in training, cyber security, infrastructure & communities.

Providing Water and Wastewater **Solutions**



ESG

ESG affirms the values we have upheld for decades.

Leading by Example

Sustainability at American Water



Material Topics

In 2022, we completed a detailed Materiality Assessment aligned with the GRI Global Reporting Standards, based on internal and external stakeholder input and written sources



Sustainability Website
View key data, disclosure and operational goals on our [Sustainability Website](#)

Stakeholders



Operational Goals & Strategies



Water Use & Efficiency

- By 2035, continue to meet customer needs while saving 15% in water delivered per customer compared to a 2015 baseline



Resiliency

- By 2030, increase our water system resiliency to respond to more extreme events by increasing Utility Resilience Index (URI) weighted average by 10% from 2020 baseline



Greenhouse Gas (GHG) Emissions

- Reduce absolute scope 1 and 2 GHG emissions by 40% by 2025 (2007 baseline)
- Paris-Agreement Aligned and science-based:**
- Reduce absolute scope 1 and 2 GHG emissions by 50% by 2035 (2020 baseline)
 - Achieve net zero absolute scope 1 and 2 GHG emissions by 2050



Growth

Industry leaders in critical infrastructure investment and customer growth



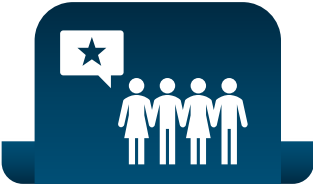
Safety

Zero incidents and injuries/live healthy



People

Inclusive and diverse people reaching their highest potential



Customer

Excellent customer experience/enhancing communities



Operational Excellence

Best-in-class execution of business and operational fundamentals

ESG Alignment with Annual Performance Plan



Sustainability is embedded in our Annual Performance Plan

Our Annual Performance Plan (APP), which provides for at-risk cash compensation to be paid to Company employees upon the achievement of stated short-term annual business objectives, is aligned with our commitment to ESG principles.

Performance measures and other mandatory training requirements for 2023 APP eligibility included the following:



Code of Ethics program requires completion of a training module in order for an employee to be eligible to receive an APP payout

Supporting Governance Structure

Committees of the Board of Directors

Our corporate governance structure promotes accountability and integrity across the organization. Our Board of Directors have the following standing committees which provide oversight to the below sustainability topics:

Safety, Environmental, Technology & Operations Committee

Water Quality and Emerging Contaminants, Operational Functions, Climate, Physical Security and Cybersecurity

Audit, Finance, and Risk Committee

Oversight of Risk Assessment and Enterprise Risk Management and Related Policies, Accounting and Disclosure Controls, Internal Audit, Ethics & Compliance

Executive Development and Compensation

ID&E Programs, Culture Engagement, Organizational and Leadership Development Plans

Nominating / Corporate Governance Committee

Corporate Governance, Board Composition and Elections, Director Education, Annual Director and Board Evaluations, Board Succession Planning

Management & Supporting Roles

- Executive Leadership Team
- Chief Environmental Officer
- Chief Customer Officer
- Chief Inclusion Officer
- Chief Compliance Officer
- Chief SEC Counsel & Corporate Secretary
- Sr. Manager, Investor Relations & ESG
- ESG & IR Analyst

Widely Recognized Sustainability Program Aligned with Best Practices

Leading Sustainable Water Utility



America's Most JUST Companies 2024
by JUST Capital and CNBC

Ranked 68th out of 937 companies



Barron's 100 Most Sustainable U.S. Companies 2024

Ranked 31st



Newsweek's List of America's Most Responsible Companies 2024



U.S. Department of Homeland Security SAFETY Act Designation

First U.S. Water and Wastewater Utility; Third Overall Utility



Bloomberg Gender Equality Index

Fifth Consecutive Year



J.D. Power 2023 #1 overall ranking for Customer Satisfaction with Large Water Utilities in respective region



Military Friendly Employer 2024



Disability Equality Index Best Places to Work for Disability Inclusion 2023







Center for Political Accountability's CPA-Zicklin Index



EPA WaterSense Excellence Award 2023

Key Ratings

Agency	Rating Type	Scale <i>(Best to Worst)</i>	Performance
 MSCI	MSCI ESG Rating	AAA – CCC	AA <i>Upgraded in 2023</i>
 SUSTAINALYTICS	Sustainalytics ESG Risk Rating	0 – 100	19.4 – Low Risk <i>Upgraded in 2024</i>
 CDP	CDP Climate Change Questionnaire	A – D	B <i>Highest ESG Score for U.S. Water Utility</i>
 ISS	ESG Corporate Rating	A+ – D-	B <i>In the Top Decile Rank with Prime Status</i>

Reporting & Disclosures



Frameworks & Standards



Reports & Disclosures

Sustainability Report & Data Summary

Inclusion, Diversity & Equity Website / Report
DiversityatAW.com

American Water Charitable Foundation
Community Impact Reports

Political Contributions

CDP

Policies

Anti-Corruption & Anti-Bribery Policy

Code of Ethics

Environmental Policy

Insider Trading and Prohibited Transactions Policy

Political Contribution Policy

Regulation FD Policy

Related Person Transaction Policy

Supplier Code of Conduct

Corporate Governance Guidelines

Board Committee Charters

Commitment to data transparency and sharing timely information on key sustainability and diversity metrics

Environmental

- Two science-based GHG emissions goals aligned with the Paris Agreement
- Disclosure of specific estimated Scope 3 emissions

Social

- Maintain two people-related goals in Annual Performance Plan meant to:
 - Increase representation of women at American Water
 - Increase ethnic and racial diversity at American Water
- Pay equity and gap audits and internal labor market analysis summary results
- Annual disclosure of EEO-1 Data starting with 2020

Governance

- Board individual diversity and skills matrix
- Proxy statement disclosure supports disclosure in clear, easy to read format
- Board charters and external governance documents recently updated for gender neutrality

2023 Data Summary

View key data and disclosure in our latest [2023 Data Summary](#)

Investor Relations Contacts



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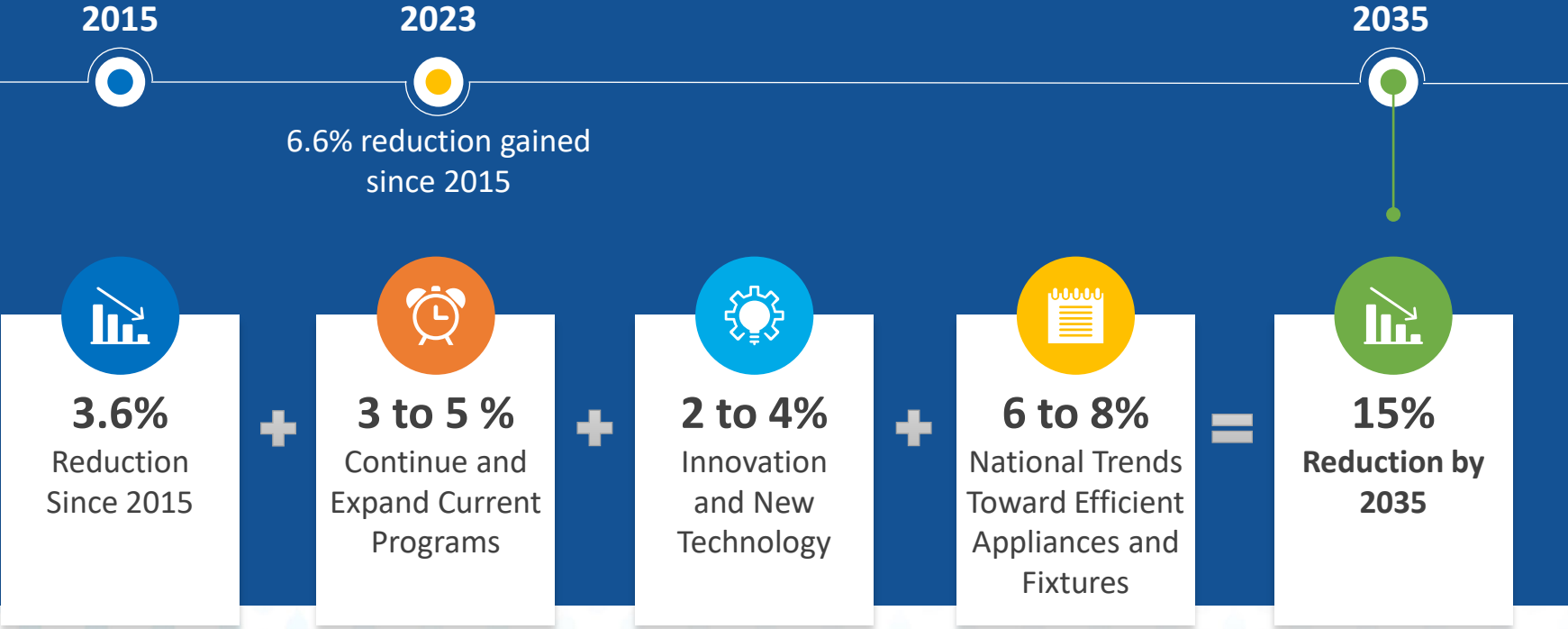
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Appendix

Water Use & Efficiency Goal



By 2035, American Water commits to meet customer needs while saving 15% in water delivered per customer compared to a 2015 baseline



BENEFITS

- Environment
- Energy Savings
- Avoided Capital
- Reduce Non-Revenue Water
- Lower Cost to Customers

Water Supply Resilience Goal

By 2030, increase our water system resiliency to respond to more extreme events by increasing URI* weighted average by 10% from 2020 baseline

2020 Baseline:

65.6%

2023 Performance:

69.6%



BENEFITS

- Availability and reliability of service
- Robust, comprehensive emergency planning
- Response to extreme events
- Customer, employee and public safety
- Physical, cyber and fiscal security
- Workforce resiliency

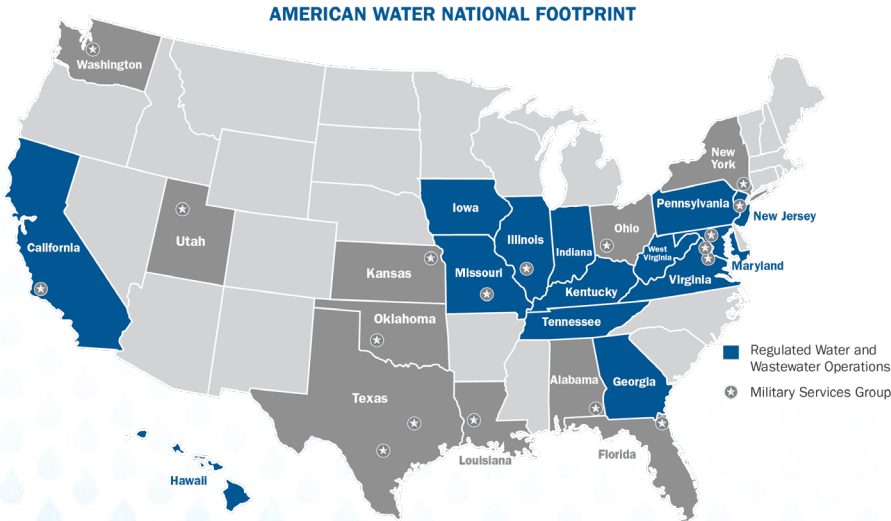
**Utility Resilience Index*

Greenhouse Gas Emissions Goals



As the nation’s largest water and wastewater utility provider, American Water is proud to provide water and wastewater services to more than 14 million people with regulatory operations in 14 states and on 18 military installations.

- Delivering a reliable supply of clean, safe, affordable and reliable water service to our customers and treating their wastewater is fundamental to our business.
- We are committed to limiting our impact on the environment and supporting the sustainability of a key resource to strengthen the 1,700 communities we serve.



Scope 1 and Scope 2 Emissions Goals

	Base Year Actuals	2023 Performance
<p>Short Term Reduce absolute scope 1 and scope 2 greenhouse gas emissions by more than 40% by 2025 from a 2007 baseline</p>	853,676 <i>Metric Tons CO2e (Rounded)</i>	37.4% Reduction 534,770 <i>Metric Tons CO2e (Rounded)</i>
<p>Medium-term Reduce absolute scope 1 and 2 emissions by 50% by 2035 from a 2020 baseline ¹ <i>Science-based and Paris Agreement Aligned</i></p>	546,630 <i>Metric Tons CO2e (Rounded)</i>	2.2% Reduction 534,770 <i>Metric Tons CO2e (Rounded)</i>
<p>Long-term Achieve net zero absolute scope 1 and 2 emissions by 2050 <i>Science-based and Paris Agreement Aligned</i></p>	<i>Not Applicable</i>	534,770 <i>Metric Tons CO2e (Rounded)</i>

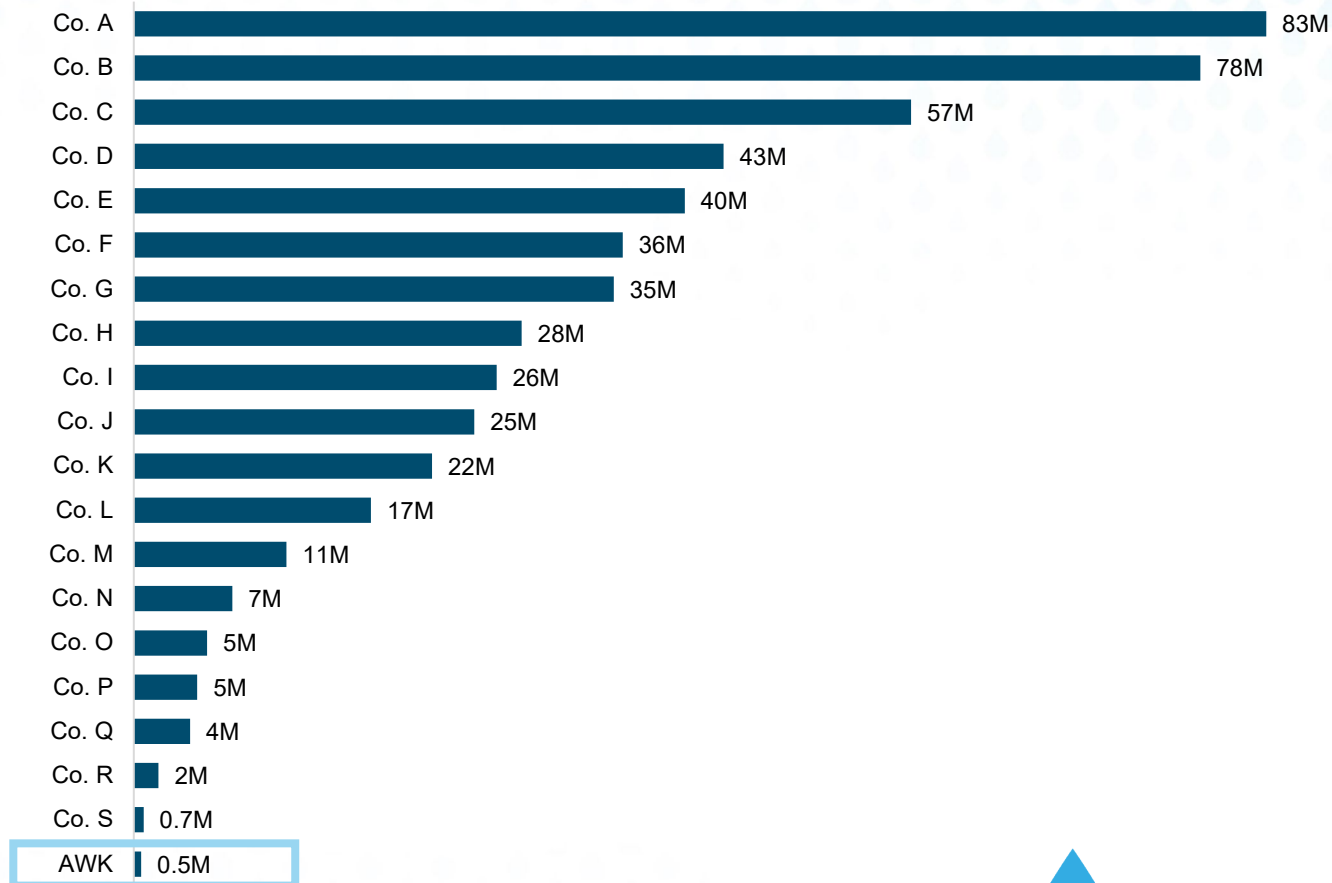
American Water's GHG Emissions Profile

Providing Services to 14M People with a Light GHG Footprint



American Water		
Scope 1: <i>Direct Emissions</i>	<ul style="list-style-type: none"> Stationary Fleet Vehicles Refrigerants 	73,000 MT
Scope 2: <i>Indirect Emissions</i>	<ul style="list-style-type: none"> Purchased Power from Electric Providers 	461,000 MT
2021 Scope 1 and 2 Subtotal		534,000 MT

AWK emissions are only 0.1% of the total emissions generated by the top 20 utilities*



■ 2021 Scope 1 and Scope 2 MT CO2e (Rounded)
 * Chart represents emissions for the top 20 U.S. utilities by market cap, sorted by emissions



Science-Based Goals for Scope 1 and 2 GHG Emissions Reductions - *Aligned with Paris Agreement*



Medium-term: By 2035, reduce absolute Scope 1 and 2 emissions by 50% (2020 baseline^{1, 2})
Long-term: Achieve Net Zero Scope 1 and 2 emissions by 2050

- Medium- and long-term goals are science-based and aligned with the Paris Agreement
- Complements existing short-term target of reducing absolute Scope 1 and 2 emissions by 40% by 2025 (2007 baseline)
- **Our focus: invest to improve sustainability while prioritizing customer affordability, resiliency & environmental justice**

American Water's Path to GHG Emissions Reduction in 2035

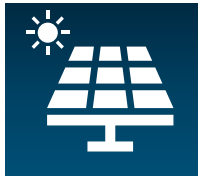
~\$150M-\$300M Total Capital Investment



+ 6%
Customer Growth ²
& Increased Energy Use



(40 - 45%)
Greening of Electric Grid ³



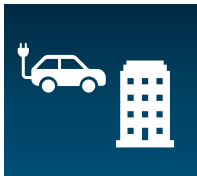
(5 - 7%)
Renewable Energy



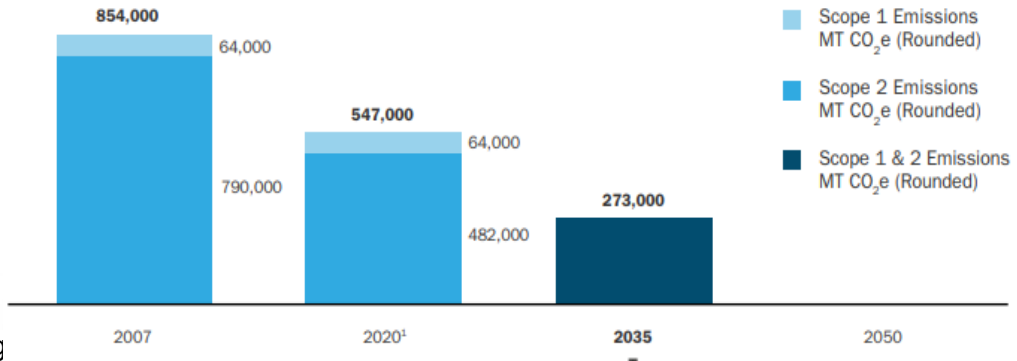
(5 - 7%)
Water Use & Efficiency



(3 - 5%)
Pumping & Operational Efficiency



(1 - 3%)
Fleet & Building Efficiency



¹ Scope 1 and scope 2 rounded emissions were updated in July 2023
² Includes organic growth; annual adjustments to baseline will occur to incorporate growth through acquisitions
³ Assumes States' renewable portfolio standards will be achieved and power providers will fulfill stated carbon transition plans

Supportive of United Nations Sustainable Development Goals

As the largest publicly traded water and wastewater utility in the United States, we have a great opportunity to contribute to the following UN SDGs through alignment with our business strategy and our management of material topics.



ESG at American Water

Annual Compensation Alignment



Annual Performance Plan (APP) Measures and Required Training

Environmental	Drinking Water Program Compliance	<ul style="list-style-type: none"> We are committed to protecting the environment and maintaining our history of materially complying with, and in many cases, surpassing, minimum standards required by applicable laws and regulations.
	Drinking Water Quality	<ul style="list-style-type: none"> We are committed to excellent water quality and maintaining our history of materially complying with, and in many cases, surpassing, minimum standards required by applicable laws
Social	Customer Satisfaction	<ul style="list-style-type: none"> Our service quality and ability to satisfy our customers are areas of focus of state public utility commissions in evaluating rate cases.
	ORIR	<ul style="list-style-type: none"> ORIR allows us to continue our momentum toward becoming an industry leader with respect to the safety and well-being of our workforce.
	DART Injury Rate	<ul style="list-style-type: none"> DART reflects serious incidents that result in the employee being placed in restricted duty or time away from work. This aligns with both our safety and people strategies as we believe that our employees should return home in the same or better condition than when they arrived to work.
	Female Representation	<ul style="list-style-type: none"> We are committed to closing the gender gap and maintaining a culture of inclusion. We recognize the benefits of increasing the percentage of women in our workforce to better reflect the customers and communities in which we serve.
	Racial/Ethnic Diversity Representation	<ul style="list-style-type: none"> We are committed to hiring diverse talent and believe that diversity creates stronger teams, better ideas, innovative ways of working, long-term sustainability and, ultimately, an organization that reflects the customers and communities in which we serve.
Gov.	Code of Ethics Training	<ul style="list-style-type: none"> Code of Ethics program requires completion of a training module in order for an employee to be eligible to receive an APP payout.

American Water Earns U.S. Department of Homeland Security (DHS) SAFETY Act Designation



- **American Water is the first U.S. water and wastewater company** and third utility to earn the Support Anti-Terrorism by Fostering Effective Technologies (SAFETY) Act designation
- Serves as one of the highest levels of accreditation offered by the DHS
- Promotes the development and deployment of effective anti-terrorism products, systems and services

Our continued commitment to the safety and security of our employees, customers and operations

Program Attributes

- Internal and external physical and cyber security exercises
- Information sharing and strong collaboration with our State and Federal partners
- Leveraging technology solutions to mitigate security risk

Program Governance

- Board oversight through Safety, Environmental, Technology, & Operations Committee
- Alignment to industry standards
- Independent audits on security controls
- Required security training for all employees



New Jersey American Water Partnering on the Largest U.S. Floating Solar Array



ESG at AWK Impact Story

New Jersey American Water is partnering with NJR Clean Energy Ventures to construct this solar array, which will help offset power costs at the Canoe Brook Water Treatment Plant

- 8.9 megawatt solar installation – construction underway
- Largest floating solar array in the U.S.
- Limited capital expense; will reduce plant's power costs
- Will provide 95% of the treatment plant's annual power needs
- GHG equivalent reduction of ~7,800 metric tons of CO2



Note: Image depicts rendering of the to-be-completed project



MSG Constructs Net Zero Operations Center

AWK Impact

Our Military Services Group constructed a net zero operations center at Hill Air Force Base to enhance energy efficiency and reduce emissions that contribute to climate variability.

- Reduced energy usage through decentralized heating and cooling
- Offset energy usage with solar panels
- Met all power supply needs during first three years of operation
- Provided 585 kilowatt-hours of clean energy back to the grid
- 15–20 year anticipated payback



American Water solar installation at Hill Air Force Base in Ogden, Utah

Our Acquisition Pipeline: Continued Growth and Community Impact for Decades to Come



Ribbon cutting ceremony in Sheridan, IN after \$9M capital investment

Sheridan, IN

Prior to Acquisition

- Environmental compliance challenges with the U.S. EPA
- Consistent sewer overflow events during wet weather
- Community growth restrictions stemming from non-compliance

Post Acquisition Accomplishments

- Partnered with state environmental agency to develop compliance plan
- Invested \$9M in capital improvements
- Zero compliance violations since capital improvements
- Significant community growth following plant improvements
- New revenue stream for city from property taxes
- Long-term rate stability for customers

Value of American Water's Resiliency Investments Demonstrated During Hurricane Ida

- The river outside our Raritan-Millstone Plant in New Jersey crested at record height of 44.87', three feet below the top of the recently heightened flood wall
- Flood doors at our Norristown Water Treatment Plant in Pennsylvania withstood 5' of floodwater
- Recently reinforced Scranton, PA dam withstood heavy rains
- Maryland received 8" of rain, raising the turbidity of the typical water supply; our operations switched to alternate water source
- In New York, emergency sump pumps & post-Hurricane Sandy upgrades handled floodwaters



Raritan-Millstone Water Treatment Plant

Scranton Wastewater: An American Water Success Story

Prior to Acquisition

- Consent Order and Long-Term Control Plan with the U.S. EPA
- \$140M in required upgrades
- Significant financial penalties
- ~700M gallons of sewer overflow discharge annually

Post-Acquisition Accomplishments

- Maintained reasonable rates for customers
- Zero EPA violations and fines
- 70% reduction in sewer overflow thus far
- More than 12,000 feet of sewer main replaced



Aerial view of the former Scranton Sewer Authority and proximity to Lackawanna River

	Under SSA 2001 - 2016	Under Pennsylvania American Water 2017 - Present
EPA Violations	15+	0
Fines	\$375,619	\$0

