American Water Sustainability Report

2024

AMERICAN WATER

WE KEEP LIFE FLOWING®

Contents

Forward-Looking Statements

Safe Harbor

This report includes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors. Actual results may differ materially from those discussed in the forward-looking statements included in this report.

Certain statements made, referred to or relied upon in this report are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. These forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," “should" and "could", and/or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water’s current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company’s actual results may vary materially from those discussed in the forward-looking statements included in this report as a result of the estimates, assumptions, risks, uncertainties and factors discussed in this report, in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, and in American Water's subsequent filings with the U.S. Securities and Exchange Commission. These forward-looking statements are qualified by, and should be read together with, such estimates, assumptions, risks, uncertainties and other factors, and the risk factors included in American Water’s annual and quarterly reports and other SEC filings, and readers should refer to all of the foregoing in evaluating such forward-looking statements. Any forward-looking statements American Water makes shall speak only as of the date that this report was initially published. Except as required by the federal securities laws, American Water does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise. New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water’s businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

About This Report

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This report, published in July 2025, covers our sustainability performance for calendar year 2024 across American Water and its operating subsidiaries' (Company) operations, and generally applies to both water and wastewater.

In this report, we disclose several standards from the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the Edison Electric Institute (EEI). In addition, we reference the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, providing information and data related to our approach to managing climate risk across the Company, and we take into consideration the United Nations Sustainable Development Goals (UNSDGs). We also submit responses annually to the CDP Corporate Questionnaire. Please see our content indices for specific references to each framework.

Preparing this report provides a valuable opportunity to assess and improve upon our sustainability progress and performance. We welcome your feedback on this report.

Please contact American Water Director of Sustainability, Janelle McNally, at Janelle.McNally@amwater.com with questions or feedback.

For more information on our sustainability efforts prior to 2024, please see our 2023 Sustainability Report, published in July 2024.

American Water employees take pride in sustainably serving customers and communities.

Greetings From Our President & CEO

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American Water is pleased to share its 2024 Sustainability Report. Our mission is to provide safe, clean, reliable and affordable water and wastewater services to our customers and communities. This aligns with and reinforces American Water's core values of Safety First; Trust, Dignity and Respect; One Team; High Performance; and Environmental Leadership.

It is important for American Water to measure and communicate our sustainability-related performance metrics to our stakeholders. This includes maintaining and investing in our portion of the nation's water and wastewater infrastructure for the benefit of our customers, the communities we serve, and our shareholders.

At our core, we're dedicated to sustainable operations, which is, simply put, good for our business. Our continued progress is recognized at the highest level. Among others, these include: one of *Forbes* 2025 Most Trusted Companies in America, in addition to being ranked first in the utilities industry category on *Forbes* America's Best Large Employers List for 2024; recognized on *Newsweek*'s America's Most Responsible Companies 2025 List; ranked on *Barron's* 100 Most Sustainable U.S. Companies 2024 List; and named one of America's Most JUST companies by JUST Capital and CNBC.

As we reflect on our progress in 2024 and focus on achieving further milestones in the coming years, this report affirms that our commitment to corporate and operational sustainability is yielding positive results for all our key stakeholders.

Thank you for your interest in American Water and in our efforts to achieve our sustainability goals.

John Griffith,
President and Chief Executive Officer

Investor Engagement

During 2024, our Investor Relations team, together with key executives and management, engaged approximately 250 investors. In addition, our Corporate Secretary and Investor Relations teams jointly led a shareholder outreach program focused on corporate governance, executive compensation, sustainability, customer affordability, environmental stewardship, shareholder disclosure and related topics.

Through this outreach program, now in its eleventh consecutive year and held both during and after proxy season, shareholders who beneficially owned, in the aggregate, approximately 52 percent of our common stock, as well as leading proxy advisory firms, were contacted.

The purpose of this outreach program is to better identify and understand the relevant topics that are most important to our shareholders. Through these sessions, we:

- Discussed topics of interest to our shareholders;
- Solicited shareholder viewpoints;
- Conveyed our views on those topics; and
- Gained a better understanding of areas of mutual consensus.

We received overall positive feedback regarding, among other things: our corporate governance framework, our Board composition, our proxy statement disclosures, our compensation practices, our annual sustainability report, our commitment to sustainability and customer affordability, including political contribution and lobbying governance and related disclosures. Shareholders expressed appreciation for our willingness to seek their views, and more importantly, the desire to establish an ongoing dialogue with them.

Shareholders also encouraged us to continue to make voluntary disclosures, including by providing summaries of our key initiatives that will help them better understand our policies, procedures and how we run the business. The input and insight gleaned from our shareholder outreach program is shared with management and our Board and was the basis for several areas of highlighted or expanded disclosure in this report, including: sustainability governance, our approach to water stress risk management, the successful achievement of our short-term greenhouse gas emissions reduction goal, our approach to treating for per- and polyfluoroalkyl substances (PFAS), and more.

About American Water

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People trust and depend on us to deliver safe, clean, reliable and affordable water and wastewater services. Our customers, employees, business partners and other stakeholders who invest in us expect and deserve nothing less. Every community should be stronger because we are there. What's good for the environment, our customers and employees, has also proven to be good for our shareholders and the financial sustainability of our Company. However, our ultimate measure of success is broader than just dollars and cents: We Keep Life Flowing® for our customers. We are uniquely positioned to provide these vital services through our regulated businesses. We are the largest regulated water and wastewater utility company in the United States, headquartered in Camden, New Jersey, and our common stock is listed on the New York Stock Exchange under the ticker symbol "AWK."

American Water's 6,700 talented professionals leverage their significant expertise and the Company's national size and scale to achieve excellent outcomes for our customers, employees, investors and other stakeholders.

Regulated Businesses

Our regulated utility segment is our primary business, which represented substantially all of our operating income for the year ended December 31, 2024 and involves providing water and wastewater services to residential, commercial, industrial and public authority customers.

Our national footprint consists of regulated operations across 1,700 communities, with approximately 3.5 million active customers.

Services provided by the regulated businesses are subject to regulation by multiple state utility commissions or other entities engaged in utility regulation, collectively referred to as public utility commissions ("PUCs"). Federal, state and local governments also regulate environmental, health and safety, and water quality and water accountability matters.

Military Services Group

In addition to our regulated operations, we also provide water and wastewater services to military installations across the country through our Military Services Group (MSG). As of December 31, 2024, we operated on 18 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program.

AMERICAN WATER NATIONAL FOOTPRINT

Our Values

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American Water is committed to supporting a high-performance workforce. This is demonstrated through our values of safety first; trust, dignity and respect; one team; environmental leadership; and high performance. American Water believes that investing time, energy and resources in its workforce generates new ideas, continuous improvement and high-quality and reliable service for its customers and communities.

Our Strategy

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Our strategy is the cornerstone of how we run our business— WHAT we need to do, HOW we achieve it, and WHY we do what we do. It spans three core areas of our business: Operational, Capital, and Regulatory. We believe that executing our strategy in accordance with our core values directly supports and benefits each of our principal stakeholders. Please visit our website for additional insight into our strategies.

Sustainability Overview

We consider sustainability principles, such as environmental leadership and corporate governance, fundamental to our corporate strategy and values. We have developed a cross-functional approach that supports and drives our sustainability strategy, principles and reporting, which includes the direct involvement and participation of our executive leadership team and oversight from the Board.

We focus our sustainability efforts in three primary areas: **financial, operational and cultural**. We seek to achieve **financial sustainability** through our disciplined approach to capital investment and regulatory execution, which supports our efforts to grow our business and drive shareholder value while addressing water and wastewater challenges in the United States. Our capital investment program is financed with cash flows from operating activities and through a combination of debt and equity capital issuances structured to maintain a healthy balance sheet over the long term. The Company's approach to balance sheet management is centered on maintaining investment-grade metrics, substantial liquidity provided by highly-rated financial institutions, and interest rate management on new debt issuances through our hedging program. We expand on financial sustainability in the following section.

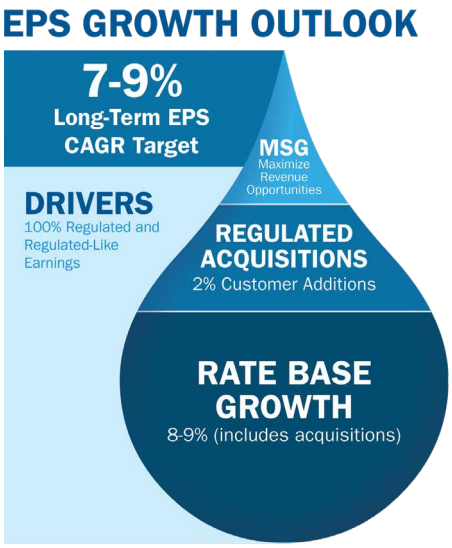
Operational sustainability means focusing on our operating performance and the day-to-day management of our water and wastewater systems that provide safe, clean, reliable and affordable service. We focus on the quality of execution and the need to operate our systems safely, efficiently and in compliance with all environmental requirements, for the benefit of our customers. We believe this approach to operational sustainability is aligned with the values of our regulators and policymakers.

Cultural sustainability is reflected in our commitment to support a high performing workforce, while seeking to attract and retain employees who share our purpose and values and understand the needs of the communities in which we serve. We demonstrate this commitment to our employees through our values. We also believe that investing time, energy and resources in our workforce helps to generate new ideas, continuously improve operations and provide high quality, reliable service for our customers and communities.

Our values and actions have achieved various recognitions for demonstrating leadership in several areas related to trust, responsibility, sustainability and support of our communities, customers and employees. Among others, American Water was recognized as one of the *Forbes* 2025 Most Trusted Companies in America, in addition to being ranked first in the utilities industry category on *Forbes's* America's Best Large Employers List for 2024. Also, American Water has been ranked on *Barron's* 100 Most Sustainable U.S. Companies 2024 List and named one of America's Most JUST companies by JUST Capital and CNBC for its continued commitment to employees, customers, communities and shareholders. Finally, American Water was also included on the America's Most Responsible Companies 2025 List by *Newsweek*.

Financial Sustainability

Through our disciplined approach to capital investment and regulatory execution, we continue to offer shareholders a compelling growth opportunity while addressing water and wastewater challenges across the country.



Illustrating our future outlook, our growth water drop represents how shareholders can expect American Water to consistently execute for the long term. Rate base growth is at the foundation of our earnings growth story, combined with a robust regulated acquisition strategy and organic growth from our Military Services Group – all forming a part of our targeted 7 to 9 percent compounded long-term earnings growth rate.

In 2024, our capital investment in regulated operations totaled $3.3 billion. American Water is making these critical water and wastewater infrastructure investments as we stay keenly focused on customer affordability. Key to that focus is our culture of continuous improvement and delivering on better, more efficient ways to work.

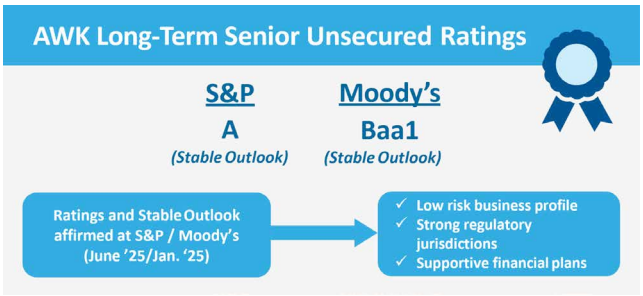
Enabling our growth is a true competitive advantage that stems from American Water's diverse regulated operations across 14 states. This results in flexibility in capital deployment, mitigation of risk around weather variability impacts, and the use of best practices across our diverse operating footprint.

We have achieved a five-year total shareholder return (TSR) of 11 percent and a ten-year TSR of 183 percent. Though certain macro-economic issues have impacted our near term relative TSR performance, we are certain that our industry-leading results in 2024, together with our earnings growth and dividend growth expectations, continue to offer exceptional value for our shareholders. Consistent with our expectations for earnings growth, we have had 16 consecutive years of dividend increases, with a compounded annual growth rate of 8.9 percent over the last five years. These results are an outcome of our commitment and adherence to our company values and sound execution by our dedicated employees of our business strategy.

In April 2025, S&P affirmed our solid "A" investment grade credit rating and stable outlook and noted our improved FFO to debt ratio, which followed Moody's affirmation of its rating and outlook for us in January 2025.

We believe the combination of our earnings and dividend growth, supported by our significant, low-risk, capital investment plan, and our focus on customer affordability and sustainability leadership, will continue to be rewarded by our investors. Based on our long-term plan and our history of executing our strategies, we are committed to delivering a very competitive, sustainable shareholder return for many years to come. This, along with the strength of our balance sheet and our liquidity profile, provides a firm foundation for the financial sustainability of our company.

For more information on the financial sustainability of the company, please refer to the most recent annual report, quarterly report, proxy statement, or other relevant information filed with the U.S. Securities and Exchange Commission.



Our Environmental Goals

Water Use & Efficiency Goal

Continue to meet customer needs while saving 15% in water delivered per customer by 2035 compared to a 2014/2015 averaged baseline.

Through this target, we aim to provide customers with the water they need while increasing efficiency and reducing water loss. We will achieve this target by expanding best practices from existing conservation programs, using innovative technologies such as Advanced Metering Infrastructure (AMI) and leak detection and investing capital to improve the integrity of our buried infrastructure. These actions will reduce water loss and non-revenue water and minimize customer rate impacts.

Water Supply Resilience Goal

Increase our water system resiliency to respond to more extreme events by 2030 (measured as a 10% increase in Utility Resilience Index (URI) from the 2020 baseline weighted average).

By committing approximately 10–12% of our total capital investment to resiliency projects each year and continuing to strengthen our employees through incident management training and emergency preparedness, we will increase our ability to avert and/or respond to an incident and return to normal operations timely.

ACHIEVED SHORT TERM EMISSIONS GOAL WITH 41.5% REDUCTION

Paris Agreement aligned and science-based goals.

GHG Emissions Short-Term Goal

Reduce our absolute scope 1 and scope 2 GHG emissions by more than 40% by 2025 from a 2007 baseline.

GHG Emissions Medium-Term Goal

Reduce our absolute scope 1 and scope 2 emissions by 50% by 2035 from a 2020 baseline[1].

GHG Emissions Long-Term Goal

Achieve net zero absolute scope 1 and scope 2 emissions by 2050[1].

We will work to achieve these goals by continuing to improve energy and water efficiency, increasing our electric fleet, procuring renewable energy and continuing to encourage customers to install water efficient appliances and fixtures.

1 Includes organic growth; annual adjustments to baseline will occur to incorporate growth through acquisitions. Assumes States' renewable portfolio standards will be achieved and power providers will fulfill stated carbon transition plans.

Sustainability Alignment with Annual Performance Plan

Our Annual Performance Plan (APP) provides for at-risk cash compensation to be paid to Company employees upon the achievement of stated annual performance goals that are aligned with our commitment to sustainability. Performance measures and other mandatory training requirements for 2024 APP eligibility included the following:

- Drinking Water Quality and Program Compliance goals;
- Customer Satisfaction and Employee Safety goals; and
- Completion of an annual Compliance and Ethics Department training module.

See the APP and summary sections of our 2025 Proxy Statement for general information on the 2024 APP.

United Nations Sustainable Development Goals (UN SDGs)

As the largest regulated water and wastewater utility in the United States, we have an opportunity to contribute to the following UN SDGs through alignment with our business strategy and our management of material topics. Please refer to listed sections to read more about our approach and performance on these topics.

UN SDG 6
Clean Water and Sanitation

- Local Communities
- Water Quality & Emerging Contaminants
- Water & Wastewater Infrastructure
- Water Supply Resilience

UN SDG 9
Industry, Innovation and Infrastructure

- Water & Wastewater Infrastructure

UN SDG 11
Sustainable Cities and Communities

- Water & Wastewater Infrastructure
- Climate & GHG Emissions
- Water Supply Resilience

UN SDG 13
Climate Action

- Climate & GHG Emissions
- Local Communities
- Water & Wastewater Infrastructure

UN SDG 3
Good Health and Well-Being

- Employee Health, Safety & Well-Being
- Water Quality & Emerging Contaminants
- Water & Wastewater Infrastructure

UN SDG 4
Good Education

- Local Communities
- Talent Attraction, Retention & Development

UN SDG 5
Gender Equality

- Trust, Dignity & Respect
- Local Communities

UN SDG 12
Responsible Consumption and Production

- Water Supply Resilience
- Water Use & Efficiency

Corporate Governance & Business Ethics

Corporate Governance

We maintain effective corporate governance practices that are aligned with our strategic direction, help to build a safe and inclusive workplace and serve to maintain our ethical reputation. Our corporate governance practices include:

- Having a Board of Directors that demonstrates high ethical standards;
- Implementing policies and procedures that support quality governance practices, operating in stakeholders' best interests and engaging stakeholders;
- Promoting the integrity of governing bodies, such as by having a substantial majority of independent directors and an independent Board Chair, separate from the CEO;
- Having the Board and its committees hold executive sessions as needed without management present;
- Helping provide clear lines of accountability for material environmental and operational matters, including Board engagement on these matters; and
- Demonstrating transparency and accountability to stakeholders through clear and timely public disclosure.

RELATED RESOURCES

- Audit, Finance and Risk Committee Charter
- Executive Development and Compensation Committee Charter
- Nominating/Corporate Governance Committee Charter
- Charter Safety, Environmental, Technology and Operations Committee Charter
- Anti-Corruption & Anti-Bribery Policy
- Policy Board of Directors
- Corporate Governance
- Guidelines
- Code of Ethics
- Insider Trading and Prohibited Transactions Policy
- Partners and Suppliers
- Political Contributions and Lobbying Expenditures
- Related Person Transaction Policy
- Supplier Code of Conduct

Governance Structure

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Our corporate governance structure promotes accountability and integrity across the organization. Our Board of Directors has designated the following standing committees:

- Audit, Finance and Risk Committee ("AFRC") ;
- Executive Development and Compensation Committee ("ED&CC");
- Nominating/Corporate Governance Committee ("Nominating Committee"); and
- Safety, Environmental, Technology and Operations Committee ("SETO Committee").

Board Leadership and Representation

In accordance with our Corporate Governance Guidelines, the Board Chair is an independent director and is separate from the CEO. We believe that the oversight function of a board of directors is enhanced when an independent director, serving as board chair, is in a position to set the agenda for, and preside over, meetings of the board of directors. We also believe that our leadership structure enhances the active participation of our independent directors.

The Board believes that it is important for good governance to maintain among its members a balance of skills, qualifications, backgrounds and experiences, as well as director representation characteristics.

We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will enable the Board to fulfill its responsibilities. We also seek to maintain a continual balance of directors with historical and institutional knowledge and experience coupled with new directors who have recently joined the Board.

The following matrix[1] highlights the key skills, qualifications, backgrounds and experiences, as well as director representation characteristics, of our directors. All information is based upon voluntary self-identification.

1 Reflects the elected directors as of our Annual Shareholder Meeting in May 2025.

	Jeffrey N. Edwards	John C. Griffith	Laurie P. Havanec	Julia L. Johnson	Patricia L. Kampling	Karl F. Kurz (Board Chair)	Michael L. Marberry	Stuart M. McGuigan
American Water Strategic Priorities								
Customer Experience	●	●	●	●	●	●	●	●
Customer Growth and Acquisitions	●	●	●	●	●	●	●	●
Safety	●	●	●	●	●	●	●	●
Human Capital Management	●	●	●	●	●	●	●	●
Investors/Financial	●	●	●	●	●	●	●	●
Regulators/Policymakers	●	●	●	●	●	●	●	●
Operational Excellence	●	●	●	●	●	●	●	●
Additional Key Skills								
C-Suite	●	●	●	●	●	●	●	●
Governance/Risk Management	●	●	●	●	●	●	●	●
Legal	●	●	●	●	●	●	●	●
Sustainability	●	●	●	●	●	●	●	●
Technology and Cybersecurity	●	●	●	●	●	●	●	●
Representation								
Female			●	●	●			
Ethnically/Racially Diverse				●				

● Technical Expertise ● Managerial Knowledge ● Working Knowledge ● Representation

Sustainability Governance and Oversight

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The Board of Directors oversees the Company's strategy and performance related to sustainability through its four standing committees:

- The SETO Committee has oversight and responsibility with respect to, among other things: water quality and emerging contaminants; operational matters and functions; environmental and climate-related matters; and physical security and cybersecurity.
- The AFRC has oversight and responsibility with respect to, among other things: the Company's risk assessment and enterprise risk management; the Company's financial statements and accounting; the Company's independent auditor; internal audit and controls; and ethics and compliance matters.
- The ED&CC oversees, among other things: the Company's human capital management; culture and related engagement with employees; and executive development, succession and compensation.
- The Nominating Committee has oversight and responsibility with respect to, among other things: corporate governance; Board and committee membership, leadership and composition; director independence, nominations and succession; and director education.

American Water has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting. The Company's management function around sustainability involves the direct involvement and participation of a number of its business units, including its executive leadership team (ELT)[2], as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations professionals. In addition, the Company has developed a sustainability management steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

2 The ELT is comprised of the President and Chief Executive Officer (CEO), Executive Vice President (EVP) and Chief Financial Officer (CFO), EVP and Chief Operating Officer (COO), EVP and General Counsel, EVP, Communications and External Affairs, and the SVP, Chief Human Resources Officer (CHRO).

Business Ethics

Policies

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At American Water, how we conduct business is just as important as achieving our goals. We are deeply committed to a safe and ethical workplace where all individuals are treated with mutual respect and dignity. We have zero tolerance for discrimination, harassment or retaliation by or toward any employee, supplier, customer or other person in our workplace. One of the pillars of our culture of high integrity is our Code of Ethics ("Code"), which was most recently updated in 2023.

All employees are expected to comply with the Code at all times while at work and, in certain instances, in their personal life. To reinforce the expectations outlined in the Code, all employees, and our Board of Directors, complete Code trainings annually. Employees are responsible for knowing and complying with the Code and the other Company policies, practices, and laws that apply to the work they do. Employees are also encouraged to raise concerns to the appropriate Company resource if they see behavior that does not meet our expectations and commitment to an ethical, high-integrity culture. Failure to abide by our Code may lead to disciplinary action, up to and including termination of employment.

We have adopted several policies and practices that demonstrate our commitment to high integrity and ethics, including those related to anti-bribery/anti- corruption, meals, gifts and business entertainment, and company purchasing cards. Our annual conflict of interest disclosure process helps employees understand what types of conduct could give rise to a perception of unfair advantage as well as actual and potential conflicts of interest, reinforcing the need for transparency and to always make decisions that are in the best interest of the Company.

Ethics Helpline

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To report potential violations, American Water has an independent, secure and confidential Ethics Helpline that is available to employees and external stakeholders, including suppliers and customers. The Ethics Helpline is available 24 hours a day, 7 days a week (24/7), and can be contacted via a toll-free telephone number or website.

If employees have questions about whether behavior or a situation they face is consistent with our Code, they are encouraged to seek guidance or raise concerns by contacting their manager, Human Resources (HR), the Compliance and Ethics/Legal Department, Security, and/or the Ethics Helpline.

The Compliance and Ethics Department reviews all concerns raised through the Ethics Helpline. When aware of a potential violation of our Code, the Compliance and Ethics Department investigates and management will take corrective action, as necessary, while ensuring that those who report concerns or participate in an investigation are treated fairly.

The Chief Compliance Officer (or equivalent) is responsible for overseeing all concerns raised about conduct that might violate the Code or related policies. The Board's Audit, Finance and Risk Committee oversees the operations of the Compliance and Ethics Department.

Supply Chain

We hold our business partners to the same standards of integrity to which we hold ourselves. We seek to establish strong partnerships with U.S.-based companies to source products made in the United States and to further invest in our communities by working with various suppliers in the areas we serve. We abide by our "Buy U.S." practice, which requires U.S.-based procurement for federal or state-funded projects. In 2020, we established a separate Supplier Code of Conduct to govern these relationships, focusing on ethical business conduct, health and safety, environmental standards, human rights and fair treatment and management procedures, by which we expect all suppliers to abide.

Human Rights

American Water is committed to conducting business in an ethical and responsible manner that recognizes human rights, including those identified in the United Nations Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

As a company with operations solely in the United States, American Water is subject and adheres to Federal and state legislation and regulations that guide wages, working conditions, customer protections and other human rights topics. Many of American Water's commitments to human rights are embedded within other relevant corporate governance documents, which include:

- Anti-Corruption & Anti-Bribery Policy
- Code of Ethics
- Equal Employment Opportunities Statement
- Supplier Code of Conduct

Environmental Justice

As disclosed in our 2023 Sustainability Report, American Water believes that individuals should have access to safe, clean, reliable and affordable drinking water and wastewater service and that communities are stronger because American Water has the privilege to serve them.

As an owner of regulated water and wastewater utilities that operate in 13 jurisdictions with oversight by PUCs, our policies, processes and actions are examined through open and transparent proceedings in which customers, communities and impacted parties are represented and may actively participate.

We remain committed to continuing our journey of identifying, analyzing, and measuring the potential impact of our business on the communities we serve, and will summarize the findings of our assessment on our website in due course.

Cybersecurity

The Company's cybersecurity program is an integral part of the long-term sustainability and effectiveness of the Company's operational and technology environment. To protect the integrity of its data and operational and technology systems, the Company employs a "defense-in-depth" strategy that uses multiple security measures. This strategy aligns with the National Institute of Standards and Technology Cyber Security Framework and provides preventative, detective, and responsive measures to identify and manage risks. The Company periodically reviews and modifies the implementation of its cybersecurity strategy based on, among others, threat trends, program maturity, the results of assessments, and the advice of third-party security consultants.

The Company's cybersecurity program includes the following areas of focus:

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;
- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors;
- Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and
- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances.

Cybersecurity Risk

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although the Company has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective.

Incident Response

The Company utilizes an established internal framework designed to assess promptly the severity and materiality of cybersecurity incidents based on predefined quantitative and qualitative criteria and to determine the appropriate level of response. Incidents are escalated to the relevant management teams based on their severity and materiality for prompt response and mitigation. The Company maintains a standing crisis response team comprised of individuals from various functional units, including without limitation Information Technology, Legal, Finance, Enterprise Risk Management, Operations and Communications, to respond to cybersecurity and physical security incidents, environmental incidents and health and safety emergencies, among others.

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident. By way of example, as previously disclosed, on October 3, 2024, the Company identified unauthorized activity within its information technology computer networks and systems, which was determined to be the result of a cybersecurity incident. Upon identification of this activity, the Company immediately activated its incident response protocols and third-party cybersecurity experts to assist with containment and mitigation activities and to investigate the nature and scope of the incident. None of the Company's water or wastewater facilities were impacted by this incident, and the incident did not have a material effect on the Company or its financial condition or results of operations.

Partnerships & Leadership

Fostering effective partnerships is key to our success and to supporting security and resiliency across the water and wastewater sector. We partner with environmental organizations, public service commissions, state fusion centers[1], the Department of Homeland Security and the Federal Bureau of Investigation to share information and promote security best practices. We take a leadership role in advancing security and resiliency of the water and wastewater sector through participation in key working groups. American Water personnel have roles on the American Water Works Association's (AWWA) Water Utility Council and on the Water Sector Coordinating Council, a public-private partnership in which we collaborate with other utilities and the EPA to plan and implement sector-specific programs, policies and activities.

Governance

The Board of Directors is responsible for oversight of the Company's cybersecurity program and the Company's responses to cybersecurity risk. The Board of Directors has delegated to its SETO Committee responsibility for the oversight and review of technology policy, strategy and governance, and cybersecurity issues that could impact the Company's operational performance or risk profile. The SETO Committee meets at least quarterly and receives reports related to cybersecurity threats, trends and risks, and related mitigation activities. In addition, the SETO Committee and the Board of Directors receive reports of periodic external assessments and internal testing of the effectiveness of the Company's cybersecurity program.

The SETO Committee coordinates with the Audit, Finance and Risk Committee, as appropriate, on matters related to cybersecurity risk. The Audit, Finance and Risk Committee is responsible for, among other things, overseeing the adequacy and effectiveness of the Company's system of internal controls and the Company's risk assessment and management strategy, including with respect to cybersecurity risks.

1 Fusion Centers are state-owned and operated centers that serve as focal points for the receipt, analysis, gathering and sharing of threat- related information between State, Local, Tribal and Territorial (SLTT), federal and private sector partners. www.dhs.gov/fusion-centers

Policies

American Water values the safety and security of our customers, employees, business partners and other stakeholders. In support of this, we maintain policies that govern our management of cybersecurity across our operations. Our Cyber and Information Security Policy and Acceptable Technology Use Policy provide requirements for the secure use and management of information resources and technology systems within the Company. Our Sensitive Information Security Policy sets forth standards and security requirements regarding sensitive information handled by the Company, including personally identifiable information of American Water employees, customers and business partners.

Data Privacy

Regarding the protection of the personally identifiable information entrusted to us, we have policies and procedures regarding our collection, use and sharing of this information. We also publicly disclose information about the data we collect, how it is used, and when and whether it may be shared. We do not collect Social Security Numbers and practice data minimization so that personally identifiable information can be safely deleted when no longer needed or as required by applicable law.

STAKEHOLDER ENGAGEMENT

In the fall of 2024, the American Water Charitable Foundation provided a $40,922 grant to Camden Special Services District (CSSD) through the One Water Street Grant Program, supporting the CSSD's Clean & Green Downtown Camden Initiative.

Engaging Our Stakeholders

2-25, 2-29; 3-3

American Water recognizes GRI's definition of a stakeholder as an individual or group that has an interest that is affected or could be affected by the organization's activities. American Water also considers parties that could affect the Company as stakeholders. We regularly engage with our stakeholders to better understand their concerns, needs and expectations for American Water. Our stakeholders are vital to our business, and their feedback informs policies, practices and programs across our organization.

MATERIALITY ASSESSMENT

3-1

We refreshed our Materiality Assessment in 2022, which serves as an important engagement activity to help determine which issues are most important to our stakeholders. We have reviewed the material topics and believe they are still applicable for 2024. We expect to refresh our Materiality Assessment in the near future.

Stakeholder Engagement by Group

3-1

This table summarizes the type and frequency of our stakeholder engagement, as well as the topics most important to each group.

Stakeholder Group	Engagement Mechanism	Engagement Frequency	Priority Topics
Communities	Community surveys, volunteering, open houses/plant tours, community events, townhalls	Monthly	Water Access & Affordability; Water Use & Efficiency; Water & Wastewater Infrastructure; Customer Experience
Customers	Customer service orders, bills, direct mail, emails, texts, social media, reliable access to call center agents, website, portal, surveys	Daily and On-Demand	Customer Experience; Water Access & Affordability; Climate & GHG Emissions; Trust, Dignity & Respect; Cybersecurity; Data Privacy & Physical Security; Water Use & Efficiency
Employees	Employee engagement / Employee experience survey, town hall meetings, webcasts, intranet, labor management conference, job fairs	Daily	Talent Attraction, Development & Retention; Employee Experience; Employee Health, Safety & Well-Being; Water Quality & Emerging Contaminants
Sustainability Raters	Conferences, surveys, meetings	Annually	All Priority Topics
Industry Associations	Conferences, memberships, meetings	Quarterly	Water & Wastewater Infrastructure; Water Quality & Emerging Contaminants; Local Communities
Investors	Conferences, on and off-season engagement meetings, earnings calls, investor presentations	Weekly	Water & Wastewater Infrastructure; Water Supply Resilience; Corporate Governance; Climate & GHG Emissions
Legislators (Federal)	In person meetings, virtual meetings, legislative hearings and forums, open meetings, calls, events	Monthly	Water Access & Affordability, Water & Wastewater Infrastructure, Water Quality & Emerging Contaminants, Cybersecurity
Legislators (State)	In person meetings, virtual meetings, Legislative hearings and forums, open meetings, calls, events	Varies Daily to Quarterly (depending on Legislative Schedule)	Water & Wastewater Infrastructure, Water Use & Efficiency, Water Quality & Emerging Contaminants, Water Access & Affordability, Water Supply Resilience, Employee Health & Safety
Non-Governmental Organizations (NGOs)	Meetings, conferences	Monthly	Water & Wastewater Infrastructure; Water Access & Affordability; Climate & GHG Emissions
Regulators	Conferences, meetings, tours, regulatory associations, proceedings	Monthly	Cybersecurity, Data Privacy & Physical Security; Climate & GHG Emissions; Water & Wastewater Infrastructure; Water Quality & Affordability
Suppliers	Select Supplier Audits, Supplier Business Reviews	Monthly	Employee Health, Safety & Well-Being; Water & Wastewater Infrastructure; Climate & GHG Emissions; Water Quality & Affordability; Cybersecurity, Data Privacy & Physical Security
		Quarterly	Trust, Dignity & Respect
		Annually	Water Quality & Emerging Contaminants
Unions	Labor management meetings, National Labor Management Council, Joint Health Care Committee, labor management conference	Monthly	Water & Wastewater Infrastructure; Water Quality & Emerging Contaminants; Water Access & Affordability; Trust, Dignity & Respect; Employee Health, Safety & Well-Being; Talent Attraction, Engagement & Retention

Please see the Local Communities; Public Policy; Customer Experience; Talent Attraction, Development & Retention, and Trust, Dignity & Respect sections in this report for further detail about how we engage with specific stakeholder groups.

Association Memberships

2-28

Industry association memberships allow American Water to share best practices, support constructive legislation and collaborate to provide high-quality services to customers. We belong to and engage with many organizations at the local, state and national level, and in many instances, our employees take on leadership roles through serving on organizational committees and boards. Below are several of the organizations that we engaged with in 2024.

National Industry Organizations:

- American Chemical Society
- American Society of Civil Engineers (ASCE)
- American Water Works Association (AWWA)
- Board of Certified Safety Professionals
- Community Leaders of America
- Edison Electric Institute (EEI)
- Financial Research Institute (FRI)
- National Association of Regulatory Utility Commissioners (NARUC)
- National Utilities Diversity Council
- New Mexico State University Regulatory Conference
- Society for Corporate Governance
- U.S. Conference of Mayors Water Council
- Water Research Foundation
- Water Sector Coordinating Council

We are also active members and partners of organizations local to the communities and states we serve. When needed, we work with these organizations to develop formal engagement and communications plans for external groups, including customers, regulators, NGOs and state environmental commissions.

American Water participated in panels at the 2024 NARUC Annual Meeting and Education Conference.

Local Communities

WHY IT MATTERS

As a national water and wastewater utility company with a local presence, we believe helping our communities thrive is a business imperative. We are proud to support the communities we serve by providing water and wastewater services that create local economic benefits. Our investments and services help communities attract new businesses and residents, which results in increased employment opportunities for community members.

American Water regularly engages with our customers and communities to better understand how we can meet their needs through strong partnerships, communications and collaborations. We remain true to our values by providing opportunities for local employment, financial support and volunteerism. Through community contributions, we hope to create positive local impacts and demonstrate our values.

During American Water's AmerICANs in Action! Month of Service in 2024, more than 900 employees participated in 84 community volunteer projects, contributing over 3,000 hours of service.

OUR APPROACH

Policies

We recognize that our communities all have different needs and expectations for our business and their interactions with us, so we leverage local procedures to guide local engagements across our business.

Governance

Our EVP of Communications and External Affairs leads our community engagement practices and procedures. Across American Water's national footprint, our External Affairs teams supervise local interactions and work directly with the communities we serve.

RELATED RESOURCES

- American Water Charitable Foundation Overview
- Keep Communities Flowing: 2024 Community Impact Report

American Water was thrilled to host students from the Rutgers University-Camden School of Business for a full-day workshop focused on key business functions in the water and wastewater utility sector.

Community Engagement

We want every community we serve to be better and more viable because we are there. Focusing on open and consistent communication about our services allows us to build trust and support in the communities we serve.

Community members and customers can reach us through multiple channels, including our customer portal, MyWater, social media, webinars, town hall meetings, community meetings and surveys, to voice concerns, ask questions or provide feedback. We encourage our local community members to better understand who we are and what we do through plant tours, open houses and other events. We also engage with our local communities through educational campaigns and volunteerism at local schools to help build our talent pipeline and encourage careers in water. In addition, American Water hosts its annual AmerICANs in Action! Month of Service every September. For more information, please refer to the Customer Experience section.

This engagement also flows through our approach to abiding by fair development, implementation, and enforcement of all environmental laws, regulations and policies for those we serve regardless of race, color, national origin, or income.

American Water Charitable Foundation

American Water believes in the power of giving to support and uplift the communities we serve. The primary focus of the American Water Charitable Foundation (AWCF) is to support employees in their own charitable endeavors, provide stronger support for disaster relief efforts and provide funding for higher level initiatives related to clean water, conservation, education and community sustainability. Since inception, AWCF has invested over $20 million in funding through grants and matching gifts that are important to our employees and our communities. Our charitable focus to Keep Communities Flowing empowers our employees to get involved and our communities to learn how every drop counts.

In 2024, AWCF awarded over 400 grants and $4.7 million in communities served by American Water through the Keep Communities Flowing Grant Program. These efforts were in addition to over $1 million donated by Company employees and matching contributions by AWCF, totaling more than $5 million combined.

AWCF focuses on three pillars of giving: Water, People and Communities. In 2024, AWCF awarded over 400 grants and $4.7 million in communities served by American Water through the Keep Communities Flowing Grant Program. Additionally, over 4,000 employees participated in the Foundation's Employee Matching Gift and Rewards Programs, with Company employees and AWCF together donating over $1 million to 2,300 public charities.

- **Water:** The Water and Environment grant program supports clean water, conservation, environmental education and water-based recreation.
- **People:** The Workforce Readiness grant program is focused on providing general career readiness, financial and business literacy, positive youth development, mentoring and life skills to help prepare future leaders of tomorrow. The Science, Technology, Engineering and Math (STEM) Education grant program aims to provide students access to curricular and extracurricular programs that promote high-quality learning.
- **Communities:** The Community pillar focuses on three invitation-only strategic grant opportunities (State, Corporate and One Water Street) that enrich local relationships and strengthen communities served by American Water.

Through its Employee Volunteer and Matching Gift Program, Employee Crisis Fund, Disaster Relief Program and Keep Communities Flowing Grant Program, AWCF is making a difference every day in communities throughout the country. AWCF also has several national partnerships, including the National Urban League and the American Red Cross. Giving back is part of who we are.

Employee Volunteering and Giving

AWCF encourages American Water employees to give back to the communities and causes they care about by matching eligible volunteer time ($20 per hour match) and monetary donations on a 1:1 basis for up to $1,000 per employee each calendar year.

The American Water Charitable Foundation provided a $40,000 grant to the Malcolm Jenkins Foundation to help improve access to food and essential resources in Camden, N.J.

Public Policy

WHY IT MATTERS

Our goal as a regulated utility is to support laws and policies that enhance our ability to provide our customers with safe, clean, reliable and affordable high-quality water and wastewater services. We engage with every level of government to voice our support for effective policies that align with our business values.

We also participate in several non-partisan partnerships to advocate for effective environmental, health and safety, and water quality standards and regulations at the local, state and federal levels.

We see ourselves as a key stakeholder for policy decisions that affect the water and wastewater utility industry. Our thought leadership can help inform the decisions of regulators and policymakers and potentially prevent ineffective or costly regulation. We will continue working with regulators and other stakeholders to support responsible policies that enhance our ability to provide our customers with cost-effective water and wastewater solutions and that align with our business strategies.

OUR APPROACH

Policies

Our Code and related policies govern our interactions with government officials and regulators, including lobbying, political contributions, meals, gifts and business entertainment. Our Code is updated biannually and is reviewed and approved by our Board of Directors. Through our Political Contribution Policy, our Board of Directors oversees the structure, processes and disclosures related to our political contributions, and we publicly disclose on our website annually our political contributions and the amount of our overall lobbying expenditures. Additionally, our Anti-Corruption & Anti-Bribery Policy underscores our commitment to engaging with government officials in compliance with applicable anti-corruption laws and regulations in the areas where we operate.

RELATED RESOURCES

- Political Contribution Policy
- Political Contributions
- Anti-Corruption & Anti-Bribery Policy

Governance

Our Board of Directors, through its Nominating Committee, oversees the political contributions and related disclosures of American Water. Consistent with its purpose to assist the Board in establishing and maintaining appropriate and sufficient standards of corporate governance, the Nominating Committee reviews and evaluates the effectiveness of our Political Contribution Policy at least annually and reviews and makes recommendations to the Board for approval in advance of the public disclosures required by the policy, including political contributions, third-party payments and lobbying expenditures. In addition, the Board of Directors of the American Water Employee Federal Political Action Committee (our Federal PAC) reviews and approves political contributions made by the PAC.

Our EVP of Communications and External Affairs has purview over our governmental relationships and our policy and advocacy engagements across our entire business and works with the Vice President of National Government and Regulatory Affairs, our regulatory policy team and Presidents of our state utilities to oversee legislative and external affairs efforts.

Collaboration & Engagement

As a thought-leader in water research, we work closely with the EPA, state Departments of Environmental Protection, regulatory agencies and other organizations to collaborate on research that informs effective standards, legislation, and regulations for our industry. We focus primarily on policies relevant to water quality, infrastructure, health and safety, liability protections and environmental stewardship. We work to support solutions to water and wastewater challenges for our industry, customers and communities, such as customer affordability and infrastructure safety and resilience. We tailor our engagement strategy depending on the geographic location, operational challenges and regulatory and legislative landscape of each state where we operate.

American Water engages directly with policymakers in a variety of ways, including legislative sessions and face to face meetings, educational meetings, conferences and political action committee events. We continuously engage on water and wastewater policies that will benefit our business, our customers and our communities.

Political Contributions

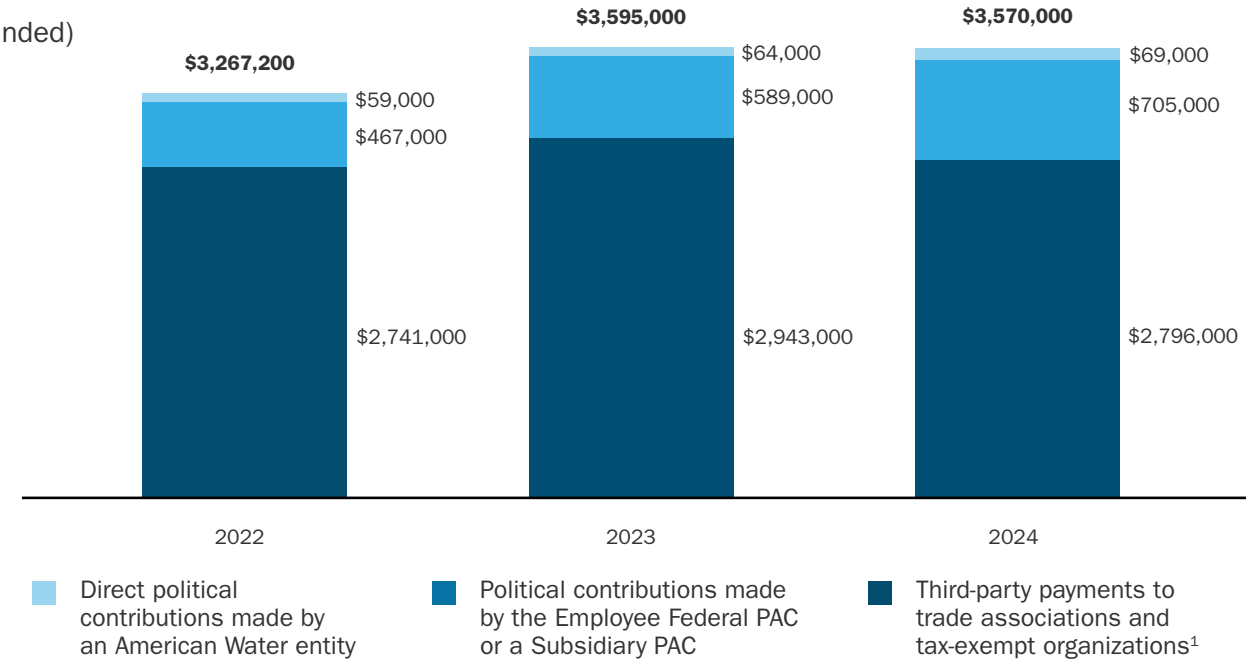
American Water is committed to participating responsibly in the political process. Guided by our Political Contribution Policy, we seek to participate responsibly in the political process and to make all political contributions through a non-partisan process that is consistent with all applicable laws and reporting requirements.

All political contributions (as defined under the Political Contribution Policy) from our organization may only be made by the Federal PAC or to or through a subsidiary or line-of-business PAC (a "Subsidiary PAC"). The political contributions of our employees, including those made to PACs, are not subject to this policy.

Our Political Contribution Policy requires that we publicly disclose within 180 days after the end of our fiscal year political contributions made during that fiscal year (including those made to or through the Employee Federal PAC or a Subsidiary PAC), as well as certain other payments exceeding $50,000 to tax-exempt organizations and trade associations. We also disclose annually our total amount of lobbying expenditures during the year, as defined by and reported to various election commissions pursuant to applicable law. We publish these annual disclosures on our website.

Our Contributions

(Rounded)



1 Third-party payments to a tax-exempt organization or trade association during a fiscal year where the aggregate amount of all payments made by the company or any subsidiary exceeds $50,000 in that fiscal year, and the third party informs the company in writing that a portion of any such payment was used for lobbying expenditures or political contributions that are considered non-deductible under the Internal Revenue Code of 1986.

EMPLOYEES

At American Water, people are the foundation of our success. Without our team of talented individuals, we would not be able to deliver industry-leading water and wastewater services. We are committed to making American Water an engaging and safe place to work, while promoting employee growth and development and fostering employee wellness. We aim to attract and retain top talent to do meaningful work and find innovative solutions to water and wastewater challenges.

Employee Health, Safety & Well-Being

3-3

WHY IT MATTERS

We believe that a safe workplace empowers American Water to achieve superior quality, productivity and customer satisfaction and increase employee morale. Our goal is zero injuries. American Water prioritizes physical, mental and emotional health so that our employees return home in the same or better condition than when they came to work.

OUR APPROACH

Our safety strategy is premised on achieving zero incidents and zero injuries. It starts with commitment and accountability from leadership, which we demonstrate through daily actions. We recognize that the first line of prevention starts with employee responsibility. Fostering an environment of collaboration and caring for one another is essential to health and safety performance excellence. We provide our employees with training and processes to help them stay safe and help keep each other safe.

Our holistic approach to health and safety includes mental health and emotional well-being. In addition, we engage in open exchanges to explore new ways to further enhance physical and emotional safety on the job.

We expect our suppliers to comply with American Water's health and safety requirements while meeting applicable laws and regulations. In addition, we expect suppliers to perform operations safely under healthy working conditions to prevent incidents, injuries or illness. See our Supplier Code of Conduct for more on supplier safety.

All business partners working for American Water are evaluated through a comprehensive grading system during orientation. We require that business partners maintain a minimum grade to continue working with us. Employees also conduct job site evaluations each year to monitor the safety and security of operations. In the event of an incident during our contractual relationship or a drop in a contractor's safety grade, a committee conducts a holistic review to determine whether we will permit them to continue working for us.

Our goal is zero injuries.

Policies

Our Health and Safety Policy underpins our efforts to provide safe working conditions for our employees by outlining the responsibilities for implementing and managing effective programs. With the evolving nature of environmental and occupational risks and regulatory changes, our continuous improvement strategy allows agility in adopting new best practices and safety concepts.

Governance

2-13

To reach zero injuries, we embed health and safety initiatives and practices into everything we do at American Water. Safety starts with the responsibility of each employee, contractor, and community partner to be accountable for their own safety.

The SETO Committee oversees our health and safety policies, practices and performance. Every quarter, the committee reviews and monitors the performance of our health and safety operations and related risk exposure and mitigation strategies. The committee reviews leading and lagging performance indicators such as significant injuries, near misses and compliance with protocols and regulations to ascertain the state of our safety culture. The ED&CC, at least annually, reviews and assesses our employee culture and engagement programs. We believe these programs are vital to a culture that promotes our employees' overall well-being.

Our COO, Deputy COO and Chief Health and Safey Officer, and VP, Safety, Security & Facilities manage Occupational Health and Safety (OHS) leadership and oversight. We conduct regular reviews to examine our performance and compliance on various health and safety topics, and our safety team manages compliance with health and safety

policies, procedures, laws, and regulations. The team focuses on the results of risk assessments and topics identified by the business. Our State Presidents and Vice Presidents of Operations implement and manage our OHS in each state where we operate.

Our Enterprise Crisis Response Team (ECRT) assists with events that have the potential for significant injury, death or impact on our operations, reputation, brand or stakeholders. The ECRT is a cross-functional unit that is comprised of employees representing our Communications, Health and Safety, Legal, Operations, Risk Management, Security, Supply Chain, Engineering and Environmental and Water Quality teams.

In addition, the group provides guidance and support in adhering to internal governance documents that define our proper incident management actions in compliance with the National Incident Management System (NIMS).

National Safety Council

403-4

Our employees actively participate in the strategic direction of safety measures through our National Safety Council. The Safety Council comprises employees and union representatives across the business. The Safety Council is responsible for evaluating safety-related events and providing recommendations for improvement. We address and resolve the majority of safety concerns at the local level, and we have local safety committees across our footprint. These committees support the National Safety Council, raise concerns that require further evaluation and complete proactive safety actions to improve the local safety culture and work environment.

Occupational Health & Safety Management System

403-1, 403-9

The journey to zero injuries begins with strong leadership, programs and practices, employee engagement and a robust culture of safety. We utilize an integrated data management system that standardizes safety reporting. This system provides a framework for safe operations across our employee and operational footprint and helps us record safety incidents, assign corrective actions and take preventative measures, including site-specific checklists and safety briefings. Detailed analytics support American Water's efforts to operate safely and efficiently through data-driven decision-making.

We expect the entire workforce—from executives to business partners and frontline workers—to actively drive OHS progress by reporting safety incidents and participating in safety training. American Water achieves ongoing health and safety improvement by conducting regular reviews and updates to our management system. We record OHS data aligned with Occupational Safety and Health Administration (OSHA) methodology, including OSHA Recordable Incident Rate (ORIR) and Days Away, Restricted or Transferred (DART) Rate.

Hazard Identification

403-2, 403-7, 403-9

American Water requires employees to identify potential hazards and assess risks before any work gets underway. Our employees participate in safety toolbox talks and pre-job safety briefings each day. These mechanisms allow time to reflect and plan work with safety in mind. We engage our employees to strategize ways to enhance safety and eliminate, mitigate or minimize hazards at the outset of their work. Supervisors and employees conduct job site inspections to identify safety hazards and, discuss safe and unsafe behaviors and are required to adhere to our Life-Saving rules, without exception.

Stop Work Authority

Every employee at American Water is required to use their Stop Work Authority, without fear of reprimand or criticism, to address any potentially unsafe condition. This mechanism enables our employees to evaluate a situation and identify ways to enhance job safety, regardless of its impact on the time for completion.

Stop Work Authority is prominently displayed on all employee ID badges as a reminder that we require work to be stopped if a task poses a safety risk and reporting any behavior that is unsafe, unlawful, unethical or disrespectful. We encourage employees and business partners to stop work, discuss safety enhancements, report near misses, and address the hazard or issue with management.

Life Saving Rules

In addition to the Stop Work Authority, American Water has Life-Saving Rules that affirm our commitment to safety. Our Life-Saving Rules provide a framework for how employees can stay safe on every job, every day and to empower employees to keep safety at the forefront of all we do.

Incident Investigation

We encourage incident reporting by all employees and business partners via phone to our Security Hotline or online through our proprietary Safety Application. Local teams conduct site investigations and implement corrective actions to prevent future incidents. Our integrated OHS data management system monitors the submissions and corrective actions taken and allows us to track the time it takes to put corrective measures in place. We compile these metrics and report them quarterly to the SETO Committee.

We engage with our employees via webcasts and webinars focused on why it is essential to report near misses. During 2024, over 17,300 near misses were reported.

American Water values safety first. Our Life-Saving Rules provide a framework for how employees can stay safe on every job, every day.

Looking Forward to 2025

We expect to make exciting changes to our Safety Management Program in 2025. We will enhance our focus on reducing serious injuries and track the Serious Injury Incident Rate (SIIR) as one of the measures for the business. In addition, we will transition from our Certified Safe Worker program to a Safety Leadership Training model and update our near miss reporting system to a hazard identification initiative. With these changes, we seek to further encourage employee engagement on our path to zero injuries.

American Water employees will go through a yearly course on how to be a safe worker and commit to be a "Safety Leader."

Occupational Health Services

403-3, 403-6

To perform at our best, we also need to feel our best. We support our employees by providing them with the proper resources and support to conduct their work. To promote employee well-being, we conduct industrial hygiene testing, and ergonomic training and evaluations as part of our occupational health services portfolio.

We also provide employees with access to telemedicine services by offering WorkCare, which allows employees to seek medical attention beyond first aid.

We strive to provide adequate resources and proper treatment promptly.

Occupational Health & Safety Training

403-5

We provide every American Water employee, regardless of job category or classification, with the training and tools they need to perform their jobs safely. Our safety strategy draws on a four-point plan of accountability, training, utilization of record systems and leading indicators/employee engagement.

We offer instructor-led and online education sessions through our Leadership, Education and Resource Network (LEARN) system. LEARN provides each employee with a safety training dashboard, available online or via smartphone app, that allows them to monitor their training status. Managers and leaders can access a detailed LEARN dashboard to track training completion at an individual or group level.

American Water promotes employee-led safety programs; this includes our union employee-led training program, Systems of Safety, in partnership with Power for America and the Utility Workers Union of America.

We communicate with union leadership and have a dedicated Labor Relations strategy. The training is a unique union-developed, employee-focused program that encourages communication and collaboration between management and employees on safety-related events.

Each year, our National Safety Council holds an annual Safety Week. During Safety Week, we send Companywide emails and host webinars, and each business unit conducts their own Safety Week activities. In addition, it is encouraged that all business units conduct a comprehensive inventory of their equipment and vehicle fleets to inspect their condition.

One of the most common hazards our employees face daily is driving to and from home and a job site. Therefore, we enhanced our driver safety and vehicle compliance programs and expanded our defensive driving training. In 2024, we installed telematics systems in our fleet vehicles. The telematics system uses data to accurately understand, track and respond to near-misses on the road. The information can be used to coach employees using fleet vehicles on safe driving behavior such as seat belt safety and driving at safe speeds.

Employee Well-Being

403-6

At American Water, we encourage a healthy lifestyle at work and home. We provide access to the MyWellness platform to all our employees and their families. MyWellness offers an interactive online wellness program to help everyone achieve their unique health goals. The program focuses on safety, physical and emotional health, financial and community health.

Employees and their families can take confidential health assessments for a holistic view of their overall health and well-being. We incentivize participation through a cash contribution to reward consistent user activity. At our corporate headquarters, employees also have access to a fitness center.

We offer programs designed to enhance workplace dialogue on physical and emotional health and safety. Our emotional safety webcast brings in internal and external experts to discuss topics, including emotional safety and intelligence. We also provide training, workshops and other educational resources to our employees as part of this effort. We continually work to evolve our employee benefits program to offer needed resources and benefits.

American Water offers an Employee Assistance Program (EAP) through Carebridge for employees and their eligible dependents. Carebridge provides financial, legal, family and emotional support to individuals facing challenges.

Please see the Compensation & Benefits section for more information on health benefits.

Communication

403-4

Our Corporate Health and Safety team meets regularly to review safety performance and concerns from across the Company. The team also meets with American Water leadership to review safety incidents. These meetings serve as an important communication channel to discuss pertinent safety information between the respective levels of the organization.

Beyond regular training, we use several tools to communicate safety awareness across the organization. We use weekly newsletters, Company-wide emails, webcasts, safety videos and LEARN education sessions. Most of our operating centers use Splash TV, where we promote safety through a series of rotating slides and videos throughout the day.

OUR PERFORMANCE

403-7

We remain focused on improving our health, safety and well-being performance each year. We analyze our OHS data to look for trends and commonalities, perform root cause analyses and implement improvements. We believe that we can achieve our goal of zero injuries through strong safety leadership, our commitment to care for one another and learning from incidents.

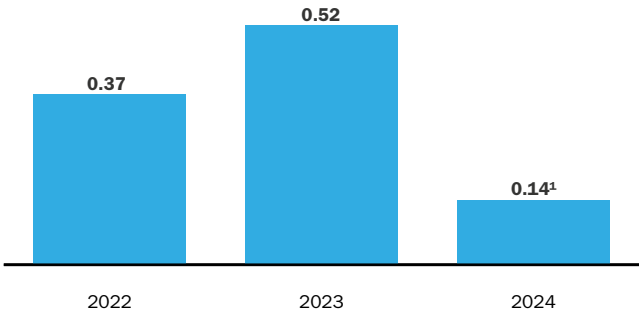
During 2024, we sought to perform the following:

- Reduce our ORIR and DART annually;
- Identify, report and mitigate 99% of near misses within 30 days of their occurrence;
- Adhere to our Contractor Safety Qualification Practice;
- Complete all specific Serious Injury or Fatality (SIF) incident corrective actions within 30 days in accordance with our practices; and
- Review 100% of all American Water and Contractor serious injuries and fatalities, communicate events and initial findings across the business and implement appropriate corrective actions within 30 days.

At the close of 2024, our recordable injury rate was 0.40, approximately two times better than the water industry average, and our DART rate was 0.14.[1]

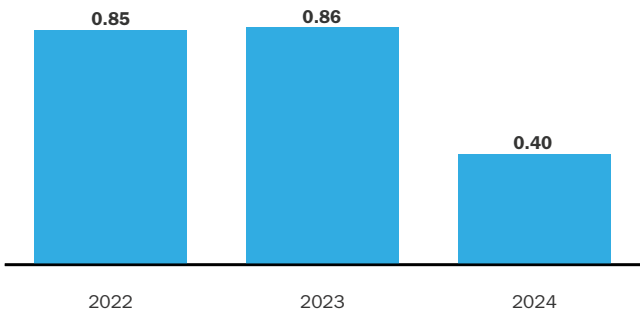
Days Away, Restricted & Transfer (DART) Rate

EMPLOYEES



OSHA Recordable Incident Rate (ORIR)

EMPLOYEES



1 Metrics do not include a non-preventable employee fatality experienced by the Company in 2024.

Trust, Dignity and Respect

3-3

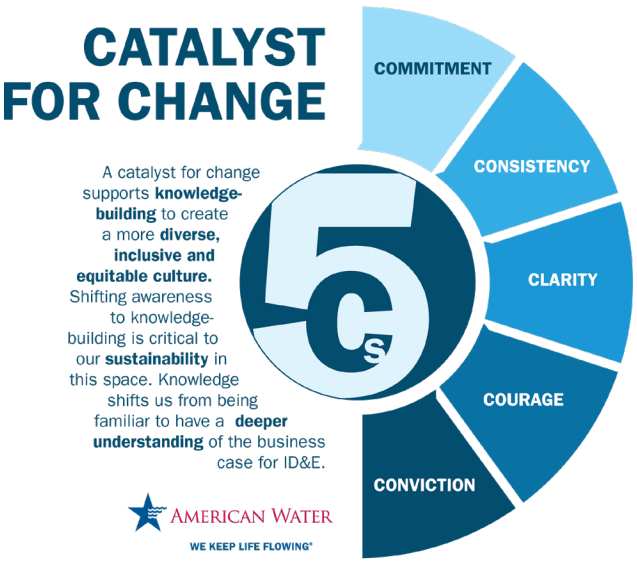
American Water believes that embracing and celebrating individuality is critical to a productive and creative workplace, which makes us a successful company where people want to work.

In 2024, American Water launched the Catalyst for Change framework in support of our values of trust, dignity, and respect. The pillars of Commitment, Consistency, Clarity, Courage, and Conviction allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value, and provide opportunities to each employee to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all leaders are expected to model behaviors consistent with the Catalyst for Change framework.

We believe that employees are at their best when they can bring their authentic selves to work daily. This belief is the central component of the Company's "Beautifully Different" philosophy, which recognizes, embraces, and celebrates the uniqueness of its employees. Having employees with different ideas, viewpoints, experiences, and backgrounds improves American Water's ability to serve its customers. American Water is dedicated to building a workforce that understands the needs of the communities it serves.

Being Beautifully Different is at the core of our values

At American Water, we are dedicated to attracting and retaining a workforce that understands the needs of the communities we serve. At all levels, we strive to offer career development and leadership opportunities to every employee to foster an environment where unique backgrounds and life experiences are celebrated.



Our refined core values are better aligned with our mission and make clear that key values such as trust, dignity, and respect matter in how we serve our customers and each other. We believe that embracing and celebrating what makes each of us Beautifully Different is key to achieving our goals. Through new training programs and an analysis of our recruitment, development, and retention practices, we are committed to fostering a supportive and inclusive environment for all employees.

Having a robust learning plan offers several benefits, including effective actions, the ability to challenge biases and stereotypes, the creation of advocates and allies, enhanced communication, and an overall improved culture. To read more about employee benefits, see the Compensation & Benefits section.

Our Performance

In 2024, American Water published its Workforce Metrics Report. This report details how far we have come in recognizing that all backgrounds and experiences make American Water better. Please visit our website for additional information.

2024 Diversity Metrics

AT A GLANCE

24.5%
FEMALE

44.4%
DIVERSITY

6.8%
MILITARY/VETERANS

3.8%
DISABILITY

1.9%
LGBTQ+

0.3%
MILITARY SPOUSE

Our Policies

We expect our leaders and employees to embody our core values by maintaining a work environment that respects the dignity and worth of each individual, as outlined in American Water's Code of Ethics and Respect and Dignity in the Workplace Policy. We have zero tolerance for discrimination, harassment or retaliation by or toward any employee, business partner, customer or other person in our workplace. Inappropriate workplace behavior and unlawful harassment are wholly inconsistent with this commitment. We believe they negatively impact employees and create the potential to damage the Company's reputation. We believe our stance on harassment and discrimination allows for a work environment that encourages inclusivity and reduces discrimination or harassment. We are committed to Equal Employment Opportunity (EEO) and prohibit employment discrimination for employees and applicants based on age, race, color, pregnancy, gender, gender identity, sexual orientation, national origin, religion, marital status, citizenship, or disability, protected veteran or other status protected by federal, state, and local laws.

We regularly review our policies to keep them up to date and inclusive as employee expectations continue to evolve. In addition, we provide employees with training to develop their knowledge in this area.

Engaging Employees

We conduct employee experience and pulse surveys periodically to give employees a voice and gather feedback.

Every employee of the company is respected for who they are as individuals and for our collective differences as a team. Based on internal and external research and best practices, the council makes recommendations to the Senior Leadership Team for consideration and approval.

To further engage our employees, we offer five Employee Business Resource Groups (EBRGs). Our EBRGs provide a space for members to participate and focus on business impacts on culture, careers, and communities. We welcome all employees to participate regardless of their personal affiliation with any particular group. Allies and those interested in expanding their knowledge are encouraged to join:

Our EBRGs are representative of our employee populations and serve as a forum for employees to feel included and heard. Our EBRGs are open to all employees

1. **WE CAN** is the Women Empowered Champion and Ally Network. It fosters an inclusive culture where female employees' personal and professional growth .are supported;
2. **Together We Stand** promotes an inclusive work environment for Black/African American employees and their allies at all levels within the Company;
3. **American Water Proud** creates awareness and fosters candid discussions that proudly support the LGBTQ+ community and their allies;
4. **American Water Abled** advocates to create equity for employees with all types of disabilities (visible and invisible), caregivers, and their allies to lead and excel both personally and professionally; and
5. **Strength Through Services** creates a community for military, veteran, and military spouse employees and their allies.

American Water thrives because of the various individuals who work together every day. Embracing individuals with different viewpoints, experiences and backgrounds, to name a few, cultivates a culture of inclusion. Creating an environment where everyone feels included and treated with dignity and respect contributes to our employees' safety and well-being and brings new ideas that help to drive American Water forward.

WE CAN
WOMEN'S EMPOWERMENT CHAMPION & ALLY NETWORK EBRG

Together We Stand
Black/African American EBRG

American Water Proud
LGBTQ+ EBRG

Abled
Disabilities EBRG

Strength Through Service
Military EBRG

Talent Attraction, Development & Retention

3-3

WHY IT MATTERS

American Water is committed to supporting a high performing workforce and seeks to attract and retain employees who share our purpose and values and understand the needs of the communities in which we serve. We demonstrate this commitment through our values of Safety First, Trust, Dignity and Respect, One Team, Environmental Leadership, and High Performance.

We believe that investing time, energy, and resources in our workforce helps to generate new ideas, continuously improve operations, and provide high-quality, reliable water and wastewater services.

Our strategy for talent acquisition focuses on three key areas: recruitment, selection, and conversion. We also believe that having employees with different ideas, viewpoints, experiences, and backgrounds improves our ability to serve our customers. To this end, we are committed to attracting and retaining a workforce that understands the needs of the communities in which we serve. In 2024, in total, 44.4% of our employees voluntarily self-identified as diverse (female, race, ethnicity, disabled, military/veteran, military spouse, and LGBTQ+).

RELATED RESOURCES

Careers at American Water

OUR APPROACH

Governance

2-13

American Water manages talent primarily through three functions: talent acquisition, employee experience, and talent development. The talent acquisition team focuses on identifying and recruiting top talent to build a strong workforce of committed and skilled individuals who can serve the business, each other, and our customers effectively. Meanwhile, the talent management team develops and implements company-wide talent strategies and processes. The team members also create professional development opportunities and help to clearly communicate our employee value proposition (EVP) through a variety of messaging and deliverables.

HR leadership, in partnership with our Chief Human Resources Officer, leads all aspects of the talent lifecycle, including recruitment, talent acquisition, employee experience, learning, talent development, succession planning, performance management, and personal/professional development.

Investing in our talent pipeline ensures a skilled workforce across our footprint.

Recruitment

American Water's recruitment team aims to identify and attract talent in the labor market. We leverage various recruiting channels and partnerships as well as our employer brand to access a broad pool of talent and to hire what the Company believes are the most qualified candidates.

In 2024, American Water filled approximately 1,000 positions, 65% of which were external candidates and 35% were internal candidates. The Company has created and implemented programs aimed at developing and retaining talent. Through the workforce planning process, American Water evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks.

Additionally, American Water has created and implemented programs aimed at attracting, motivating, developing and retaining talent. These programs promote a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning, and formal learning opportunities.

Investing in Our Talent Pipeline

Throughout our operational footprint, we pursue partnerships to promote STEM careers to students at all grade levels. Our External Affairs team regularly engages with students of all ages to inspire interest in the sciences. Our Talent Acquisition team partners with local colleges and universities to develop internship and co-op programs in areas where we operate.

American Water attends career fairs at high schools, universities, and other places in the communities that we serve.

Our Engineering team hosts an engaging co-op program that encourages local students to gain work experience, as well as an opportunity to explore career interests, earn academic credit and learn about full-time employment opportunities. The program provides us with a chance to expand our talent pipeline, increase the diversity and perspectives within our teams and enhance our Company's visibility with colleges and universities where we operate.

In addition, each year we offer paid internships across several functional areas within the Company.

American Water is also focused on employee development and providing career opportunities to individuals living in communities within the areas where we operate.

As an example, New Jersey American Water offers a 10-week cohort program called the Water Utility Pipeline program (Water UP!), which is designed to create a career path for individuals.

Through Water UP!, participants learn essential business training covering water systems, safety in the field, customer service, resume writing and interview preparation. The program equips participants with the skills needed to successfully enter the utility industry upon graduation.

Participants earn a weekly stipend, and they are awarded six college technical elective credits after completing the program. They will also attend a Career Fair with American Water recruiters and hiring managers, as well as invited business partners from other utility companies, contractors and suppliers.

After graduating from the program, participants are eligible for career placement at American Water and are successfully prepared for career opportunities beyond American Water.

The Water UP! Program allows us to enhance our talent pipeline and create career opportunities in local communities.

Engagement

The Company is dedicated to enhancing the employee experience by actively listening to its employees through focus group discussions, listening sessions, and employee surveys, among other methods. This feedback allows the Company to gain insights into employee sentiments and refine its programs, benefits, and support accordingly.

Our Employee Experience Survey offers us valuable feedback that helps us improve. The survey focuses on topics such as meaningful work, supportive managers, positive work environment and trust in leadership. Based on the survey results, we acknowledge the need to take action. Over the past few years, input from multiple surveys has led to numerous improvements, including:

- Greater role clarity and career growth opportunities.
- Increased work week flexibility.
- A more formalized approach to rewards and recognition.
- Informal mentoring and/or job shadowing opportunities in addition to our formal programs.
- An increase to six weeks of paid family leave for all employees.

The Company has established its weCARE employee value proposition that focuses on employee experience as an influencer of an employee's opinions and emotional response about the Company as an employer. weCARE is composed of five elements — deeper connections, personal growth, shared purpose, flexibility, and well-being. weCARE represents the Company's commitment to valuing its employees and building a safe, healthy, and inclusive culture where employees know their value and are appreciated for their talents and commitment to supporting the Company's success. In 2024, the Company administered two pulse surveys, seeking feedback on employee experience, which had an overall participation rate of 68%.

Development

404-2

We offer a wide range of development opportunities designed to help employees reach their full potential and perform their work safely and effectively. Throughout the year, we provide learning sessions during work hours on various topics, including leadership, trust, dignity and respect and safety. In 2024, the Company enhanced its employee learning goal, which provided an opportunity for employees to complete a minimum of 25 hours of learning through a variety of methods, including: on-the-job experiences; teaching others; and traditional instructor-led or remote learning opportunities. The Company believes that personal growth is a valuable component of weCARE and is committed to supporting strategies to help its employees develop both personally and professionally. Approximately 84% of active employees hired before October 1, 2024, have completed at least 25 hours of learning, resulting in approximately 262,000 hours of total learning completed during the year.

In addition to required role-based training, managers assist employees to identify professional development opportunities, utilizing a framework of on-the-job learning, social learning and formal learning, to help them attempt to reach their full potential and grow their careers. To further support employees' growth and development, the Company expanded the employee profile fields within its employee information system to allow employees to showcase their achievements, contributions and aspirations, as well as to support identification of developing and key talent.

We ask every employee to create a development plan. We also work closely with labor unions to learn how we can collaborate and improve our training effectiveness, especially around safety. Please see our Employee Health, Safety & Well-Being section for more information on Company- and union-led safety training.

We also have a partnership with Power4America, where retired employees can participate in supporting training programs to educate our employees. We offer transition assistance through an outplacement service organization for certain involuntary terminations. This support includes coaching programs that help separated employees secure their next position faster.

Performance Reviews

404-3

American Water's performance review process enables our employees to collaborate with their managers to define goals that tie to the Company's short- and long-term priorities and track performance progress throughout the year. We focus equally on the goals themselves and how the employee accomplishes them. We evaluate non-union employees on both factors as part of the annual year-end performance review process.

Maintaining a meaningful ongoing dialogue between employees and their managers is vital to career development and performance management. All non-union American Water employees participate in the year-end performance review process. However, it is expected that all employees (union-represented and non-union) will work with their managers to create and discuss development goals. We conduct mid-year reviews with non-union employees to discuss their progress toward these goals throughout the course of the year.

These more frequent conversations support more fair and equitable decisions on compensation. In 2024, 100% of eligible non-union employees (representing 54% of our total employees) received a formal year-end annual performance review.

Additionally, all employees are included in the Company's APP to maintain alignment between Company and individual employee goals. Our APP incentivizes our employees to pursue development goals that support the overall growth and success of American Water.

In 2024, 100% of eligible non-union employees received a formal year-end annual performance review.

Tuition Reimbursement

American Water provides up to $10,000 reimbursement per employee per year for education costs approved by the Company. Employees may use these funds toward a degree program. Tuition reimbursement facilitates employee professional development and increases their skills and knowledge related to American Water's business. We have partnerships with University of Maryland Global Campus, Rutgers University-Camden and Drexel University Online to provide our employees with tuition discounts and waived application fees.

Leadership Development

We call our managers People Leaders, and we invest in these individuals to help them perform effectively and care for our people. We have several formal leadership development programs for our People Leaders: Self and Emerging Leader Program; Learning through Experience, Accountability, and Dedicated mentors (LEAD) Mentoring Program; and Accelerate for Impact. These programs bring together employees from across our organization to learn, share experiences, and forge relationships that support their success in current and future leadership roles.

Development of our employees extends to safety training programs to support well-being on and off the job.

Self and Emerging Leader Program: The Self and Emerging Leader Program is self-paced and exposes employees with leadership aspirations to essential skills required to reach their goals and make a greater impact in their current role.

LEAD Mentoring Program: LEAD is designed to accelerate an emerging leader's ability to drive business strategies and objectives while enhancing and demonstrating their leadership capabilities, with support and guidance from an experienced executive.

Accelerate for Impact: A blended-approach leadership program designed to empower employees to build essential skills and elevate their leadership potential. Participants engage in meaningful virtual and live learning experiences and have an opportunity to build peer connections.

Workforce & Succession Planning

Workforce Planning

Through workforce planning, we analyze our current employees across indicators related to age, retirements, skills and development needs, turnover and other metrics. We also examine trends such as increased competition for talent and the deployment of technology. American Water proactively identifies current and future talent needs aligned with long-term business goals. This includes identifying key positions that add value to the long-term success of the Company and may require specialized knowledge or skills.

We design our upskilling and hiring strategy to fill talent gaps by investing in our people and leveraging technology where possible. When we identify gaps in current skillsets, specialized knowledge, or roles that may evolve in the future, we work to upskill, redeploy or repurpose affected employees to new opportunities within the Company.

Succession Planning

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. During 2024, the Company enhanced its succession planning process by increasing the number of business impact roles covered by a succession plan. These succession plans support the Company's business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

Our Board of Directors is responsible for overseeing succession planning for our CEO and works with the CEO on other executive development and succession planning to provide for continuity in executive management. CEO and other executive succession planning occurs at Board meetings throughout the year and involves regular interaction between and among Board members, the CEO, the CHRO and other members of management, as appropriate.

In addition to succession planning for executive and senior leadership roles, during 2024, the Company conducted local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles. Through these talent review processes, business leaders identified a pool of high-potential employees to allow the Company to support their career goals and aspirations,

and to promote more effective employee experience and talent retention efforts. The Company also utilizes annual six-month mentoring programs designed to accelerate emerging leaders' abilities to demonstrate leadership capabilities and relationships, with the guidance of an experienced executive mentor.

Compensation & Benefits

401-2

We strive to be an employer of choice by offering competitive and equitable benefits. We provide a market-based total compensation program designed to recognize the vital roles our people play in our success; all employees, including union-represented, participate in the APP. We offer a full spectrum of medical, prescription, dental and vision coverage, plus disability, life insurance, health and wellness programs. For a list of benefits offered, please refer to our American Water Benefits website.

Additional employment benefits include holiday, vacation and sick time that is at or near industry best practice. We provide all full-time American Water employees with:

- 13 holidays (including floating holidays and the ability to swap one holiday according to personal beliefs and practices);
- A minimum of 10 and a maximum of 30 vacation days based on years of service;
- 10 sick days; and
- Six weeks of paid family leave that can be used to bond with a new child following birth, adoption or foster placement, take care of a sick family member or make arrangements for a family member deploying for military duty.

We regularly assess our total rewards offerings to remain competitive in the market.

OUR PERFORMANCE

We measure key employment metrics such as employee turnover to gauge our management performance over time. For 2024, the Company's employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2024, was 10.5%, down from 11.5% in 2023.

American Water uses various strategies to manage turnover including evaluating weCARE, offering a competitive package, providing meaningful opportunities for career development, and fostering an inclusive culture.

We review exit survey data on a regular basis to understand employees' reasons for departure and use survey insights to act on our opportunities for improvement.

We also understand that retention is typically a measure of engagement and experience. We encourage managers to conduct stay conversations to help managers understand how their employees are feeling and help build a trusting relationship.

Workforce and succession planning involves a review of critical roles and the skills needed to fulfill them.

CUSTOMERS

Our customers are at the forefront of everything we do, and it is our goal for American Water services to enhance their lives. We continually work to deliver safe, clean, reliable and affordable water and wastewater service to our customers. We believe in the human right to water and strive to provide services that are affordable and accessible for all.

Face-to-face interactions with customers contribute to a positive experience with American Water.

Customer Experience

WHY IT MATTERS

As a water and wastewater service provider, we know that our service plays a key role in the daily lives of our customers and is essential to a safe, healthy and sustainable life. Our customers are at the center of our business, and we focus on providing an exceptional customer experience.

OUR APPROACH

We leverage technology and innovation that allow us to quickly receive, respond to and implement ongoing feedback. Our customers' needs continue to evolve, and we look for opportunities to exceed their expectations. We offer customers multiple communication channels, including direct mail, online, phone and in-person, so that they may communicate, engage and transact with us in a manner that is convenient and cost-effective.

Customers receive important water-related messaging on a consistent basis, typically around 30 times throughout the year. Communications are delivered through monthly customer bills, either electronically or via standard mail. Additionally, approximately 47% of our customers have opted into receiving additional information via email (12-16 emails per year) whose topics range from conservation and sustainability to resiliency. Additionally, once a year, each customer directly receives messaging regarding their local water quality through their annual Consumer Confidence Reports (CCR).

Policies

To provide the experience that our customers expect and deserve, we regularly update our policies, procedures and programs to recognize and meet our customers' changing needs. We provide our customer service employees with training that includes, among other things, policies and procedures to set up accounts, handle calls and address billing options. We expect all customer service representatives to follow our policies and best practice guidance to meet customer requests and needs.

Governance

The SETO Committee is responsible for oversight of customer experience. Our customer experience and customer service organizations report to our Chief Customer Officer (CCO). In early 2025, we added an SVP, Customer Strategy, a new role that oversees the CCO's organization and our information technology organization to focus on the effective strategic coordination of customer service and technology. Both our CCO and our SVP, Customer Strategy report on progress, new customer initiatives and fostering a customer-focused culture at SETO Committee meetings. Additionally, six of our Board members have technical or managerial experience in customer experience and contribute their skills and perspectives to shape our strategy.

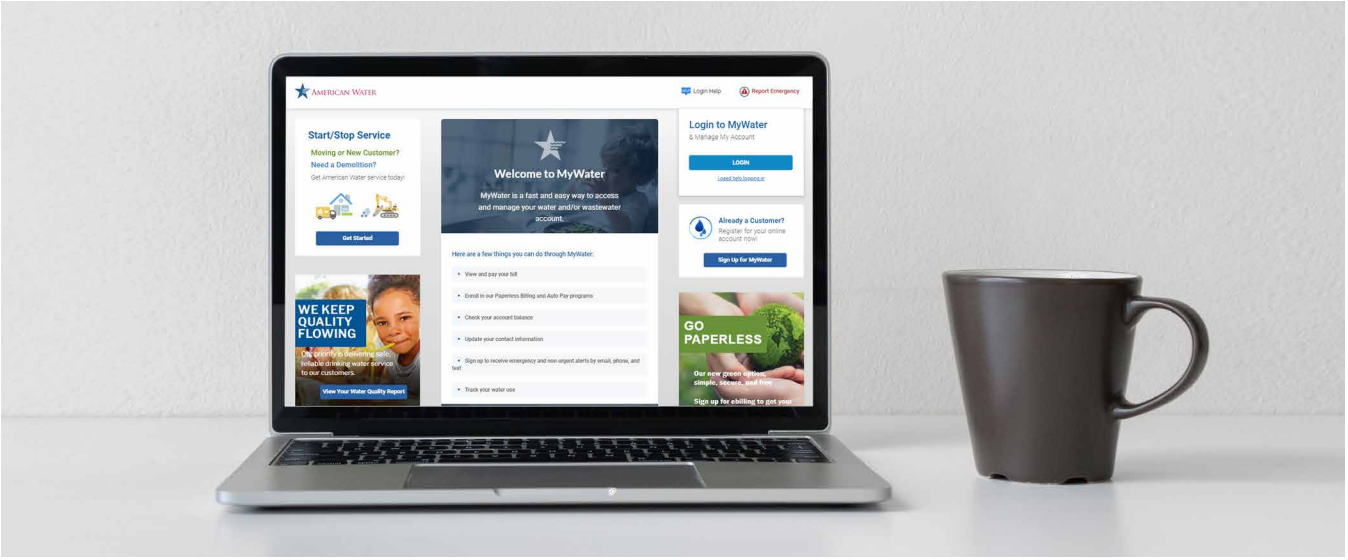
Dedicated Customer & Community Support

Throughout our national footprint, we have dedicated Major Account Managers who provide personalized service and a single point of contact to our largest customers and those with different needs than our residential customers. Our Major Accounts program includes vital community partners, such as hospitals, businesses, school systems and universities. By growing the success of this program and engaging regularly with our customers, we continue to build trusting relationships and strengthen the communities we serve.

Our Customer Advocacy groups work with customers to increase engagement and solicit feedback that improves the customer experience. The feedback we receive allows us to tailor programs and services to meet customer needs at the local level.

Our Field Service Representatives and other frontline employees provide the opportunity for daily, face-to-face interactions with customers. To enhance these interactions, we created an application that provides Field Service Representatives with real-time insight into billing and usage data, allowing them to better assist our customers.

We also leverage our team of data scientists to explore how we can best use data to continue improving and developing a more personalized customer experience.



The MyWater customer portal enables customers to manage their account, turn service off and on, sign up for auto pay and/or paperless billing, customize non-emergency alerts, report emergencies, all in one place.

Innovation & Accessibility

It is our responsibility to make customer interactions, such as paying a bill or ordering move-ins and move-outs, as seamless and accessible as possible while supporting our diverse customer base. Our Information Technology teams work to provide technological solutions that improve customer experience, including self-service tools based on our customers' needs and preferences. We also use a third-party language line to provide translations in different languages, allowing us to better understand the needs of the communities we serve.

MyWater Customer Portal

The MyWater customer portal offers customers an electronic way to interact with American Water and manage their water and wastewater services. Through MyWater, customers can turn service on and off, apply for customer assistance programs, track water use, manage their billing preferences, utilize features such as automatic payment, and report and/or stay informed about water- related emergencies.

Customers can also enroll in paperless billing through their MyWater portal. Paperless billing offers customers a more sustainable billing option by providing electronic access to all the data provided on a hard copy bill.

We encourage existing customers to enroll via social media, email campaigns and display pop ups in the portal, while new customers are automatically enrolled.

Intelligent Virtual Assistant System

In November 2024, American Water updated its call center technology replacing our Interactive Voice Response (IVR) technology with an Intelligent Virtual Assistant (IVA) system. IVA systems leverage advanced technologies to provide a more intelligent, flexible, and interactive conversational experience. They can handle complex conversations and tasks beyond basic call routing. In addition, our IVA is bilingual, which allows customers to receive information and perform self-service options in both English and Spanish. Enabling our IVA to handle a broader array of routine inquiries and tasks allows call center agents to focus on more critical and complex issues facing customers. Our IVA can also use customer data and past interactions to personalize and continue to improve the customer experience, with back-end integrations providing a smoother path to resolution.

Enhanced Payment Options

We offer customers enhanced payment options to make paying bills more convenient. Customers with more than one account can combine invoices into one bill to streamline the bill paying process. Customers also have access to additional methods to pay their bills and direct links to all customer assistance programs, including budget billing and payment plan options.

Customer Education

We frequently host campaigns to educate our customers on a variety of water and wastewater topics, including water quality, the effects of aging infrastructure, climate variability's impact on water supply and the need to invest in local water resources and systems. Our educational campaigns and water efficiency programs also encourage our customers to learn more about the ways they use their water and how they can proactively manage their water use. For example, we provide additional communication to customers about preventing and mitigating frozen pipes in the winter and enhancing water conservation and efficiency measures in the summer. For more information on water conservation, please visit our Water Use & Efficiency section.

Customer Feedback

To improve our customer initiatives and experience, we actively seek feedback from our customers based on their experiences. After any interaction with a Field Service Representative or a Customer Service Representative, either online or through the IVA system, our customers have the option to share real-time feedback through Pulse Surveys. We share survey responses with Field Service Representatives, managers and employees so that we can reach out to customers and respond to their feedback as necessary, demonstrate and reinforce positive interactions and celebrate successes.

OUR PERFORMANCE

To guide our customer experience strategy, we set and evaluate overall customer satisfaction goals each year and disclose our performance against them in our Proxy Statement and other reporting. For 2024, we tied 15% of our cash incentive compensation to our performance in customer experience.

Our 2024 APP target was based on the number of our utility subsidiaries being in the top quartile in overall customer satisfaction, as measured by the J.D. Power U.S. Water Utility Residential Customer Satisfaction Study. The study measures the satisfaction of residential water customers of the 90 largest water utilities in the United States and considers eight factors to score companies on a 1,000-point scale: information provided; quality and reliability; level of trust; ease of doing business; total monthly costs; people; resolving problems or complaints; and digital channels. In the 2024 study, several American Water utility subsidiaries claimed top spots in their respective categories:

- 1st Place in Northeast Large – New Jersey American Water
- 3rd Place in Midwest Large – Indiana American Water
- 4th Place in Midwest Large – Missouri American Water
- 5th Place in Midwest Large – Illinois American Water

Water Access & Affordability

3-3

WHY IT MATTERS

We support the United Nations' declaration of access to clean water and sanitation as a human right, regardless of economic status. As a national water utility, we know that our water services must be safe, clean, reliable, and affordable. We aim to keep residential water customer bills at or below 1% of median household income. Succeeding in water affordability positively affects the health and safety of our customers and contributes to the economic prosperity of the communities in which we operate.

OUR APPROACH

303-1

Our approach to water access is to provide affordable and reliable water service to customers regardless of economic status or geographic location. We also focus on addressing water affordability by seeking to maximize both supply-side and demand-side efficiency. Please see our Water & Wastewater Infrastructure and Water Use & Efficiency sections for more information.

Geographic and demographic variability can cause significant differences in the cost of water services. Terrain challenges and low population density combined with lower median incomes can increase water costs as a proportion of household income. Other factors, such as the rising cost of capital and production costs due to inflation, can also impact the cost of services for customers. Recognizing these challenges, we work to balance infrastructure investment needs with water affordability to limit the wallet share of our consolidated residential customers' monthly water bills to 1% or less of median household income. We can also maintain affordability by promoting efficiency of our operation and maintenance expenditures.

Governance

2-13

Water is inherently local, and therefore our utility Presidents and Vice Presidents of Operations, supported by our Rates and Regulatory Affairs leadership, are ultimately responsible for assuring the accessibility and affordability of our water services.

We aim to keep residential customer water bills at or below 1% of median household income.

Through increased efficiency, conservation and low-income support programs, we consistently achieve affordable water costs that are significantly below the EPA's suggested guidance of 2% of household income.

Customer Assistance Programs

We offer a variety of customer assistance programs to help our financially challenged or disadvantaged customers pay for their water and wastewater services. For example, one of our payment plans allows customers to make smaller payments on their past due balances. Budget billing is a free service available to residential customers that helps provide predictable monthly payments while avoiding seasonal spikes that may be difficult to pay when not planned for in advance. Where approved by state legislatures or regulatory authorities, programs may include one-time emergency grants or ongoing service charge discounts, rebates for water-efficient appliances or tiered rate structures. We also provide our customers with educational booklets that encourage water efficiency improvements in their homes to reduce service costs.

Low-Income Tariffs & Grant Programs

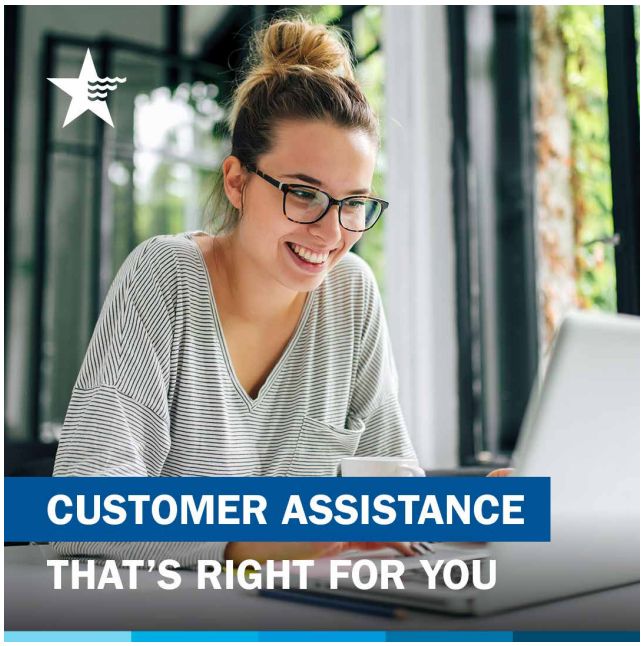
Low-income tariff programs provide eligible customers with a discount on their monthly water and wastewater charges, which varies depending on the state.

In most states, the costs of these programs are recovered through customer rates. During 2024, approximately 74,250 customers received direct discounts on their water bill through our tariff program.[1] Additionally, roughly 9,550 customers received direct discounts on their wastewater bill through our tariff program.

Grant programs provide financial assistance to low-income customers for help in paying utility bills on a case-by-case basis. Customers apply for assistance through these programs, which can be funded by donations from customers, the utility, or through a combination of both. During 2024, approximately 43,800 customers received grants to assist with past due balances.

American Water has low-income tariff and grant programs in 12 states: California, Illinois, Indiana, Iowa, Kentucky, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Virginia and West Virginia.

In Pennsylvania, for example, qualifying households can work with community action agencies to receive up to an 85% discount on their fixed monthly water and/or wastewater charges.



Graphic shared via social media that informs and educates customers about the customer assistance programs that American Water offers.

1 In 2024, the tariff program included New Jersey American Water, Pennsylvania American Water, Illinois American Water, West Virginia American Water and California American Water.

Federal Low-Income Household Water Assistance Program

Congress created the Low-Income Household Water Assistance Program during the COVID-19 pandemic to assist customers struggling to pay their bills. Under this first federal program to exclusively assist low- income families with their water and wastewater bills, American Water customers were able to take advantage of these funds to pay their monthly bills. While now eliminated, American Water continues to advocate for permanent federal affordability support.

OUR PERFORMANCE

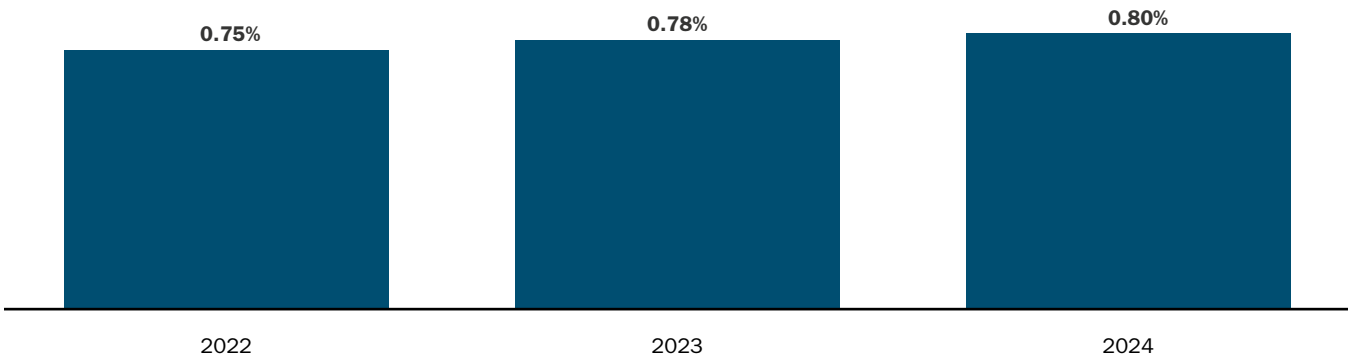
We believe the water industry is in a favorable relative position compared to other utilities in terms of affordability, or wallet share, and American Water seeks to operate, on average, in alignment with this overall position. In 2024, our systemwide average monthly water bill for residential customers was $67 per month. For wastewater, the average monthly bill for residential customers in 2024 was approximately $72. The cost of water service falls below the EPA suggested affordability guidance.

Increases in customer bills are primarily driven by a combination of increased infrastructure investment to replace aging pipes and assets, as well as higher operating costs as a result of inflation and adherence to laws and regulations.

We continue to advocate for permanent federal and state customer affordability support and monitor the number of customers enrolled in our assistance programs to make sure we are effectively responding to customer needs.

Average Monthly Residential Water Bills as % of Median Household Income[1]

AMERICAN WATER CUSTOMERS



1 Chart is reflective of average monthly residential water bills as a percentage of median household income on a consolidated basis.

Water Quality & Emerging Contaminants

3-3

WHY IT MATTERS

Maintaining water quality is necessary for the health and safety of our customers and communities and is the foundation of our business. As the only ingestible utility, maintaining safe and reliable water quality is essential to protecting our customers' and public health.

American Water is proud to be a trusted leader in supporting water quality efforts and researching emerging contaminants. Contaminants of emerging concern include numerous substances such as PFAS, microplastics, cyanotoxins, taste and odor causing compounds, pesticides, pharmaceuticals, personal care products, and industrial chemicals, as well as certain naturally occurring microbes such as bacteria, viruses and parasites that have been detected in drinking water supplies and for which the risk to the public's health is not fully understood and/or has not been assessed.

The ability to detect contaminants, even at trace levels, has invited discussion about these contaminants among regulators and government agencies, which in turn shapes the public's perception of drinking water quality. To help protect our customers and the public, we research the effects of contaminants on water supplies, increase public awareness of emerging contaminants and leverage innovative technology to effectively manage water quality. Technological advances have only recently made it possible to detect many of these contaminants at trace levels.

American Water also recognizes the nationwide disparities in water quality that disproportionately affect low-income and minority communities. At American Water, we are committed to providing safe drinking water service to all communities in which we operate, including low-income and under-served communities. We aim to create positive impacts by continuing to provide high quality drinking water to all our customers and improve the water quality of the systems we acquire.

Water sample testing at Water sample testing at a New Jersey American Water laboratory.

RELATED RESOURCES

- PFAS
- Lead
- Legionella
- 2024 Annual Report (Contaminants of Emerging Concern)

OUR APPROACH

303-1, IF-WU-140b.2, IF-WU-250a.2, IF-WU-440a.3

Water

Although the U.S. government, state governments and environmental and public health regulators set and enforce industry standards for water utilities, we often achieve results beyond minimum requirements to earn our customers' trust and provide high-quality water. Each year, we perform millions of water quality tests to monitor and control microbial, chemical and radiological contaminants. Our teams conduct extensive research to enhance our understanding of emerging contaminants and their impact on water supplies. Our performance demonstrates our expertise; the drinking water that we deliver to our customers routinely meets or exceeds established standards.

Wastewater

Wastewater services involve the collection of wastewater from customers' premises through sewer lines. The wastewater is then transported through a sewer network to a treatment facility, where it is treated to meet required regulatory standards for wastewater before being returned to the environment. The solid waste by-product of the treatment process is disposed of or recycled in accordance with applicable standards and regulations.

American Water is a leader in innovation, employing some of the most advanced technology in the water/wastewater industry. Many of our systems employ the use of Supervisory Control and Data Acquisition (SCADA) systems throughout our platform, which enables close monitoring and continuous assessment of system performance. This approach helps our teams manage the effluent discharged from our facilities to meet water quality standards.

Policies

American Water is subject to federal and state regulations governing the protection of the environment, health and safety and the provision of water and wastewater services, including those under the Safe Drinking Water Act, the Reduction of Lead in Drinking Water Act, the Clean Water Act, the Clean Air Act and other laws. The Company maintains an environmental program that includes responsible business practices focused on compliance with environmental laws and regulations and the effective use of natural resources. We work with the EPA and other research organizations to review and make recommendations on the policies that can help manage water quality issues or challenges.

We have an Environmental Policy, which describes how American Water will conduct business in a safe and responsible manner that drives regulatory compliance, protects public health and promotes environmental stewardship.

Governance

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Our Chief Operational Excellence Officer reports to the COO and is responsible for oversight of water quality and emerging contaminants. At the Board level, the SETO Committee assists the Board's oversight and review of environmental policies and practices. Our internal audit team audits our operations for water quality and emerging contaminants, and those findings are reported to the Audit, Finance and Risk Committee.

Our industry-leading research and development (R&D) team focuses on identifying new contaminants and developing plans to mitigate and treat any potential threats to water quality. Our corporate Environmental Policy and Planning, Research & Development, Source Water Protection, Environmental Compliance and Operations, and Engineering teams work together to establish a coordinated strategy and deploy best practices and technologies to address these risks.

Our state utility subsidiaries are responsible for managing water quality and emerging contaminants at the local level. This includes performing routine compliance sampling, sampling for emerging contaminants, and responding to events, such as spills.

Finally, we include specific water quality and compliance training to complement the localized training offered to water treatment operating personnel. Based on local regulations, our employees help our state utilities make informed decisions concerning water quality. As part of our APP, we have annual targets and measures for drinking water program compliance.

Lead Service Line Replacement

We work diligently with local communities, customers and organizations to reduce the potential health risks of lead exposure from drinking water. The U.S. EPA recommends replacing the entire lead service lines at one time regardless of whether lead is found on the Company or customer portion of the service line and we align our approach with this recommendation.

Additionally, we collaborate with national public health, water utility, environmental, labor, consumer, housing and governmental organizations through the Lead Service Line (LSL) Replacement Collaborative to accelerate the full removal of lead pipes that deliver drinking water to American homes.

In 2024, American Water replaced nearly 17,000 lead/galvanized service lines across our footprint, nearly doubling replacement efforts year over year. Annually, we invest hundreds of millions of dollars in upgrading our water systems to support our continued provision of safe and reliable water service to our customers.

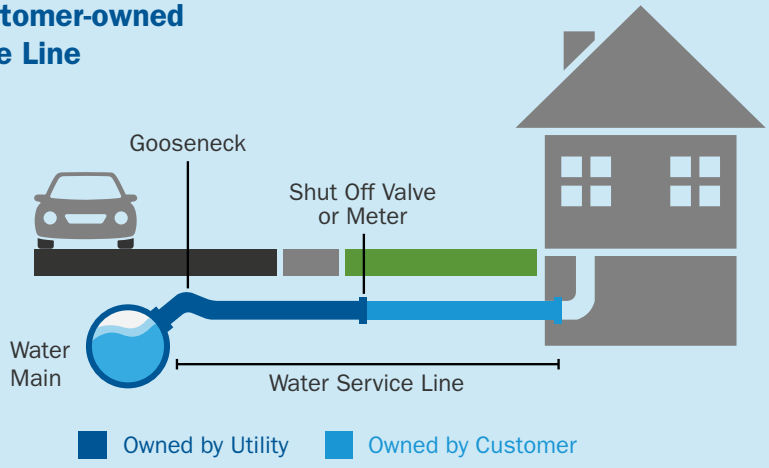
On October 8, 2024, the U.S. EPA announced the final Lead and Copper Rule Improvements (LCRI). American Water had submitted oral and written comments to the EPA on its proposed LCRI regulation in early 2024. American Water consistently meets water quality standards related to the lead and copper rules across our footprint and believes removing the risk of lead service lines over time is the right thing to do for the health and safety of our customers. Developing an accurate, comprehensive inventory, including identifying the material of service lines where the material is currently unknown, is an important next step in eliminating lead service lines.

We believe all stakeholders must understand the costs associated with the Lead and Copper Rule Improvements and that the EPA estimates are likely understated. The cost to identify the material of all unknown service lines and replace all lead service lines and galvanized lines, where needed, by 2037 will require significant investment for all water systems

This effort is complicated by the fact that property owners — not American Water subsidiaries— own a portion of these water service lines, much like a homeowner owns the driveway that connects to the public street. Details about the material of an individual property's service line have been largely unknown and, if available, are spread across a variety of non-readily accessible sources. However, we continue to develop a public-facing inventory showing the location of known lead/galvanized service lines in our service areas using records and inspections of service lines.

Annually, we will use a prioritization methodology to identify proposed work areas for replacing lead/galvanized service lines in the following year.

Utility-owned vs. Customer-owned Portion of the Service Line



Please note: This diagram is a generic representation. Variations may apply.

Per- and Polyfluoroalkyl Substances (PFAS)

American Water collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. The Company's engagement with the EPA provides it with early insight into emerging regulatory issues and initiatives.

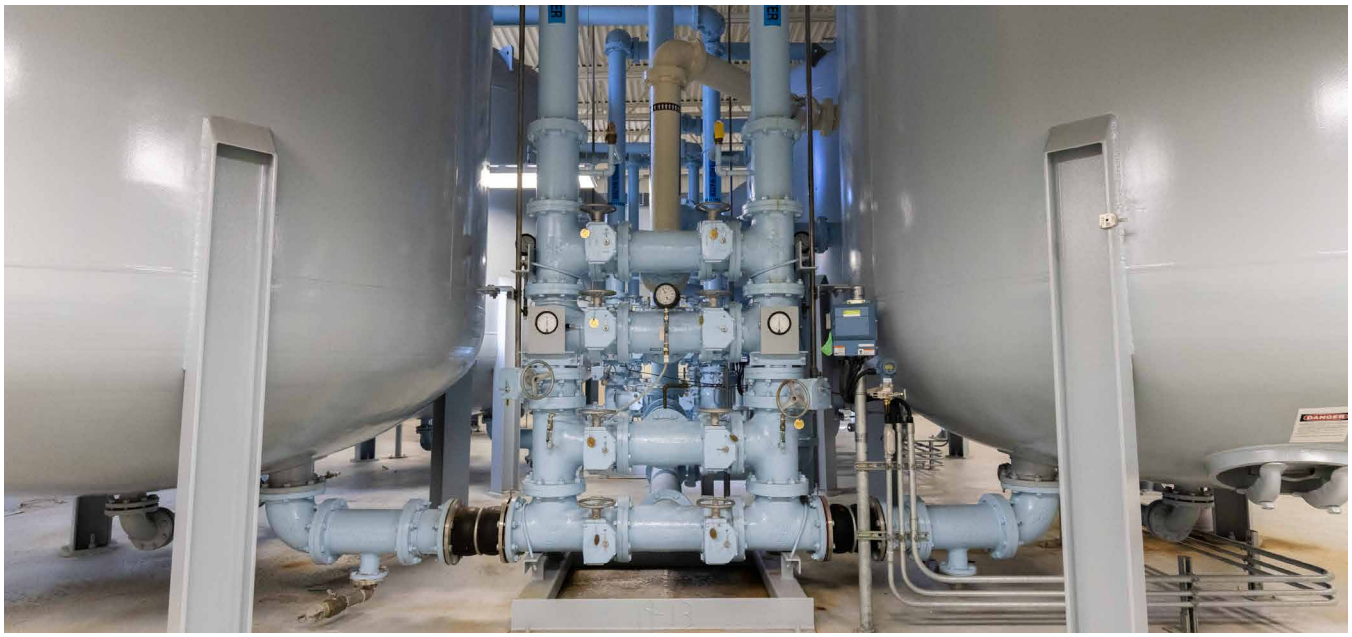
On May 14, 2025, the EPA announced the agency will keep the current National Primary Drinking Water Regulations (NPDWR) for PFOA and PFOS. As part of this action, EPA also announced its intent to extend the PFOA and PFOS Maximum Contaminant Level compliance deadlines and establish a federal exemption framework. Additionally, the EPA announced its intent to rescind the regulations and reconsider the regulatory determinations for PFHxS, PFNA, HFPO-DA (commonly known as GenX), and the Hazard Index mixture of these three PFAS plus PFBS to ensure the determinations and any resulting drinking water regulation follow the Safe Drinking Water Act process. We continue to follow updates to this regulation.

American Water takes the quality of its water very seriously and meets or surpasses all state and federal water quality standards, including for PFAS. The Company agrees with the EPA that public health is paramount and, as always, will comply with all Federal and state standards regarding PFAS.

American Water has extensive experience in designing and installing treatment for groundwater and surface water, including treatment for PFAS that allows us to meet all standards. We have already gained significant experience from complying with individual state PFAS requirements and have been doing so for quite some time.

The EPA's plan to extend the timeline for compliance will not impact American Water's PFAS compliance or capital plan as the company is committed to complying with the standards in a timely manner. We continue to focus on technology, efficiencies of scale, and cost management to deliver on customer affordability, especially as regulatory demands such as the final PFAS rule-related improvements drive increases in our capital program.

Our 2025-2029 five-year capital plan includes approximately $1 billion for PFAS-related improvements, and that plan anticipates that we will incur up to $50 million of annual operating expenses associated with initial and ongoing compliance with the new PFAS regulation.



PFAS treatment at New Jersey American Water facility in Carney's Point Township, NJ

PFAS Treatment

American Water has a cross-functional team focused on the scientific and regulatory framework related to PFAS detection and emerging technologies for removal. Cost-effective PFAS removal processes are strongly dependent on water composition and targeted PFAS.

While American Water's engineering and research teams regularly conduct studies to evaluate new monitoring and treatment technologies, the EPA indicates that granular activated carbon (GAC) is an effective treatment technology for removing certain PFAS from drinking water. Reactivating GAC media helps reduce our impact on the environment.

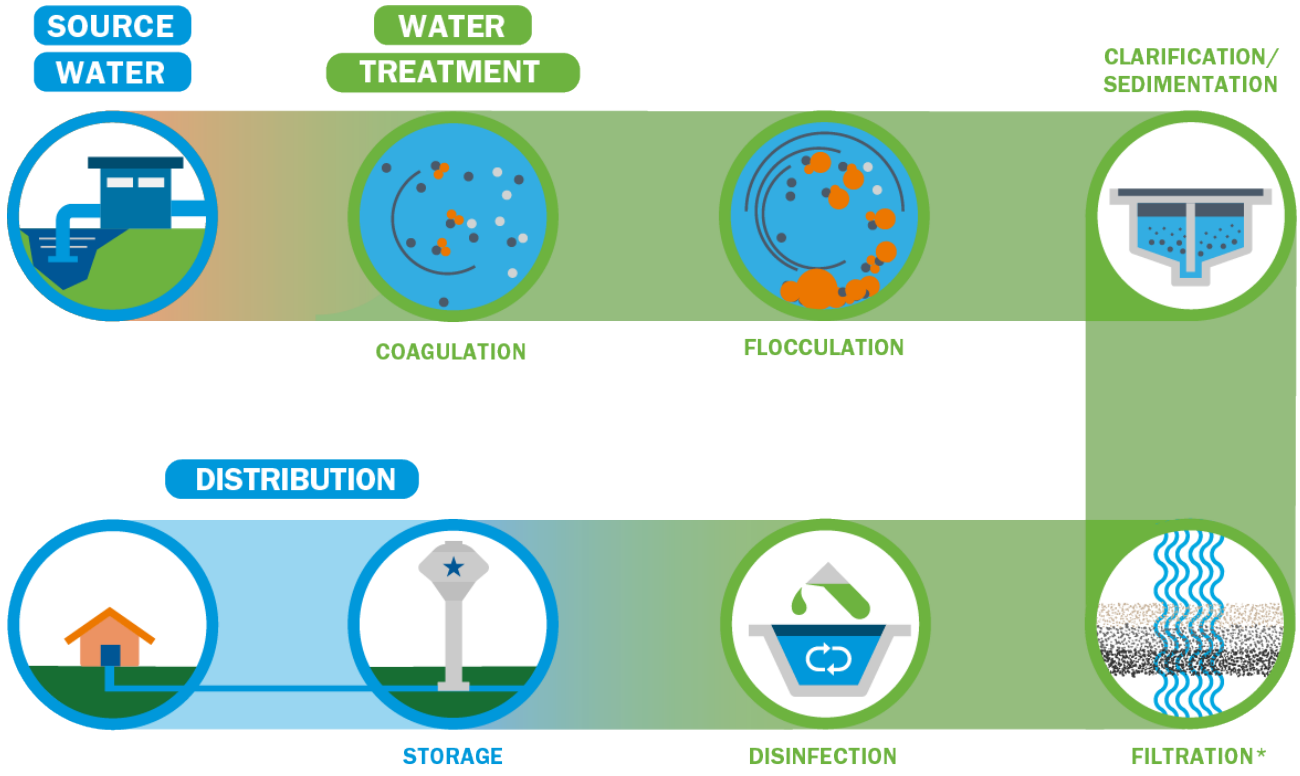
Lifecycle of Granular Activated Carbon (GAC)

The lifecycle of GAC involves careful procurement, active use, regeneration, and responsible retirement and disposal. American Water's commitment to sustainability helps utilize GAC efficiently while minimizing environmental impact.

Once received, GAC is carefully integrated into the filtration systems to remove contaminants, including organic chemicals, odors, and various harmful substances, from the water supply. The initial activation of GAC involves exposing it to high temperatures and steam, which creates a network of pores that effectively traps impurities.

During its life in the filtration system, GAC's effectiveness in capturing contaminants is constantly monitored. This phase involves assessing the adsorption capacity, which determines how well the carbon removes pollutants from the water. Over time, the pores within the GAC become saturated with trapped substances, necessitating periodic regeneration to restore its adsorption capabilities.

One of GAC's notable advantages is its ability to be reactivated and reused multiple times. This process involves heating the used GAC to high temperatures to desorb the contaminants and restore its porous structure. American Water employs methods to allow GAC to go through several cycles of use and reactivation, maximizing its utility and sustainability.



*Includes PFAS Treatment

The average lifecycle of GAC in active use can extend up to one year before requiring regeneration. This longevity is influenced by factors such as the volume of water treated, the concentration of impurities, and the specific application demands. Regular monitoring and maintenance are crucial to ensuring the GAC performs optimally throughout its lifecycle.

When GAC reaches the end of its useful life and can no longer be effectively regenerated for water treatment, it is retired from the filtration systems. The retired carbon is then transferred to third-party specialists who manage regeneration for use in other industries, and its disposal when necessary.

Supplier Agreement

In January 2025, American Water and Calgon Carbon, a wholly owned subsidiary of Kuraray Co., Ltd., entered into a nine-year exclusive supply contract providing GAC, equipment and reactivation services to more than 50 American Water treatment sites across 10 states. Calgon Carbon's activated carbon products and services will continue to be used to treat PFAS in drinking water.

Calgon Carbon's proprietary reactivation process has been demonstrated to destroy testable PFAS compounds to near non-detect levels. Compared to other methods of treatment, the reactivated carbon product also significantly reduces CO2 generation, making it an environmentally responsible process to minimize waste.

Additional information on PFAS may be found here.

Engagements for Safe Drinking Water

We are actively involved in providing input on new and existing regulations covering the drinking water industry. In the states where we operate, we meet with regulators and other interested stakeholders to assist in identifying and understanding a wide range of issues impacting the water industry, as well as to assist as needed in policy formulation and guidance. For more information, please visit the Public Policy section.

American Water representatives are members of multiple AWWA technical advisory working groups, including the Safe Drinking Water Act Processes and New Contaminants group, the Real Time Water Quality and Monitoring Committee, and Aesthetic Quality and Perception Committee. The New Contaminants working group contributes to PFAS detection and regulatory strategies, one of the most rapidly changing landscapes in the drinking water industry. We also work with several organizations, including the Water Research Foundation, universities, and other water utilities to better understand issues related to public health.

Environmental Near Miss Program

Environmental Near Misses (ENMs) represent issues related to water quality, environmental compliance or stewardship that have the potential to affect public health or could result in an environmental concern, and which are discovered prior to a violation of a regulatory requirement. Areas for potential ENM events include chemical delivery and storage, drinking water source and treatment issues, sample collection, analysis and reporting, distribution systems and general environmental compliance.

Through our ENM program, we empower and encourage employees to report ENMs. Reporting and investigating ENMs allows us to identify problems and correct them, ideally before negative consequences occur. We share our findings across the organization so that we can avoid potential problems elsewhere. The ENM program advances accountability for environmental leadership.

Research & Development

Since its inception over four decades ago, our industry-leading R&D team has leveraged effective technologies located at our Central Laboratory in Belleville, Illinois to identify threats to our water supplies, act on emerging regulations or new health advisories, and evaluate the benefits of new and advanced treatment technologies. Our R&D team includes several scientists with advanced degrees in chemistry, engineering or microbiology.

American Water's R&D program differentiates us from our peers. Our program includes in-house scientific and engineering experts who routinely interact with and maintain constructive relationships with external governmental, industry and environmental groups, including the U.S. EPA, CDC, AWWA, the American Public Health Association and the Water Environment Federation. Our dedicated R&D laboratories are equipped with advanced analytical instrumentation for chemical and microbial analysis of a wide range of contaminants of emerging concern. Our research scientists also conduct technical research in drinking water, reuse, and desalination. We also participate in a number of Water Research Foundation projects related to contaminants of emerging concern, water scarcity challenges, operational optimization and cost-effective treatment or mitigation strategies.

Antimicrobial Resistance

Antimicrobial resistance is an important issue and a topic that R&D at American Water have been investigating for numerous years. We have developed in-house capabilities to monitor for resistance conferring genes in the environment, including water and wastewater effluents. We recently published a study with the Water Research Foundation on this topic: Hospital Wastewater Practices and Compounds of Emerging Concern in Water. A member of our R&D team also served as an industry expert on a project conducted at Virginia Tech, which seeks to standardize monitoring strategies: Standardizing Methods with QA/QC Standards for Investigating the Occurrence and Removal of Antibiotic Resistant Bacteria/Antibiotic Resistance Genes (ARB/ARGs) in Surface Water, Wastewater, and Recycled Water.

Compliance

We post federally required annual Water Quality Reports, also called Consumer Confidence Reports (CCRs), to provide our customers and other stakeholders with information regarding our compliance with regulations and water quality. CCRs include details about our customers' water, such as the specific water source, and information about the importance of protecting our drinking water sources. To view our Water Quality Reports, please visit our website.

Source Water Management

Despite our strong risk prevention and management practices and programs, upstream pollution sources such as industrial discharges, chemical spills, urban storm water runoff and algal blooms can increase the risk of contamination, which can affect public health and the environment. We regularly test water samples across our footprint and use sensors to monitor our source waters for changes in water quality. Please visit the Water Supply Resilience section for additional information on our source water management efforts.

Water sources and sampling results are communicated to customers by way of Consumer Confidence Reports.

OUR PERFORMANCE

We focus on various leading and lagging indicators used to drive and evaluate our environmental performance, including:

- Leading indicators, including internal audits, peer-to-peer reviews, training, adherence to scheduled maintenance, and advanced data analytics; and
- Lagging indicators, including Maximum Contaminant Level (MCL) exceedances and meeting monitoring and reporting requirements.

We are committed to excellent water quality and maintaining our history of complying with, in many cases, achieving results beyond minimum standards required by applicable laws and regulations. As part of our 2024 APP, we have included annual targets and performance measures for drinking water program compliance.

Annual Performance Plan Water Quality Measures

		Target Performance	Actual Performance
2024	Environmental Leadership: Drinking Water Program Compliance[1]	6	8
	Environmental Leadership: Drinking Water Quality[2]	2	2

1 This metric is determined by counting the overall number of drinking water Notice of Violations (NOVs) received by the Company in accordance with internally established procedures, which may exclude NOVs for newly acquired systems and third-party violations, among others.

2 This metric is determined by counting the overall number of drinking water NOVs for MCL exceedances received by the Company in accordance with internally established procedures, which may exclude NOVs related to newly acquired systems and associated with third-party violations, among others.

ENVIRONMENT & INFRASTRUCTURE

American Water operations are dependent on a safe and reliable supply of water. We are committed to doing our part to protect the environment and safeguard water and wastewater infrastructure so we can continue delivering high-quality services.

Water & Wastewater Infrastructure

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WHY IT MATTERS

As an industry-leader in providing reliable water and wastewater services, we must maintain adequate infrastructure. The ASCE U.S. Infrastructure Report Card (IRC) is published every four years and provides insight into the current state of the country's water and wastewater infrastructure. The ASCE's 2025 report card gave the U.S. drinking water infrastructure a C- grade and wastewater infrastructure a D+, posing serious environmental implications for communities across the U.S. These scores demonstrate the ongoing need for infrastructure investments that promote water quality, seek efficiency improvements, and increase reliability.

Safe and reliable water is foundational to quality of life in the communities we serve. By making prudent investments that support water and wastewater infrastructure reliability and resiliency, American Water contributes to the economic security and viability of the communities in which we operate. Looking ahead, we recognize that climate variability has significant impacts on water infrastructure across the United States, underscoring the importance of upgrading infrastructure to maximize resilience and mitigate intensifying climate variability impacts. Please visit the Climate & GHG Emissions section for more information.

OUR APPROACH

IF-WU-450a.4

In the United States, the condition of water and wastewater infrastructure varies significantly. We consider the condition, performance, and criticality of existing infrastructure when prioritizing capital investments, with the goal of investing in infrastructure that represents the highest risk if it were to fail. We seek to provide all customers across our footprint with safe and reliable water and wastewater infrastructure.

American Water strives to balance infrastructure needs with water and wastewater affordability by consistently making infrastructure investments that will reduce significant risks and increase benefits to our customers.

Our comprehensive planning process is a long-term, risk-based approach that evaluates the capacity, condition and performance of our water and wastewater systems. We conduct numerous comprehensive planning studies (CPS) and asset management plans annually, and we evaluate systems on a rotating basis by priority, resulting in a targeted capital improvement plan for each system.

We invested $3.3 billion to upgrade and expand our asset base as part of our capital investments in 2024. Our investments typically increase annually as we work to fix leaks, improve water quality, safeguard consistent water supply and maintain regulatory compliance across our water and wastewater systems. We expect the need for significant infrastructure investment to grow; over the next 10 years, we expect to invest approximately $40–42 billion in our regulated business, with approximately $36–37 billion dedicated to investments in our existing regulated systems including infrastructure renewal, resiliency and water quality.

Expansion of our wastewater footprint presents a logical strategic opportunity because we have the operational infrastructure, equipment, expertise, personnel, and relationships with communities where we already provide water service.

Our record of operating and maintaining distribution/collection and treatment infrastructure fosters greater community resiliency for residents and businesses and boosts economic development. Our reputation also allows us to grow our business through acquisitions of both municipal and private water and wastewater systems.

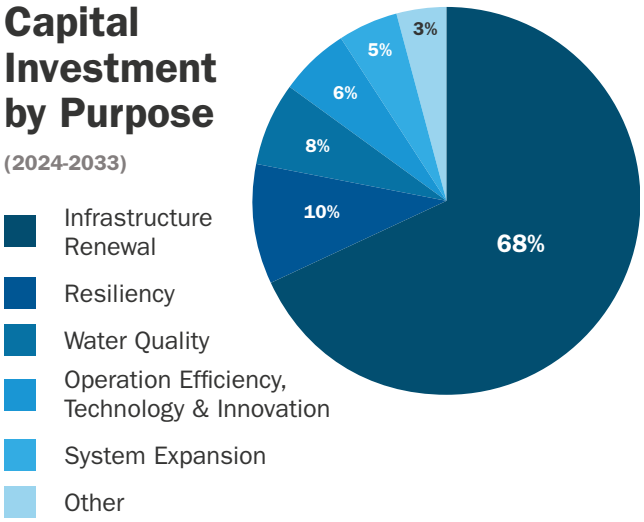
Capital investments we make in the infrastructure of our acquisitions helps acquired systems increase compliance with regulatory standards and meet our internal best practices for resilient infrastructure.

As the largest regulated water and wastewater provider in the United States, American Water is positioned to provide solutions for communities across its national footprint for years to come.

Over the next 10 years, we expect to invest approximately $40–42 billion in our regulated footprint, with approximately $36–37 billion dedicated to regulated system investments including infrastructure renewal, resiliency and water quality.

Capital Investment by Purpose

(2024-2033)



Policies

American Water's Capital Program Management procedures guide our approach to infrastructure investment. The Chief Engineering Officer is responsible for activities related to these procedures, with executive oversight from our COO. The procedures address several topics that are designed to better inform our capital investment decisions focused on risk and sound asset management.

Governance

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State utilities develop annual capital business plans based on the needs we identified through CPS and asset management planning work. Our overall annual and 5-year capital business plans are reviewed by AFRC and approved by the Board. After the consolidated capital plan is approved, state utilities and the American Water Capital Program Management Committees (CPMCs) oversee implementation by our state engineering and operations teams. Each of these cross-functional committees meet monthly.

Economic Impact

Our capital infrastructure investments can generate significant economic benefits to local and regional economies. These benefits occur directly through our initial spend on a capital project and indirectly through the broader economic effects of our resilient infrastructure. Our ongoing operational and capital expenditures help generate these economic impacts on an annual basis.

We closely monitor the number of jobs created as a result of our capital expenditures. According to a 2023 U.S. Water Alliance article, approximately $1 million of investment can create 15 high-paying local jobs.[1] With our current regulated system investment of approximately $36-37 billion planned over the next 10 years, we have the potential to create hundreds of thousands of indirect jobs in the communities we serve.

1 Based on a study conducted by the Value of Water Campaign: The Economic Benefits of Investing in Water Infrastructure.

Assessing Infrastructure Risks

We consider several factors to determine the priority of our infrastructure investment decisions, including regulatory requirements, employee and public health and safety, likelihood of asset failure, maintenance and operations costs. We use standardized risk-based prioritization models to categorize infrastructure investments across our systems. Although our above ground and buried infrastructure require different approaches to risk assessment, we routinely evaluate our infrastructure based on capacity, condition, performance, threats, and the consequences of failure.

For water pipelines, we consider specific factors, such as the age and material of pipe, distribution system pressure, soil conditions and water quality.

America's Water Infrastructure Act (AWIA) of 2018 requires us to complete detailed Risk and Resiliency Assessments (RRAs) and mitigation plans across all our public water systems serving populations over 3,300. We use the guidance provided by the AWWA J100 standard to take an "all hazards" approach to identifying and mapping the key risks across our business. This approach incorporates risk scenarios into our assessments, such as extreme weather and climate variability, source water contamination and malevolent threats. In accordance with the AWIA, we will update our risk assessments every five years.

We use risk mapping tools to assign a rating to key risks that affect our facilities and critical infrastructure, helping us better understand the risk to our overall operations.

These risk ratings help inform our future infrastructure investment decisions and secure the proper level of maintenance for our assets. As a company that provides water and wastewater services, the protection of our facilities, technology systems and customer and employee information is a top priority and focus. Our security team conducts regular internal security reviews and collaborates with the Department of Homeland Security on external security assessments. We use the results to develop improvement initiatives and further enhance security controls of Company assets and systems. Central to our protection model is our advanced Integrated Operations Center. The Integrated Operations Center monitors American Water's security and technology systems; continuously tracks weather alerts, security threats and intelligence; and serves as a key collaboration point for operations, leadership and functional teams. For additional information on how we maintain enterprise security, please visit the Cybersecurity section.

Infrastructure Investments to Reduce Climate Risk

American Water must invest in our infrastructure to mitigate risk from aging assets and increased climate variability and extremes. We leverage climate trends and advanced climate models, where available, to evaluate our risks and opportunities for increasing the resilience of our assets.

In addition to the climate risk to our facilities, extreme weather also has the potential to damage other critical infrastructure such as pipes and pumps, which can lead to water or wastewater leaks and spills. To help address this risk, American Water has a program to evaluate and inspect critical pipeline crossings of railroads, highways, rivers and streams, which are often vulnerable to extreme weather events. Through these evaluations, we can identify ways to improve our asset management, reduce potential future outages and minimize operational impacts.

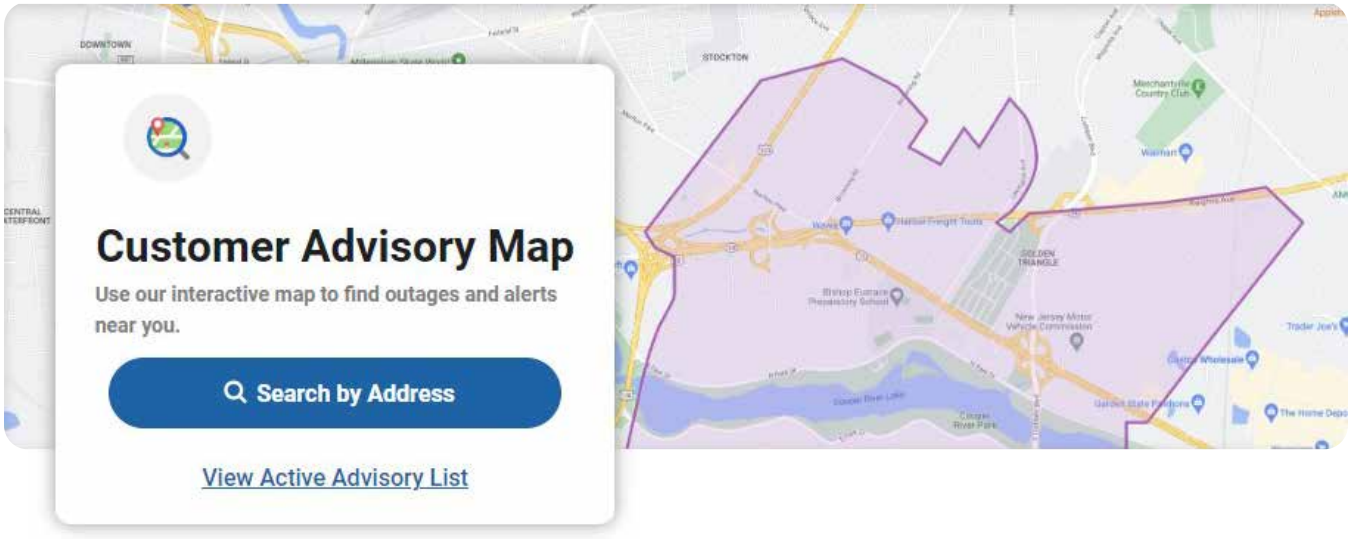
Emergency Response Plans

Each water and wastewater system maintains an Emergency Response Plan (ERP) to respond to a wide variety of potential emergencies, such as power outages or natural disasters. Our ERPs also address the potential impacts of extreme weather. In accordance with bioterrorism laws and for the safety and security of our systems nationwide, these plans remain highly confidential.

We use mass notification systems, called CodeRED and Alerts1View, to keep our customers informed about any water-related emergencies, risks or threats that might occur. We notify our customers through automated phone calls, text messages and emails, and we provide alerts on our website with a map of the affected area.

Our operations across the enterprise use an approach based on EPA and Federal Emergency Management Agency guidance for ERPs. The Physical Security and Preparedness team work with our Operations teams to conduct emergency response exercises, test and enhance ERPs and conduct on-site staff training to support proper execution of the ERPs, if needed.

We conduct emergency event drills each year, and as we identify new risks, we incorporate appropriate risk mitigation exercises into those drills.



American Water keeps customers informed of outages and alerts with our Customer Advisory Map, an interactive map to find outages and alerts impacting an area by searching an address.

Infrastructure Digitalization

We use technology throughout our business to assess the overall condition of infrastructure and monitor system performance. We deploy a variety of sensor technologies to help evaluate and monitor the integrity and performance of our infrastructure. We remain focused on the digitalization of our processes and equipment throughout our asset base and within our operations.

By implementing digital tools, we efficiently gather and leverage information to better understand our infrastructure and make proactive and effective investments. For example, acoustic monitoring equipment helps our teams identify and locate leaks in water distribution pipelines before they become potentially catastrophic breaks. We use hydraulic models of our pipeline networks in scenario planning to identify and address potential problems in our systems, such as inadequate pressures and reduced water flows. We use thousands of sensors and instruments to monitor the condition and performance of equipment at our treatment plants. These instruments alert facility personnel of necessary operational adjustments, maintenance, rehabilitation or replacement needs.

Digital infrastructure monitoring improves operational efficiency and is a key tool in managing system assets.

Advanced Metering Infrastructure (AMI), also known as smart metering, is another tool helping us achieve digital transformation. AMI provides American Water with automated, near-real-time data on water usage and system conditions. Where deployed, our customers can better understand their water use and make behavioral changes to improve their water efficiency. We also use this information to help us proactively identify leaks, alert customers to leaks within their internal plumbing, and reduce water loss and potential system interruptions. AMI data provides our teams with live alerts as to water issues involving high, low or no flow, and other valuable insights into the condition and overall health of our infrastructure. As we increase our deployment of AMI technology, we will be able to use the historical data collected to refine our hydraulic models and improve system efficiency and water quality.

Connecting With Customers

We recognize that while infrastructure investments are critical to long-term system reliability and quality service, projects can be disruptive to the communities in which we work. For example, projects involving buried infrastructure can impact road conditions and traffic patterns. Whenever possible, we try to coordinate with municipalities and other utilities to align our projects with the timing of other projects and programs. We also evaluate pipe within our distribution network so that we can package pipeline replacement with other projects and minimize disruption. As necessary, we conduct proactive stakeholder engagements, such as meetings or other communications, to provide local communities and residents with additional information about a project.

OUR PERFORMANCE

IF-WU-140a.1, IF-WU-450a.3

We measure our water infrastructure performance in many ways, including by measuring our water main replacement rate and the number of unplanned service disruptions. These indicators help inform decisions about future pipe replacement needs.

In 2024, we replaced 0.80% of our water mains, equating to a replacement rate of 125 years.

We continue to focus on replacement of our oldest and highest risk pipelines in our distribution systems as a key element to make our systems more resilient and reliable and are significantly better than the industry average replacement rate of nearly 200 years.

The number of main breaks per mile has steadily decreased since 2014. In 2014, we experienced 0.33 breaks per mile. In 2024, our main break rate was 0.23 breaks per mile, a 30% decrease since 2014.

Water Supply Resilience

3-3

WHY IT MATTERS

Water is a finite resource and we must manage water supplies in a sustainable manner that safeguards the long-term needs of customers. Climate variability could have significant impacts on our business and our customers by affecting the availability and quality of water supply. As concern for climate variability impacts grows, we want to inform and educate our stakeholders about our actions to protect water supplies and maintain access to safe and reliable water—now and in the future.

OUR APPROACH

303-1, IF-WU-440a.3

Our ability to deliver water to our customers in a safe and reliable manner depends, in part, on efforts to protect drinking water at the source. When planning and managing our water supplies, we consider the source's ability to meet the anticipated long-term needs of our customers. We identify and mitigate the impacts of current and future threats to our existing sources of supply through Risk and Resiliency Assessments (RRAs) that are compliant with America's Water Infrastructure Act (AWIA). The results inform our operational approach and potential need for capital investment. Our goal is effective mitigation of potential risks and maintenance of sufficient, high-quality water supplies for our customers.

Policies

Our Environmental Policy serves as a guide to responsible management of natural resources. The policy addresses sustainable water management, watershed protection and water conservation. Additionally, American Water's Dam Management practice helps American Water operate and maintain dams that support our water supplies. The practice sets the standard for routine monitoring and maintenance, periodic improvements and frequent inspection. We review and update our policies and practices regularly.

RELATED RESOURCES

- Environmental Policy
- Utility Resilience Index One-Pager

American Water engages and educates stakeholders on our ability to maintain adequate water supply.

Governance

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Our VP, Environmental Policy, Research & Planning, our Chief Operational Excellence Officer, and our COO, supported by our Deputy COO, have responsibility for water supply resilience. Because water supply resilience is an inherently local issue, our state Presidents and engineering and operations leaders are responsible for managing water supply resilience within the states.

The SETO Committee of the Board of Directors receives quarterly reports concerning the risks that natural hazards pose on our business, including supply disruptions from droughts, hurricanes, earthquakes or storms.

Water Availability

To safeguard our long-term water supply, we leverage climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis to analyze our impacts on source water supply and identify future water supply needs. Where actionable forecasts are available, American Water uses the information in our engineering CPS and Master Plans, which assess the climate risk and resiliency of our water and wastewater systems over short-, medium- and long-term time horizons (0–25+ years). Our engineering planning process enables us to evaluate and predict how water supplies, water quality and water demands may change over time. We also consider how increasing intensity and frequency of extreme weather events may affect our infrastructure and assets, which helps determine updates or changes to our design standards.

In addition, America's Water Infrastructure Act (AWIA) of 2018 requires us to complete detailed Risk and Resiliency Assessments (RRAs) and mitigation plans across all our public water systems serving populations over 3,300. We use the guidance provided by the AWWA J100 standard to take an "all hazards" approach to identifying and mapping the key risks across our business. This approach incorporates risk scenarios into our assessments, such as extreme weather and climate variability, source water contamination and malevolent threats. In accordance with the AWIA, we update our risk assessments every five years.

Source Water Protection

To conserve our water supply and support the quality of our drinking water, it is crucial that we protect water at the source. Third-party business and residential development activities upstream can amplify the impacts of climate variability in our communities, leading to pollution. When land is developed, water- resistant surfaces, such as sidewalks or parking lots, generate more runoff, leading to increased risk of flooding and potential contaminants in water supplies. We advocate for responsible state and local planning and zoning policies that prioritize the protection of water supplies. For more information about the policies that we support, please see Public Policy.

Partnerships to Protect Watersheds

Throughout the communities we serve, we partner with local entities, including river basin commissions and community groups, to help protect watersheds. AWCF's Water and Environment Grant Program also supports eligible public charities that focus on innovative, community-based environmental projects that improve, restore or protect the watersheds, surface water and groundwater supplies in our local communities.

Our partnerships and other engagements with local stakeholders can help provide early warnings of impacts to water supplies, including contamination. At the national level, we collaborate with several organizations that work to promote water supply resilience through legislation, industry collaboration and research.

Resiliency

Maintaining a state of readiness throughout our systems is critical to addressing the challenges associated with climate variability impacts on our services. Climate variability remains a key input in our water usage models and mitigation strategies that we use to reliably serve communities. Our current 10-year capital plan includes $36-$37 billion in investment into our regulated systems, with approximately 10% of that capital investment dedicated to increasing the resiliency of our assets.

We have a goal to increase our water system resiliency to respond to more extreme events, measured as a 10% increase in our average Utility Resilience Index (URI) score by 2030 (from a 2020 weighted average baseline). The URI is part of the industry- recognized AWWA J100 standard and assesses a community's ability to absorb and cope with an incident and return to normal operations as quickly as possible. A utility's ability to meet minimum daily water demand is factored into the overall URI score.

Utility Resilience Index

AWWA's Utility Resilience Index (URI) will help keep track of our progress in improving system resiliency levels, in an evolving landscape. URI is a relative measure that represents the ability of the water utility and the community it serves to absorb and recover from the impact of a natural disaster.

- Considers operational and financial capabilities
- Outlines robust, emergency response and business continuity plans
- Provides recommendations for investing in systems with 72-hour available capacity
- Considers social vulnerability factors in the local community

Utility Resilience Index Indicators	Weight
Emergency Response Plan	13.9%
National Incident Management System	15.6%
Mutual Aid & Assistance	18.7%
Emergency Power for Critical Operations	6.0%
Ability to Meet Minimum Daily Demand (water) or Treatment (wastewater)	9.7%
Critical Parts and Equipment	8.8%
Critical Staff Resilience	6.1%
Business Continuity Plan	4.6%
Utility Bond Rating	6.4%
Governmental Accounting Standards Board Assessment	1.8%
Unemployment	4.6%
Median Household Income	4.0%

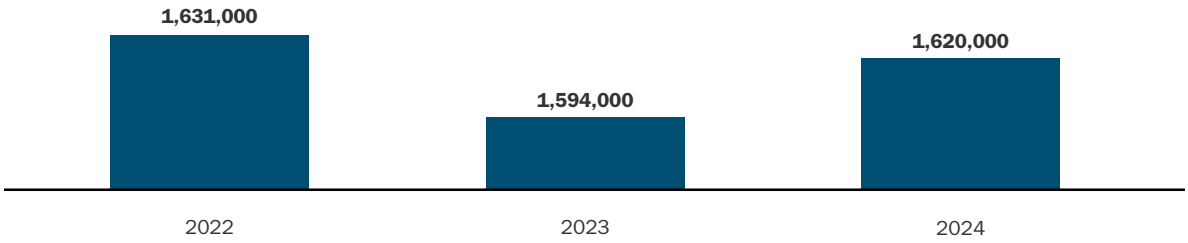
The URI grades on a numeric scale from 0–100, with 60–70 identified as relatively resilient. In 2024, our weighted average score was 71.1, an 8.5% improvement from our baseline.

OUR PERFORMANCE

We measure the effectiveness of our water supply resilience by tracking indicators for water withdrawals, usage trends, water losses and allocation compliance. This data helps us to better understand our water usage, consumption and best practices to strengthen resiliency.

Water Withdrawal

MEGALITERS, ESTIMATED



RESILIENCE	2022	2023	2024
Fresh Water Sourced in Regions with High or Extremely High Baseline Water Stress (Percent, Rounded)	3%	3%	3%
Fresh Water Sourced in Regions with High or Extremely High Baseline Water Stress (Thousand Cubic Meters)	53,416	49,862	50,700
Fresh Water Sourced in Regions with High or Extremely High Baseline Water Stress (Percent Purchased from Third Party, Rounded)	57%	57%	55%

Biodiversity

WHY IT MATTERS

The U.S. EPA defines biodiversity as the variety of all forms of life and it is essential to the existence and proper functioning of all ecosystems. As a water and wastewater utility, we understand our role as stewards of the most precious natural resource: water.

OUR APPROACH

American Water strives to conduct business in a safe manner that drives regulatory compliance, protects public health, and promotes environmental stewardship, all in support of American Water's value of environmental leadership. We are committed to compliance with relevant environmental laws, regulations and standards, sustaining the environment through responsible business practices that promote environmental stewardship and effective use of natural resources.

Biodiversity considerations are integrated into company operations to help protect local ecosystems in the communities we serve, while delivering clean, safe, affordable and reliable water and wastewater services.

- Capital Planning: We utilize the EPA rating of waterways (good, impaired, unknown) to understand the ecosystems where we operate and identify the condition of aquatic life, drinking water, fish and shellfish consumption and recreation. Our engineering processes assess impacts to wildlife and plant species when considering infrastructure, such as water intakes, dams, and other critical assets.
- Water Use & Efficiency: Managing customer demand and reducing leakage preserves water supplies over the long-term, which supports local habitats of wildlife and native plant species. Where we have a water diversion permit to take water from a stream, river, lake, or other drinking water supply source, the state regulatory agency considers the health of the water body in the permitting process and we adhere to those requirements.
- Wastewater Treatment: Our operating policies guide us to effectively manage effluent quality, which helps protect local ecosystems within the communities we serve through discharging clean water back to the receiving stream.
- The American Water Charitable Foundation's Water and Environment Grant Program: AWCF provides funding for eligible projects that improve, restore or protect watersheds, surface water and groundwater supplies in our local communities.

American Water is evaluating the Task Force on Nature-Related Financial Disclosures (TNFD) recommendation for potential disclosure in the future.

A blue heron sighting can be a sign of a healthy ecosystem.

Policies

The Company's water and wastewater operations are subject to extensive federal, state and local laws and regulations governing the protection of the environment, health and safety, the provision of water and wastewater services, particularly with respect to the quality of water the Company delivers to its customers, and the manner in which it collects, treats, discharges, recycles and disposes of wastewater. In the United States, these regulations are developed under federal legislation, including the Safe Drinking Water Act and the Clean Water Act, and under a variety of applicable state laws. Environmental, health and safety, and water quality regulations are complex and may vary from state to state in those instances where a state has adopted a standard that is more stringent than the federal standard.

The Company is also subject to various federal, state, and local laws and regulations governing the storage of hazardous materials, the management and disposal of hazardous and solid wastes, discharges to air and water, the cleanup of contaminated sites, dam safety and other matters relating to the protection of the environment and health and safety. PUCs also set conditions and standards for the water and wastewater services the Company delivers.

We also maintain several key internal policies that support our efforts to promote biodiversity. American Water's Environmental Policy guides our commitment to complying with relevant environmental laws, regulations and standards, sustaining the environment through responsible business practices and using natural resources, including energy, effectively and efficiently.

Water Use & Efficiency

3-3

WHY IT MATTERS

Delivering water efficiently benefits our business, our customers, the environment and the communities we serve. By increasing water efficiency through focused productivity optimization in water treatment and delivery to customers, we can realize benefits, such as reduced operating costs and energy consumption. Our customers benefit from water efficiency through cost savings, and we can protect the environment by preserving freshwater supplies and reducing our GHG emissions.

In our operations, the greatest opportunities to increase efficiency include minimizing water loss through prevention of leaks and breaks and maintaining infrastructure. We also work with our customers through education, tools and technology to empower individuals to make their water use more efficient and sustainable.

Advancements in technology allow for data-driven decisions when it comes to infrastructure investments.

OUR APPROACH

303-1

Policies

American Water's Environmental Policy guides our commitment to complying with relevant environmental laws, regulations and standards, sustaining the environment through responsible business practices and using natural resources, including energy, effectively and efficiently. We regularly review and update our Environmental Policy.

Our Non-Revenue Water and Water Loss Reporting Practice helps us standardize the quality and consistency of our non- revenue water reporting. Non-revenue water loss can be the result of leaks, theft or unbilled authorized consumption, which includes water main flushing and firefighter use during emergencies or preparation.

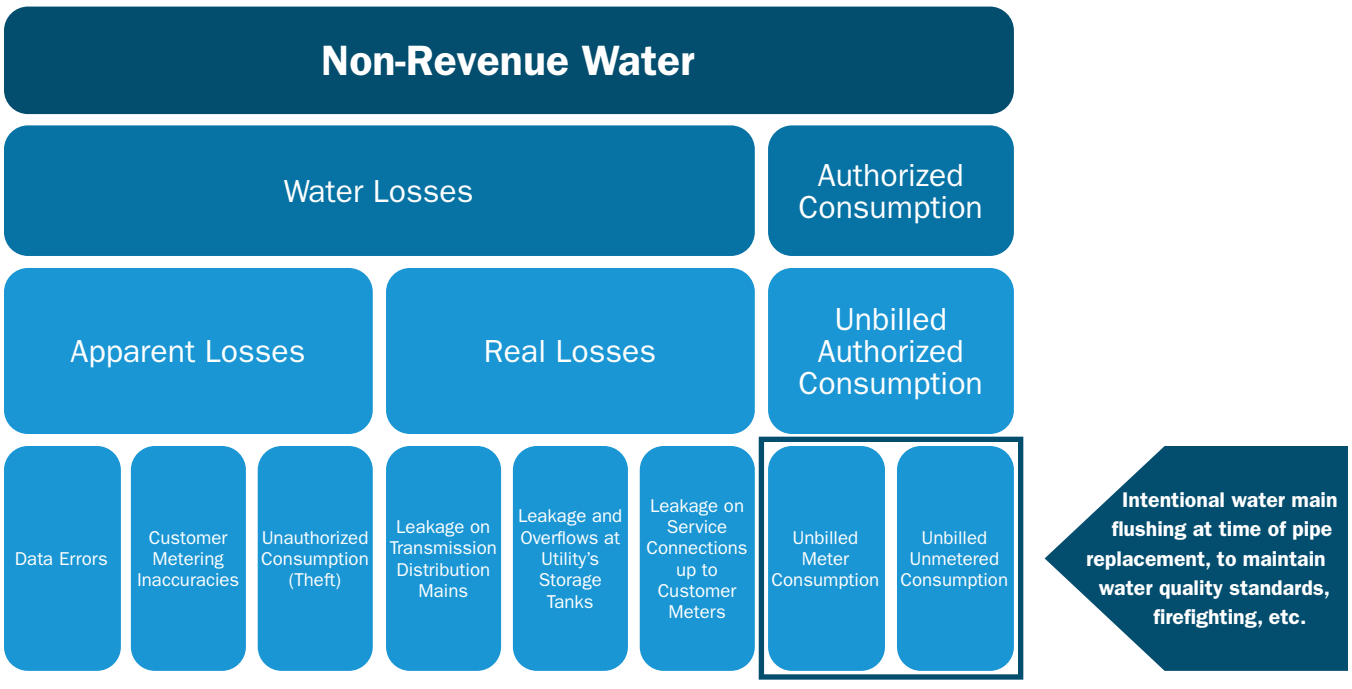
Using a standardized and efficient methodology to report non-revenue water is not only important for identifying and minimizing water loss, but is also critical for budgeting, managing the needs of our customers, tracking our business growth and planning our future capacity. The Non-Revenue Water and Water Loss Reporting Practice also recommends annual water audits for our state subsidiaries, the results of which we can use to identify and prioritize investments that prevent and mitigate water loss.

Governance

2-13

Our SVP, Chief Operational Excellence Officer is responsible for American Water's environmental performance, which includes water use and efficiency performance. At least quarterly, the COO, Deputy COO and the SETO Committee receive a performance update on water use and efficiency. The SETO Committee also oversees our environmental policies, practices and strategies, including environmental stewardship, water conservation and regulatory compliance.

We recognize that environmental stewardship is a core value of our business and serves to protect water as a critical resource. Our Water Efficiency Committee meets quarterly and works across our business to collaborate on water efficiency efforts and best management practices. Improving water efficiency helps us to reduce our operating expenses and allocate more resources toward capital investments that benefit our customers.



Technology & Efficiency

Technology is an important tool that helps us improve water efficiency. For example, advanced metering systems and remotely operated sensors allow us to monitor vulnerable infrastructure for water breaks and/or leaks and assess the condition of our pipeline to prioritize replacements for pipes at highest risk of failure.

Additional technologies improve our ability to monitor our distribution system, prevent and mitigate water loss and provide industry-leading service for our customers.

- **Continuous Acoustic Monitoring of Water Mains:** We place leak detection sensors throughout our distribution system to record the sound patterns in our infrastructure to detect smaller leaks before they are visible above ground as larger leaks.
- **Sensor Technologies:** Drones and other sensors can leverage infrared and spectral technology to detect leaks. We also use electronic sensors, such as in-pipe drones or probes, to identify cracks, deterioration or other weaknesses in a pipe.
- **Improved Pressure Control:** Pressure fluctuations within pipelines can lead to increased stress and potentially leaks or breaks when not properly managed. By improving our pressure control systems, we can optimize pumping efficiency and prevent unnecessary stress on our infrastructure.
- **Smart Distribution Systems:** We can minimize water loss and improve water quality throughout our distribution system by installing automated flushing devices that optimize the frequency and duration of flushing.
- **AMI:** This smart metering provides our teams and our customers with real-time water usage data to proactively identify leaks or understand opportunities for water efficiency.
- **Zero-Discharge:** Most of our large surface water plants and all newer surface water plants recycle water used for filter backwashing and other plant operations.

Customer Conservation & Efficiency

We provide information to our customers to help them learn more about their water use and implement practices that promote conservation and efficiency. When customers adopt these practices, they often lower their usage thereby reducing service costs while recognizing the environmental benefits of water conservation and efficiency. We engage with our customers online, over the phone, by mail and in person to provide the tools and resources they need to manage their water usage more efficiently.

We participate in the EPA's Fix a Leak Week each year to advance water conservation and raise awareness about leaks and other issues that may contribute to wasted water within homes and businesses. We share information with customers online and through mailings educating them on how to detect leaks in their water systems. We also serve as a promotional partner of the EPA's WaterSense Program to increase awareness about water conservation and efficiency. We offer giveaways and rebates for WaterSense-labeled products, which are products that meet the EPA's specifications for water efficiency and performance, such as certain low flow showerheads, faucets and spray sprinkler bodies. We also provide rebates for other conservation tools such as rain barrels, leak detection kits and smart home monitoring to promote sustainable customer behavior.

To further promote customer conservation and efficiency we have implemented tiered rate structures in several states we serve. We also share water-saving tips, offer incentives for efficiency upgrades and conduct conservation surveys.

AMI Implementation

AMI provides our teams and our customers with greater visibility into water usage, allowing us to better serve customers in real time. Currently, AMI is installed in approximately 38% of our footprint and we are working to increase AMI implementation to realize greater water savings and reduced costs for our customers.

Meter reads are transmitted at least hourly and available in 15-minute increments, allowing for quicker identification of inconsistent usage and follow-up of meter alerts. All collected data is secure and integrated into applications that track customer-metering data, billing and customers' MyWater accounts. As we continue to increase the number of customers with AMI metering, we can best leverage this technology across our business to:

- Proactively notify customers of potential leaks;
- Turn water services on and off from our offices (and reduce vehicle mileage);
- Assist customers with high bill inquiries from our offices;
- Respond with more detail to customer usage requests;
- Improve customer experience and usage;
- Improve accuracy of meter reading;
- Encourage water and resource conservation; and
- Increase employee safety.

Rate Structures to Incentivize Conservation

As environmental stewards, promoting customer water conservation is important for reducing environmental impacts and maintaining low costs of service. We advocate for rate structures that promote water conservation and efficiency as part of our environmental stewardship practices.

In some areas we have implemented tiered rate structures. In a tiered rate structure, the lowest water consumption tier costs the least and, as customers use more water, the price increases. The tiered structure is used to promote affordability for customers, encourage water conservation and, in areas with greater water scarcity, such as Monterey, California, there are additional tiers to further incentivize conservation.

Revenue Stabilization Mechanisms (RSMs) permit us to collect our authorized amount of revenue for a given period, independent of the volume of water sold during that period. We recognize the benefits of reduced water usage for our customers and our role in promoting conservation. It is also important that we have a meaningful opportunity to earn the revenues authorized by PUCs in order to continue to invest in capital improvements and deliver safe and reliable water and wastewater services to our customers. Implementing RSMs allows us to continue investing in providing high quality water, while encouraging water conservation.

Across our business footprint, we support and advocate for RSMs that separate water sales from revenues, to allow us to continue promoting water efficiency and reducing operation and maintenance expenses.

OUR PERFORMANCE

303-1

We have a goal to continue to meet customer needs while saving 15% in water delivered per customer by 2035, compared to a 2014/2015 average baseline. Since setting this goal, we have realized a 6.4% reduction in water delivered per customer. As we continue making progress toward our goal, we will not only demonstrate our commitment to environmental stewardship, but also will capture energy savings, reduce non-revenue water loss and lower costs to customers.

Water Use & Efficiency Goal

15% by 2035

BY 2035, AMERICAN WATER COMMITS TO MEET CUSTOMER NEEDS WHILE SAVING 15% IN WATER DELIVERED PER CUSTOMER COMPARED TO A 2014/2015 AVERAGED BASELINE.

Climate & GHG Emissions

3-3

WHY IT MATTERS

Our ability to provide clean, safe, reliable, and affordable water and wastewater services is linked to weather and climate variability. Extreme weather events, including hurricanes, wildfires and droughts, as well as rising sea level and saltwater intrusion, can have direct and significant impacts on the communities we serve and test the resilience of our infrastructure.

Water and wastewater infrastructure is more susceptible to the effects of climate variability if aged beyond its useful life, is in poor condition, or is engineered to meet historical environmental conditions that have since changed. Vulnerable infrastructure may negatively impact our water supply or lead to service disruptions to our customers. To avoid these negative impacts, American Water must leverage effective risk management and strategic planning to increase the resilience of infrastructure. Investing in the resiliency of our systems is essential to meeting our customers' needs and providing safe and reliable water and wastewater services. For more information on our water and wastewater infrastructure, please visit Water & Wastewater Infrastructure.

Our operations require energy to deliver water and wastewater services to our customers. The vast majority of American Water's electricity consumption and our scope 1 and scope 2 GHG emissions relate to pumping water and wastewater. By increasing pumping efficiency, we can reduce energy usage from water delivery, resulting in fewer GHG emissions.

ACHIEVED SHORT TERM EMISSIONS GOAL WITH 41.5% REDUCTION

>40%

REDUCTION IN ABSOLUTE SCOPE 1 AND SCOPE 2 GHG EMISSIONS BY 2025 FROM A 2007 BASELINE.

50%

REDUCTION IN ABSOLUTE SCOPE 1 AND 2 EMISSIONS BY 2035 FROM A 2020 BASELINE.[1]

Paris Agreement aligned and science-based goal.

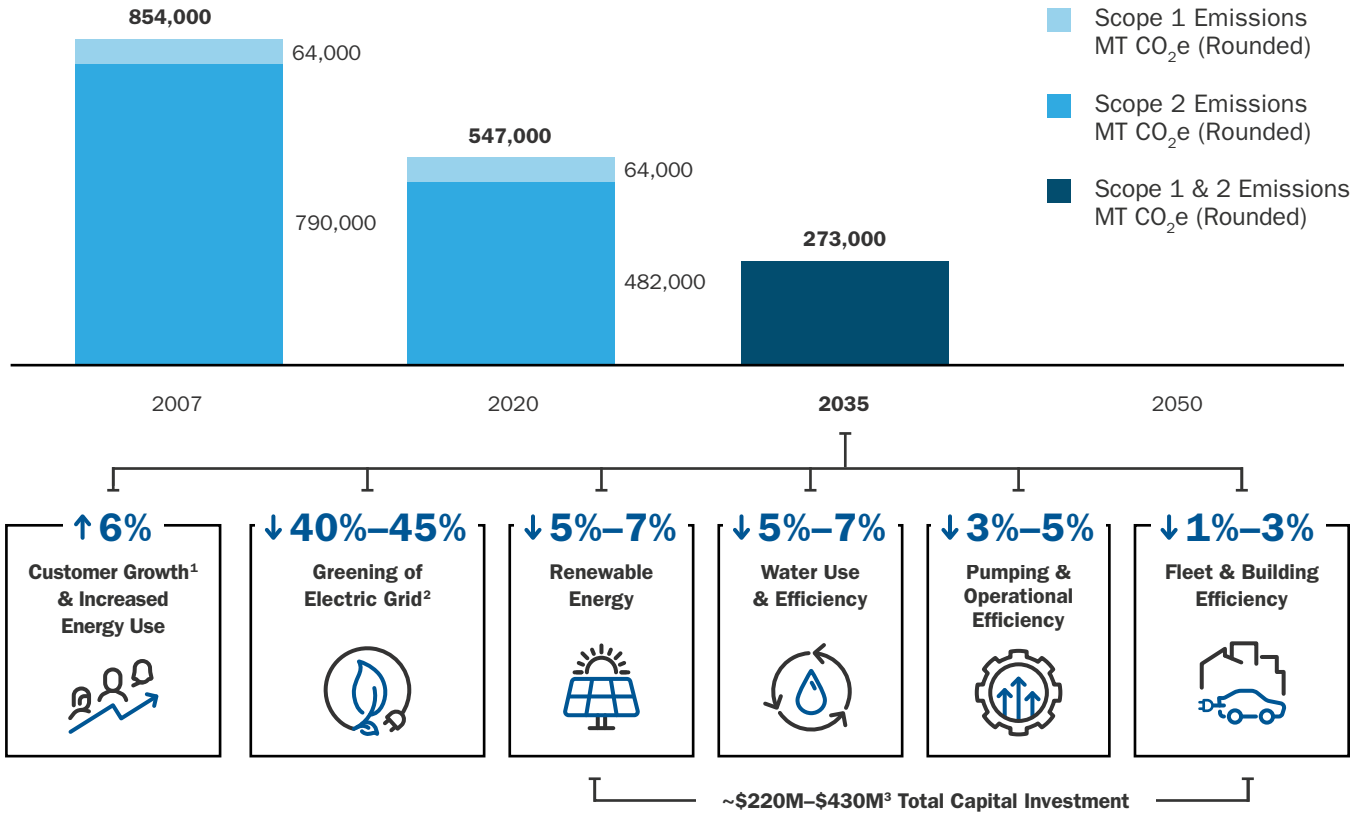
2050

GOAL YEAR FOR ACHIEVING NET ZERO ABSOLUTE SCOPE 1 AND SCOPE 2 EMISSIONS.[1]

Paris Agreement aligned and science-based goal.

1 Assumes state renewable portfolio standards will be achieved and power providers will fulfill stated carbon transition plans.

American Water's Path to GHG Emissions Reduction



Economic Impact

We do not expect to negatively impact our workforce as a result of our emissions reduction plan, and to the contrary, believe that our related capital infrastructure investments can generate economic benefits to local and regional economies, including job creation.[4]

1 Includes organic growth; annual adjustments to baseline will occur to incorporate growth through acquisitions.

2 Assumes States' renewable portfolio standards will be achieved and power providers will fulfill stated carbon transition plans.

3 Updated to 2024 U.S. Dollars to account for inflation.

4 Based on a study conducted by the Value of Water Campaign: The Economic Benefits of Investing in Water Infrastructure.

OUR APPROACH

201-2

Our state utilities operate across different regions in the United States, requiring us to account for variations in climate variability impacts based on geography. When issues arise, we implement emergency management plans to effectively address climate-related issues, which often include coordinating with local municipalities and emergency managers.

We integrate climate variability considerations into our Asset Investment Strategy to better prepare and protect our water and wastewater utility infrastructure for the future. We use historical data, available climate modeling tools, and forward-looking design standards to predict and manage our expected climate variability risks and impacts. We pay particular attention to groundwater supply depletion from climate-related impacts and work to identify aquifer impacts. Our groundwater models assist monitoring efforts so that withdrawals, over time, are less than aquifer recharge rates. We also focus on community resilience to extreme weather events while sharing our findings and best practices with the industry.

To do our part to mitigate climate variability, we aim to reduce energy use and GHG emissions and encourage our suppliers to do the same. Pumping water and treating wastewater is energy intensive, so we focus our energy reduction initiatives on promoting efficiency across our business to reduce the amount of water that needs to be pumped. We also consider renewable energy sources either through negotiating power purchase agreements or through renewable energy such as solar arrays, recognizing that doing so can help to reduce our own costs and contribute to lower global carbon emissions. We also participate in and support energy efficiency and rebate programs, such as the EPA's WaterSense program.

Our operational efficiency strategy includes five key components: plan, design, construct, operate and maintain.

- Plan for Efficiency: We consider opportunities to improve energy and water efficiency in our Engineering Comprehensive Planning process.
- Design for Efficiency: We employ enhanced pump, pressure management, lighting and process design standards.
- Construct for Efficiency: We follow sustainable construction standards and methods.
- Operate for Efficiency: We use enhanced best operating practices, leak detection and repair procedures.
- Maintain for Efficiency: We leverage computerized maintenance management systems and advanced preventative maintenance strategies to optimize performance and reliability of our equipment.

Adapting our systems to be more efficient and resilient in the face of increased weather volatility enables us to protect the viability, integrity and resiliency of water supplies and infrastructure throughout our operations. As the risks change, we continue to evolve our approach to identifying and adopting solutions that improve our management of related risks for the communities we serve.

Governance

2-13

Our Capital Program Management Procedure guides our infrastructure investments. The practices under this procedure require us to assess specific risks from climate variability and implement appropriate mitigation and adaptation strategies within the engineering asset planning process.

Our Environmental Policy outlines the ways in which we promote environmental stewardship across our business, including reporting and responsibilities. This policy governs American Water's environmental stewardship and covers topics such as efficient use of natural resources, including energy. Our Chief Operational Excellence Officer and VP of Engineering, both of whom report to our COO, have ultimate accountability for American Water's approach to adaptation and mitigation strategies associated with climate variability. Climate variability is a global issue with local implications; therefore, our utility Presidents also are responsible for our performance. Our VP, Environmental Policy, Research & Planning oversees our energy and emissions activities and is responsible for tracking and reporting environmental compliance and performance while mitigating emerging areas of environmental risk. Our COO reports such data and performance to the Board on a regular basis.

Our Board of Directors' SETO Committee receives, reviews and discusses with executive management quarterly briefings on risks from operations, including natural hazards, such as drought and loss of supply due to extreme weather events and natural disasters. The SETO Committee monitors and reviews operational risk exposure, mitigation strategies and processes for assessing business continuity risks, including asset hardening, resiliency and contingency plans. Our management team and its Enterprise Risk Management Committee raise issues involving risk management and oversight to the Audit, Finance and Risk Committee.

We also expect our employees to promote environmental stewardship and help reduce our impact on climate variability. Suppliers are encouraged to align with our Environmental Policy and reduce their own environmental impact, including through emissions reductions.

For more information on American Water's climate variability governance and mitigation efforts, please refer to American Water's TCFD index and CDP responses.

Risk and Migitation Planning

IF-WU-450a.4

American Water reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, American Water uses the information in our engineering CPS and Master Plans, which assess the climate risk and resiliency of our water and wastewater systems over short-, medium- and long-term time horizons (0–25+ years). Our engineering planning process enables us to evaluate and predict how water supplies, water quality and water demands may change over time. We also consider how increasing intensity and frequency of extreme weather events may affect our infrastructure and assets, which helps determine updates or changes to our design standards. Our engineering planning program includes RRAs, which are updated on a 5-year cycle.

We also assess our resilience and preparedness through our average URI score, which is a measure of a utility's ability to respond to and recover from the impacts of extreme weather, environmental incidents, supply chain disruptions and other extreme events that would disrupt our services. As part of our facility RRAs, we evaluate the self-generating power capacity at our facilities and increase that capacity where needed. We install standby power generators, both stationary and mobile, throughout our operations. These power redundancy measures allow our critical facilities to operate on self-generated power for an extended period, if needed.

When we build new facilities and upgrade existing ones, we consider how climate variability may affect the surrounding area, including rising sea levels and changing floodplains, among other factors. We design critical equipment to be placed well above expected flood levels to mitigate the risk of interruptions amidst more frequent and intense weather events. Our design criteria often go beyond existing regulations and guidance in our service areas, with input from our insurance carrier's technical recommendations.

Resiliency Goal

Maintaining a state of readiness throughout our systems is critical to addressing the challenges associated with climate variability impacts on our services. Climate variability remains a key input in our water usage models and mitigation strategies that we use to reliably serve communities. Our current 10-year capital plan includes $36-$37 billion in investment into our regulated systems, with approximately 10% of that capital investment dedicated to increasing the resiliency of our assets. This may include upgrades and renewals of treatment plants, distribution and transmission pipes, pumping stations and other essential facilities.

We have a goal to increase our water system resiliency to respond to more extreme events, measured as a 10% increase in the URI by 2030 (from a 2020 weighted average baseline). The URI is part of the industry-recognized AWWA J100 standard and assesses a community's ability to absorb and cope with an incident and return to normal operations as quickly as possible.

The URI grades on a numeric scale from 0–100, with 60–70 identified as relatively resilient. In 2020, we completed a baseline URI assessment of our facilities; the average grade across all our facilities was approximately 66. We update this assessment annually and are on track to meet our goal to raise our combined URI score by 10% by 2030.

We are also maintaining an inventory of critical parts and increasing emergency power capacity and available water storage. We continue to expand current programs, including emergency response exercises and participation in utility community cooperatives such as WARN. To learn more about our resiliency goal, please visit our website.

We will increase our water system resiliency to respond to more extreme events, measured as a 10% increase in the URI by 2030 (from a 2020 weighted average baseline).

Energy Efficiency

American Water implements a variety of initiatives at our facilities to promote efficiency across our business, including operational audits. We work to maintain or lower our energy intensity while expanding our business and improving the facilities in acquired systems that may be less efficient.

Pump Replacement

Aging pumps and motors can require more energy to move the same amount of water due to decreased efficiency over time, thereby increasing our production costs. Pumping water constitutes a significant amount of our GHG emissions, so we work to increase the efficiency of our pumps to reduce electricity consumption and, in turn, GHG emissions.

Pressure Management

Pressure management is another way we can increase energy and operational efficiency. By reducing water pressure to match customer demand and minimizing rapid fluctuations in pressure, we can reduce energy consumption and stress on buried and aging infrastructure that could otherwise lead to leakage. We develop and test new tools, strategies and technologies that can help mitigate rapid fluctuations and optimize system pressure without compromising our ability to meet peak demands. For more information about our efforts to reduce leakage and increase efficiency through technology, please see Water Use & Efficiency.

New Jersey American Water leverages over 16 megawatts of solar development, yielding approximately 21,340 megawatt-hours annually, including a 9 MW floating array, pictured above.

Renewables

Purchasing renewable energy and partnering with clean energy providers will continue to be a key part of our sustainability strategy. We plan to evaluate and expand our renewable energy portfolio to promote environmental stewardship where economically feasible.

As of December 2024, we utilize solar installations across our service areas totaling approximately 23 megawatts of capacity. In 2024, our on-site facilities generated approximately 28,940 megawatt-hours of solar output.

- New Jersey American Water leverages over 16 megawatts of solar development, yielding approximately 21,340 megawatt-hours annually, including a 9 MW floating array (pictured below).
- Indiana American Water uses 0.7 megawatts of solar installations across the state, including two large rooftop arrays, one large ground-mounted array and other small solar installations that provide power to remote facilities.
- Illinois American Water worked with a third party to develop two new solar arrays on Illinois American Water property. Both systems are rated at approximately 2.3 megawatts and are projected save over $200,000 in annual energy costs.
- Pennsylvania American Water is the primary purchaser of solar production from a utility scale array located in western Pennsylvania. In 2024, solar output purchased from this facility totaled 42,130 megawatt-hours.

In 2022, we generated 8,732 megawatt-hours of solar output. We plan to evaluate and expand our renewable energy portfolio to promote environmental stewardship.

OUR PERFORMANCE

305-1, 305-2

We regularly assess climate variability impacts on our most critical assets as part of our long-term capital planning, including the risks of equipment or facility damage. Our recent investments in infrastructure and climate resiliency planning have been successful in reducing infrastructure damage from extreme weather events thus far. To maintain resilience against weather-related events, we continue to assess risks and make prudent investments. Additionally, to combat climate variability, we engage in energy and emissions reductions initiatives and set goals to reduce our emissions.

Additionally, to combat climate variability, we engage in energy and emissions reductions initiatives and set goals to reduce our emissions.

American Water tracks and reports greenhouse gas (GHG) emissions for our regulated business and the goals that we have set are established for these operations. While we seek opportunities to reduce GHG emissions from our military business, these operations are not included in the overall company tracking or goals. We calculate and report emissions according to GHG Protocol guidance.

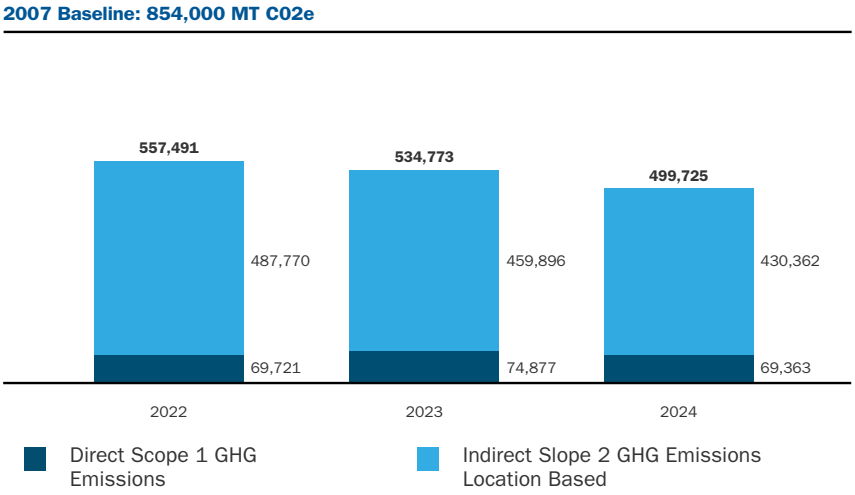
Scope 1 and Scope 2 Emissions

In the short-term, American Water met its goal to reduce its absolute scope 1 and scope 2 GHG emissions by 40% by 2025 from a 2007 baseline. As of December 2024, we achieved an approximate 41% reduction from our base year.

American Water has disclosed medium- and long-term GHG emission reduction goals in addition to our existing short-term goal. In the medium-term, we aim to reduce absolute scope 1 and scope 2 emissions by 50% by 2035 from a 2020 baseline, and in the long-term we aim to achieve net zero absolute scope 1 and scope 2 emissions by 2050. Our short- and medium-term goals are science-based and aligned to a 2 degree Celsius (°C) scenario under the Paris Agreement, and our long-term target is aligned to a 1.5°C scenario.

GHG Emissions[1, 2, 3, 4]

SCOPE 1 & 2
305-4



1 The 2022, 2023 and 2024 Scope 1 and Scope 2 GHG emissions data has been independently assured by ERM Certification and Verification Services Incorporated (ERM CVS) in accordance with the International Standard for Assurance Engagements ISAE 3000 (Revised). Please see their assurance reports (2022 and 2024) for more details.

2 The change in scope 1 greenhouse gas emissions in 2023 was driven by an increase in natural gas usage in our Pennsylvania and New Jersey operations.

3 The change in scope 2 greenhouse gas emissions for 2022-2024 is primarily due to U.S. EPA Emissions & Generation Resource Integrated Database (eGRID) emission rates.

4 Please note that we exclude the following items from our emissions calculations: refrigerant losses at operations from HVAC units and fugitive emissions from wastewater operations. We do not track or disclose market based emissions.

Scope 3 Emissions

We currently provide annual disclosure of estimated scope 3 emissions in categories 1, 2, 3, and 6 and seek to increase our emphasis with key suppliers on reducing these emissions factors while balancing affordability for our customers.

Approach to Determining and Estimating Relevant Scope 3 Categories

In 2022, we worked with an independent third party to assist the Company in evaluating and calculating our material value chain categories according to size, influence, peer analysis, and other considerations.

Scope 3 Landscape

American Water procures from roughly 4,500 companies, of which the majority of suppliers are private construction, chemical, and materials companies.

As our spend increases to address the critical investment needed for our country's aging infrastructure, we anticipate that scope 3 emissions attributable to purchased and capital goods and services will also rise.

Scope 3 emissions will also increase as we continue to execute upon our acquisition program, as many of the systems we purchase have been underfunded and require significant investment.

To achieve our existing scope 1 and scope 2 reduction goals, we intend to invest capital to replace existing assets with more energy efficient ones (e.g., pumps), which will further add to scope 3 emissions.

Scope 3 Category Study | Relevance to American Water
● Category 1: Purchased Goods and Services
● Category 2: Capital Goods
● Category 3: Fuel & Energy Related Activities
● Category 4: Upstream Transportation and Distribution
● Category 5: Waste Generated in Operations
● Category 6: Business Travel
● Category 7: Employee Commuting
● Category 8: Upstream Leased Assets
● Category 9: Downstream Transportation and Distribution
● Category 10: Processing of Sold Products
● Category 11: Use of Sold Products
● Category 12: End of Life Treatment of Sold Products
● Category 13: Downstream of Leased Assets
● Category 14: Franchises
● Category 15: Investments

LEGEND

- ● Relevant, Calculated
- ● Relevant, Not Material
- ● Not Relevant

CONTENT INDICES

GRI Standards

GRI Standard	Disclosure	Location or Direct Response
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational Details	American Water Works Company, Inc.; About American Water; 1 Water Street, Camden New Jersey; Regulated Footprint; 2024 Annual Report, Item 1. Business
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	All restatements of information are included in footnotes throughout the report.
	2-5 External assurance	Some selected 2022, 2023, and 2024 GHG emissions data were subject to external independent limited assurance by ERM Certification and Verification Services Incorporated (ERM CVS). However, ERM CVS was not engaged to provide assurance in accordance with GRI standards. For the full assurance report and the reporting criteria used, please refer to please refer to ERM CVS' full assurance report in our Sustainability Data Summary for more details. We did not seek external assurance for the balance of this report. We have no policy regarding external assurance for this report.
	2-6 Activities, value chain and other business relationships	About American Water; 2024 Annual Report, Item 1. Business; Sustainability Data Summary; Primary suppliers provide the engineering services, construction and paving materials for pipelines, sewer lines, linings, road repair, plants and facilities and corporate buildings; chemicals used for water treatment; energy; and technology.
	2-7 Employees	Sustainability Data Summary; There were no significant fluctuations in data during or between reporting periods.
	2-8 Workers who are not employees	Sustainability Data Summary

GRI Standard	Disclosure	Location or Direct Response
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Corporate Governance & Business Ethics, Governance Structure; Corporate Governance & Business Ethics, Sustainability Oversight; 2025 Proxy Statement, Board Committees; 2025 Proxy Statement, Director Nominees
	2-10 Nomination and selection of the highest governance body	Nominating/Corporate Governance Committee Charter, Board Selection, Composition, Evaluation and Continued Service
	2-11 Chair of the highest governance body	The chair of our Board of Directors is Karl F. Kurz, who is independent, as determined by the Board of Directors under the listing standards of the New York Stock Exchange.
	2-12 Role of the highest governance body	Corporate Governance & Business Ethics, Sustainability Oversight; 2025 Proxy Statement, Board of Directors and Corporate Governance
	2-13 Delegation of responsibility for managing impacts	Corporate Governance & Business Ethics, Sustainability Oversight; Trust, Dignity & Respect; Employee Health, Safety & Well-Being, Governance; Talent Attraction, Development & Retention, Governance; Water Access & Affordability, Governance; Water Quality & Emerging Contaminants, Governance; Climate & GHG Emissions, Governance; Water & Wastewater Infrastructure, Governance; Water Supply Resilience, Governance; Water Use & Efficiency, Governance
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance & Business Ethics, Sustainability Oversight
	2-15 Conflicts of interest	2025 Proxy Statement, Limitations on Additional Board Service and Changes in Job Responsibilities; 2025 Proxy Statement, Director Nominees
	2-16 Communication of critical concerns	Corporate Governance & Business Ethics, Ethics Helpline
	2-17 Collective knowledge of the highest governance body	American Water Corporate Governance Guidelines, Continuing Education
	2-18 Evaluation of the performance of the highest governance body	2025 Proxy Statement, Director Evaluations and Assessments; American Water considers the evaluations when making decisions about Board composition and organizational practices.

GRI Standard	Disclosure	Location or Direct Response
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Executive Development and Compensation Committee Charter, Responsibilities and Duties; 2025 Proxy Statement, American Water Executive Compensation Highlights; 2025 Proxy Statement, Compensation Discussion and Analysis
	2-20 Process to determine remuneration	Executive Development and Compensation Committee Charter, Responsibilities and Duties; 2025 Proxy Statement, American Water Executive Compensation Highlights; 2025 Proxy Statement, Compensation Discussion and Analysis
	2-21 Annual total compensation ratio	2025 Proxy Statement, CEO Pay Ratio
	2-22 Statement on sustainable development	Greeting From Our President and CEO
	2-23 Policy commitments	About American Water, Our Values; Corporate Governance & Business Ethics, Business Ethics; Code of Ethics; American Water does not follow the precautionary approach as outlined by GRI and the United Nations but has a comprehensive risk management program in place. American Water does not have a formal Human Right policy at this time. American Water respects and protects the human rights of all workers throughout our value chain, including those in particularly vulnerable groups.
	2-24 Embedding policy commitments	About American Water, Our Strategy; Corporate Governance & Business Ethics; Corporate Governance & Business Ethics, Sustainability Oversight
	2-25 Processes to remediate negative impacts	Engaging our Stakeholders; Corporate Governance and Business Ethics, Ethics Helpline
	2-26 Mechanisms for seeking advice and raising concerns	Corporate Governance and Business Ethics, Ethics Helpline
	2-27 Compliance with laws and regulations	American Water does not disclose this information due to confidentiality constraints.
	2-28 Membership associations	Association Memberships
	2-29 Approach to stakeholder engagement	Engaging our Stakeholders

GRI Standard	Disclosure	Location or Direct Response
GRI 2: General Disclosures 2021	2-30 Collective bargaining agreements	2024 Annual Report, Workforce Data; For employees not covered by collective bargaining agreements, American Water does not determine their working conditions and terms of employment based on other collective bargaining agreements.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Engaging our Stakeholders, Materiality Assessment; Engaging our Stakeholders, Stakeholder Engagement by Group

GRI Standard	Disclosure	Location or Direct Response
Topic-Specific Disclosures		
Trust, Dignity & Respect		
GRI 3: Material Topics 2021	3-3 Management of material topics	Trust, Dignity & Respect
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Data Summary; 2025 Proxy Statement, Director Nominees
	405-2 Ratio of basic salary and remuneration of women to men	American Water does not disclose this information due to confidentiality constraints.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	American Water does not disclose this information due to confidentiality constraints. All Ethics Helpline complaints are investigated and addressed according to American Water policies.
Employee Health, Safety & Well-Being		
GRI 3: Material Topics 2021	3-3 Management of material topics	Employee Health, Safety & Well-Being

GRI Standard	Disclosure	Location or Direct Response
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Health, Safety & Well-Being, Occupational Health & Safety Management System
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Health, Safety & Well-Being, Hazard Identification
	403-3 Occupational health services	Employee Health, Safety & Well-Being, Occupational Health Services
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Health, Safety & Well-Being, Communication; Employee Health, Safety & Well-Being, National Safety Council
	403-5 Worker training on occupational health and safety	Employee Health, Safety & Well-Being, Occupational Health & Safety Training
	403-6 Promotion of worker health	Employee Health, Safety & Well-Being, Occupational Health Services; Employee Health, Safety & Well-Being, Employee Well-Being
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Health, Safety & Well-Being, Hazard Identification; Employee Health, Safety & Well-Being, Our Performance
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	Sustainability Data Summary
	403-9 Work-related injuries	Sustainability Data Summary
	403-10 Work-related ill health	Sustainability Data Summary
Talent Attraction, Development & Retention		
GRI 3: Material Topics 2021	3-3 Management of material topics	Talent Attraction, Development & Retention
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Data Summary
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Attraction, Development & Retention, Compensation & Benefits
	401-3 Parental leave	All employees are eligible for our Paid Family Leave benefit, but we do not currently disclose data on the employees that utilized the benefit.

GRI Standard	Disclosure	Location or Direct Response
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Data Summary
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Attraction, Development & Retention, Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Attraction, Development & Retention, Performance Reviews
Water Access & Affordability		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Access & Affordability
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Water Access & Affordability, Our Approach
Water Quality & Emerging Contaminants		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Quality & Emerging Contaminants
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Water Quality & Emerging Contaminants, Our Approach
Climate & GHG Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate & GHG Emissions
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate variability	2024 CDP Corporate Questionnaire; Climate & GHG Emissions, Our Approach
GRI 302: Energy	302-1 Energy consumption within the organization	Sustainability Data Summary; 2024 CDP Corporate Questionnaire
	302-2 Energy consumption outside of the organization	Sustainability Data Summary
GRI 302: Energy	302-3 Energy intensity	Sustainability Data Summary
	302-4 Reduction of energy consumption	2024 CDP Corporate Questionnaire
	302-5 Reductions in energy requirements of products and services	2024 CDP Corporate Questionnaire

GRI Standard	Disclosure	Location or Direct Response
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Sustainability Data Summary; Climate & GHG Emissions, Our Performance
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Data Summary; Climate & GHG Emissions, Our Performance
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability Data Summary
	305-4 GHG emissions intensity	Sustainability Data Summary; Climate & GHG Emissions, Our Performance
	305-5 Reduction of GHG emissions	Sustainability Data Summary; 2024 CDP Corporate Questionnaire
	305-6 Emissions of ozone-depleting substances (ODS)	American Water does not disclose ozone-depleting substances. We do not have plans to track this information in the future.
	305-7 Nitrogen oxides (NO_x), Sulfur oxides (SO_x), and other significant air emissions	Sustainability Data Summary American Water does not disclose significant air emissions. We do not have plans to track this information in the future.
Water & Wastewater Infrastructure		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water & Wastewater Infrastructure
Water Supply Resilience		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Supply Resilience
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Water Supply Resilience, Our Approach
Water Use & Efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Use & Efficiency
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Water Use & Efficiency, Our Approach; Water Use & Efficiency, Our Performance
GRI 303: Water and Effluents	303-3 Water withdrawal	Sustainability Data Summary

SASB Index

SASB Code	Metric	Location or Direct Response
Energy Management		
IF-WU-130a.1	(1) Total energy consumed	Sustainability Data Summary
	(2) percentage grid electricity	Sustainability Data Summary
	(3) percentage renewable	Sustainability Data Summary
Distribution Network Efficiency		
IF-WU-140a.1	Water main replacement rate	Water & Wastewater Infrastructure, Our Performance; Sustainability Data Summary
IF-WU-140a.2	Volume of non-revenue real water losses	Sustainability Data Summary
Effluent Quality Management		
IF-WU-140b.1	Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	Sustainability Data Summary
IF-WU-140b.2	Discussion of strategies to manage effluents of emerging concern	Water Quality & Emerging Contaminants, Our Approach
Water Affordability & Access		
IF-WU-240a.1	Average retail water rate for residential customers	Sustainability Data Summary
	Average retail water rate for commercial customers	Sustainability Data Summary
	Average retail water rate for industrial customers	Sustainability Data Summary;
IF-WU-240a.3	(1) Number of residential customer water disconnections for non-payment, (2) percentage reconnected within 30 days	Sustainability Data Summary
IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	Water Access & Affordability
Drinking Water Quality		
IF-WU-250a.1	Number of acute health-based violations	Sustainability Data Summary
	Number of non-acute health-based violations	Sustainability Data Summary
	Number of non-health-based drinking water violations	Sustainability Data Summary
IF-WU-250a.2	Discussion of strategies to manage drinking water contaminants of emerging concern	Water Quality & Emerging Contaminants, Our Approach

SASB Code	Metric	Location or Direct Response
End-Use Efficiency		
IF-WU-420a.1	Percentage of water utility revenues from rate structures that are designed to promote conservation and revenue resilience	Sustainability Data Summary
Water Supply Resilience		
IF-WU-440a.1	Total water sourced from regions with High or Extremely High Baseline Water Stress, percentage purchased from a third party	Sustainability Data Summary
IF-WU-440a.2	Volume of recycled water delivered to customers	Sustainability Data Summary
IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	Water Quality & Emerging Contaminants, Our Approach; Water Supply Resilience, Our Approach
Network Resiliency & Impacts of Climate Change		
IF-WU-450a.1	Wastewater treatment capacity located in 100-year flood zones	Sustainability Data Summary
IF-WU-450a.2	Number of sanitary sewer overflows	American Water does not disclose sanitary sewer overflows. We have plans to report this information in the future.
	Volume of sanitary sewer overflows	American Water does not disclose the volume of sanitary sewer overflows. We have plans to report this information in the future.
	Percentage of sanitary sewer overflow volume recovered	American Water does not disclose Percentage of sanitary sewer overflow volume recovered. We have plans to report this information in the future.
IF-WU-450a.3	Number of unplanned service disruptions by duration category	Sustainability Data Summary
	Number of customers affected by unplanned service disruptions by duration category	Sustainability Data Summary
IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate variability on distribution and wastewater infrastructure	Water Infrastructure, Our Approach; Climate & GHG Emissions, Risk and Mitigation Planning
Activity Metrics		
IF-WU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided	Sustainability Data Summary
IF-WU-000.B	Total water sourced in Cubic meters and percentage by source type	Sustainability Data Summary
IF-WU-000.C	Total water delivered in Cubic meters to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers	Sustainability Data Summary
IF-WU-000.D	Average volume in Cubic meters of wastewater treated per day, by (1) sanitary sewer, (2) stormwater, and (3) combined sewer	Sustainability Data Summary
IF-WU-000.E	Length in Kilometers of (1) water mains and (2) sewer pipe	Sustainability Data Summary

TCFD Index

Recommended Disclosure
Governance

a. Describe the board's oversight of climate-related risks and opportunities.

Climate & GHG Emissions, Governance

The Safety, Environmental, Technology, and Operations (SETO) Committee (a) reviews and monitors (i) significant environmental strategies, (ii) policy and planning issues of interest to the Company as determined by the Committee, including matters before environmental regulatory agencies, (iii) compliance with environmental laws and regulations, and (iv) environmental performance in regards to Company metrics; and (b) oversees programs and policies with respect to protecting the environment, including the Company's sustainable efforts with respect to water conservation, climate change, emerging contaminants and greenhouse emissions.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

Climate & GHG Emissions, Governance

Our Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), SVP, Chief Operational Excellence Officer, VP, Chief Engineering Officer and Capital Planning Management Committee all have responsibility for both assessing and managing climate-related risks and opportunities, on a more frequently than quarterly basis.

The CEO has overall responsibility for, among other things, the development, assessment, and definition of the Company's overall business strategy, strategic priorities, and key projects. Integration of climate-related issues, and strategy to mitigate such risks into overarching Company plans is integral to the success of the business. Overall responsibility for climate-related and sustainability activities rests with the CEO as the principal executive officer of the Company.

The CFO leads the Finance and Operational Services teams, including responsibility for all aspects of financial management and strategy, including directing finance and regulatory strategy, investor relations, treasury, financial planning, accounting, the controller's function, internal audit, risk management, business development, and regulatory compliance. The CFO is responsible for the financial sustainability of the Company and integration of climate-related risk and resiliency are imperative to long-term sustainability and financial management. The CFO reports to the President.

The COO has overall responsibility for creating, planning, and integrating the strategic direction of the business. Climate-related responsibilities are assigned to this position because the COO is responsible for our operations meeting current/future capacity requirements and having the resiliency to withstand climate-related impacts. The COO reports directly to the CEO.

Our Chief Operational Excellence Officer and VP of Engineering, both of whom report to our COO, have ultimate accountability for American Water's approach to adaptation and mitigation strategies associated with climate variability. Climate variability is a global issue with local implications; therefore, our state Presidents also hold responsibility for our performance. Our VP, Environmental Policy, Research & Planning oversees our energy and emissions activities and is responsible for tracking and reporting environmental compliance and performance while mitigating emerging areas of environmental risk. Our COO reports such data and performance to the Board on a regular basis.

Recommended Disclosure

b. Describe management's role in assessing and managing climate-related risks and opportunities (continued).

Climate variability is a global issue with local implications; therefore, our state Presidents also hold responsibility for our performance. Each Regulated Business develops an annual, bottom-up capital business plan based on the infrastructure needs within its footprint. These plans are reviewed by the CPMC of the Regulated Businesses, rolled up and reviewed at the enterprise level for ultimate approval by the Board annually. After approval, these plans are administered by the individual engineering teams and governed by the associated regulated utilities and CPMCs, which meet monthly. Our Regulated Businesses' CPMCs include state presidents, engineering, operations, and finance leads, while the enterprise CPMC is comprised of, in part, by the CFO, COO, and VP Engineering. We utilize a long-term planning process as part of our Capital Program Management process to evaluate our water and wastewater systems for capacity, condition, and performance today and into the future. Our Comprehensive Planning Study (CPS) process evaluates a 15-year horizon to develop a system road map. The CPS process includes an evaluation of supply availability against projected customer usage growth; water treatment performance vs. projected changes to water quality standards and research information on contaminants of emerging concern; asset condition and performance vs. efficiency, safety, and obsolescence; and system reliability, resiliency, and climate variability impact assessments. We conduct numerous CPS studies each year, with systems evaluated on a rotating basis based on priority. The recommended CPS studies are integrated into the capital program management. The Company plans to invest 40 between 30 billion and 33 billion over the next 10 years for capital improvements in the Regulated Businesses. More specifically, the Company estimates that approximately 9-11% of the 30 billion to 33 billion (roughly 2.7 billion to 3.6 billion in total) between 2024 and 2033 will be allocated to resiliency-related infrastructure improvements within the Regulated Businesses.

Strategy

a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Climate & GHG Emissions, Why It Matters; Climate & GHG Emissions, Our Approach

Short-Term (0–1yr): American Water tracks, monitors, and studies extreme weather events on an on-going basis and routinely takes action in this area to provide safe, reliable, and consistent water and wastewater services to our customers. We are also active in conservation activities with our customers, with an eye on the potential impact related changes in water supply and usage will have on our operations. We commit to invest approximately 3.1 billion in 2024 for infrastructure improvements and growth from acquisitions. We also develop and publicly disclose a ten-year capital expenditure plan, where approximately 9-11% of our total capital investment for infrastructure improvements is intended to increase the resiliency of our systems.

Medium-Term (1–5yrs): American Water updates System Master Plans, through Comprehensive Planning Studies, for our water and wastewater systems at approximately 5-to-15-year intervals and implements many of the projects identified in these plans. Various other specific engineering studies and inspections may also be undertaken. American Water plans to invest between 14.5 billion and 15 billion over the next 5 years in capital investments for infrastructure improvements within our regulated systems. In our disclosed 10-year plan, we project nearly 70% of the Company's regulated system investment is dedicated to infrastructure renewal, 9-11% is allocated to resiliency, and the balance is invested in water quality, operational efficiency, system expansion, and other categories.

Long-Term: As part of the Comprehensive Planning work, American Water examines longer term climate-related impacts such as drought and flooding recurrence intervals, increasing storm intensity and related grid power outages, and the impact of heat/cold weather patterns on critical assets and water use. Where significant impact from climate-related droughts, flooding, sea level rise or natural disasters drive major capital improvement upgrade projects, the risks will be evaluated on a longer time period such as 25-50 years. The Company plans to invest between 30 billion and 33 billion over the next 10 years for capital improvements within its Regulated Businesses. For more information about our long-term risks and opportunities, please see our CDP response.

Recommended Disclosure

b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Climate & GHG Emissions, Why It Matters; Climate & GHG Emissions, Our Approach

Capital Expenditures: Acute physical climate risks such as extreme weather events pose increasing risks to American Water. American Water is tasked with addressing potential risks posed by aging infrastructure and the increasing impacts of climate variability to continue providing safe and reliable water and wastewater services to customers. American Water plans to invest between $40 billion and $42 billion over the next 10 years for capital improvements and growth from acquisitions. This includes 10% dedicated to resiliency within the Regulated Business. The capital investments made by American Water improve asset resiliency and the reliability of water service to customers during an emergency. We anticipate our investment budget will continue to rise as infrastructure ages, climate-related risks are realized, new regulations are promulgated, and growth continues.

Direct Costs: Climate variability has impacted certain treatment facilities located in flood prone areas. As the need for standby generators is crucial during power loss events, we have entered into agreements to facilitate fuel delivery for emergency use. Additionally, to prepare for such events American Water maintains Emergency Response Plans.

Indirect Costs: The increased cost of treatment and pumping due to changes in input pricing and loading from other external factors presents financial and strategic risk. The cost of electric energy for water treatment, wastewater treatment and pumping operations (about 1 million MWh/year) represents a significant portion of our annual operations budget. Increased fuel and power costs may cause changes to the operational efficiency profile by limiting financial resources available.

Capital Allocation: The increased cost of treatment and pumping due to changes in input pricing and loading from other external factors presents financial and strategic risk. The cost of electric energy for water treatment, wastewater treatment, and pumping operations (about 1 million MWh/yr) represents a significant portion of our annual operations budget. Increased fuel and power costs may cause changes to the operational efficiency profile by limiting financial resources available. Capital Allocation: Asset replacement to improve efficiency, meet regulations, provide supplies, and reduce the loss of "High Risk Assets" are core drivers for capital allocation and investment. Each of these core drivers can be impacted by climate variability such as water supply quantity, impacts to water quality or the need to harden assets due to increased storm activity and severity. Examples of capital allocated for improved resiliency include flood wall protection, reservoir projects in Maryland and Missouri, installation of standby power systems and interconnections with adjacent water purveyors.

Acquisitions and Divestments: A component of evaluating potential acquisitions is the ability to integrate adjacent systems and assets into our current infrastructure. Many acquired systems are under distress and have been poorly maintained. We identify inefficiencies through our due diligence review. Many inefficiencies have a direct impact on GHG emissions, such as aged, leaking water mains and inefficient assets (e.g., pumps). We factor these inefficiencies into our acquisition strategy. These approaches not only allow for a reduction in the existing carbon footprint through more efficient operations, but also improve customer service and satisfaction. With increasingly stringent environmental, water quality and health and safety laws and regulations, including with respect to contaminants of emerging concern and the need for increased infrastructure investment, many community water and wastewater systems may be strained to meet the increasing standards of operation. American Water considers the impacts of climate-related risks during system upgrade and project designs, and business development opportunities. American Water has a robust process to enhance resiliency for its operations and for business development. American Water plans to invest between $40 billion and $42 billion over the next 10 years for capital improvements and growth from acquisitions. We commit approximately 10% of our total capital investment over the next ten years will be allocated to increasing the resiliency of our assets.

Access to Capital: Climate-related risks and opportunities do not currently affect traditional means of access to capital. American Water has sufficient access to capital for the anticipated risk mitigation activities and capital improvement plan.

Liabilities: Our capital program planning process examines and includes projects such as flood walls that mitigate liabilities due to climate-related risk. The planning process integrates several scoring factors including identification of high-risk assets that can be impacted by several circumstances, including climate-related risk. Reduction of risk and hardening of high-risk assets reduces liabilities.

Recommended Disclosure

c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Water & Wastewater Infrastructure, Assessing Infrastructure Risks

American Water reviews current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, American Water uses the information in our engineering CPS and Master Plans, which assess the climate risk and resiliency of our water and wastewater systems over short-, medium- and long-term time horizons (0–25+ years). Our engineering planning process enables us to evaluate and predict how water supplies, water quality and water demands may change over time. We also consider how increasing intensity and frequency of extreme weather events may affect our infrastructure and assets, which helps determine updates or changes to our design standards. Our engineering planning program includes RRAs, which are updated on a 5-year cycle.

American Water performs Comprehensive Planning Studies with Risk and Resiliency Assessments which incorporate climate-related scenario analysis and uses information from climate model scenarios where applicable to identify and select facility upgrade projects. We continue to follow climate science modeling to develop better ways to model the impacts from increasing storm intensity. These studies will continue to influence where we build new facilities and how the facilities are designed.

Risk Management

a. Describe the organization's processes for identifying and assessing climate-related risks.

Climate & GHG Emissions, Why It Matters; Climate & GHG Emissions, Our Approach

Climate-related risks and opportunities are manifested throughout American Water. Potential risks and opportunities to water supplies and water wastewater system assets, including climate-related risks, are identified and assessed through a disciplined process that includes the Company's Asset Management and Comprehensive Planning process.

The planning process incorporates various tools including system master plan studies, AWWA J100 standard Risk and Resiliency Assessments, the use of computerized hydraulic models, pipeline condition assessment studies and wastewater system evaluation programs. Potential risks to direct operations, service delivery, environmental compliance, safety and financial performance are assessed, logged and tracked on risk registers. Climate risks evaluated may include increased storm severity and frequency; duration of power outages; changes in precipitation trends impacting stream flows, aquifer recharge, flood and drought occurrences; water quality impacts due to shifting temperature patterns; increased rainfall runoff intensity; and other natural hazards.

Opportunities, such as flood resiliency, changes in treatment technology and improved energy efficiency are also identified through the planning process.

Climate-related policy risks are also identified through our government affairs and environmental compliance oversight process.

Recommended Disclosure

b. Describe the organization's processes for managing climate-related risks.

Climate & GHG Emissions, Why It Matters; Climate & GHG Emissions, Our Approach

Understanding, tracking and responding to the enterprise and local impacts of climate-related risks and opportunities are critical to implementing targeted adaptation and mitigation plans that will bolster climate resiliency, efficient operations and GHG emissions reductions.

The company has an Enterprise Risk Management process which includes an Asset Risk Assessment and Management process focused on the company's assessment and tracking of the highest potential risks. The asset risk register is compiled at an individual state level and rolled up into a corporate view. State asset risk registers are used to manage actions to mitigate potential risks to service and environmental compliance. Mitigation of potential asset risks is through the Capital Improvement Program and refinements to emergency response and business continuity plans.

Our Board of Directors' Safety, Environmental, Technology and Operations Committee receives, reviews and discusses with executive management quarterly briefings on risks from natural hazards, such as drought and loss of supply due to extreme weather events and natural disasters. The Safety, Environmental, Technology and Operations Committee monitors and reviews operational risk exposure, mitigation strategies and processes for assessing business continuity risks, including asset hardening, resiliency and contingency plans. Our management team and its Enterprise Risk Management Committee raise risks to the Audit, Finance and Risk Committee and the Board. Substantive financial risk is defined as anything $50 million or more. Such risk is elevated to the Enterprise Risk Management Committee and managed using a heat map that defines risk by financial consequence and event likelihood. Three categories of substantive financial consequence are (1- Manageable) 0<$100m, (2-Major) $50 - $100m, and (3-Critical) >$100m. Climate-related risks are evaluated as stand-alone risks, such as drought impacts on water supplies, and as cross cutting risks where non-climate-related risks, such as aging infrastructure, in combination with climate-related risks, such as flooding or increase threat of power outages, may amplify overall risk likelihood. Cross cutting risks may drive capital project investment decisions especially for facilities that have an expected service life of 25 or more years.

c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Climate & GHG Emissions, Why It Matters; Climate & GHG Emissions, Our Approach

In our direct operations, our processes for identifying, assessing, and responding to climate-related risks are integrated into our multi-disciplinary company-wide risk management process. The process includes an Asset Risk Assessment and Management process focused on the company's assessment and tracking of the highest potential risks. Individual states compile asset risk registers and then aggregated into a corporate view. We use state asset risk registers to manage actions to mitigate potential risks to service and environmental compliance. We mitigate potential asset risks through our Capital Improvement plan. We also leverage our emergency response and business continuity plans to mitigate risks.

Recommended Disclosure
Metrics and Targets

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management processes.

Climate & GHG Emissions, Our Performance; Sustainability Data Summary, Emissions; Sustainability Data Summary, Energy

b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and related risks.

Climate & GHG Emissions, Our Performance; Sustainability Data Summary, Scope 1 GHG Emissions; Sustainability Data Summary, Scope 2 GHG Emissions; Sustainability Data Summary, Scope 3 GHG Emissions

c. Describe the targets used by the organization time manage climate-related risks and opportunities and performance against targets.

About American Water, Our Long-Term Environmental Goals; Climate & GHG Emissions, Our Performance

Emissions Short Term (Achieved): We committed to reducing our absolute scope 1 and scope 2 GHG emissions by more than 40% by 2025 from a 2007 baseline. Our GHG emissions as of 2024 were 499,725 Metric Tons CO2e, meaning we achieved approximately a 41.5% reduction from our base year and surpassed this goal.

Emissions Medium and Long Term: We have established a medium-term target to reduce absolute scope 1 and scope 2 emissions by 50% by 2035 from a 2020 baseline. We also established to a long-term target to achieve net zero absolute scope 1 and scope 2 emissions by 2050. Both assume that States' renewable portfolio standards will be achieved and power providers will fulfill stated carbon transition plans.

Water Supply Resilience: By 2030, increase our water system resiliency to respond to more extreme events (measured as a 10% increase in Utility Resilience Index (URI) from the 2020 baseline weighted average). By committing 10% of our total capital investment on resiliency projects over the next ten years and continuing to strengthen our employee through incident management training and emergency preparedness, we will be able to increase our ability to absorb and/or cope with an incident and return to normal operations. As of 2024, we have increased our score by 8.5%.

Water Use & Efficiency: By 2035, continue to meet customer needs while saving 15% in water delivered per customer compared to a 2015 baseline. As of 2024, we have achieved a 6.4% reduction from our base year.

EEI and AGA Sustainability Template

Disclosure	Location or Direct Response
Sustainability/Sustainability Governance	Corporate Governance & Business Ethics, Sustainability Oversight
Sustainability/Sustainability Strategy	About American Water, Our Long-Term Environmental Goals; Climate & GHG Emissions; Trust, Dignity & Respect; TCFD Index
Climate Goals and Related Analysis	About American Water, Our Long-Term Environmental Goals; Climate & GHG Emissions
Trust, Dignity & Respect	Trust, Dignity & Respect
Human Capital Management	Talent Attraction, Development & Retention
Research and Development	Water Quality & Emerging Contaminants
7 Human Resources	
7.1 Total Number of Employees	Sustainability Data Summary
7.2 Percentage of Women in Total Employee	Sustainability Data Summary
7.3 Percentage of Minorities in Total Employee	Sustainability Data Summary
7.4 Total Number on Board of Directors/Trustees	Sustainability Data Summary
7.5 Percentage of Women on Board of Directors/Trustees	Sustainability Data Summary
7.6 Percentage of Minorities on Board of Directors/Trustees	Sustainability Data Summary
7.7.1 Recordable Incident Rate	Sustainability Data Summary
7.7.2 Lost-time Case Rate	American Water does not currently disclose Lost-time Case Rate.
7.7.3 Days Away, Restricted, and Transfer (DART) Rate	Sustainability Data Summary
7.7.4 Work-related Fatalities	Sustainability Data Summary

AMERICAN WATER