

American Water Sustainability Overview

February 2025



AMERICAN WATER

WE KEEP LIFE FLOWING®

Safe Harbor

This presentation 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 presentation.

Our Mission: Provide safe, clean, reliable and affordable water and wastewater services to our customers.

Our **values** guide how we run our business. They are our beliefs in how we should behave and treat each other and our stakeholders.

VALUES

 **Safety First**

 **Trust, Dignity & Respect**

 **One Team**

 **Environmental Leadership**

 **High Performance**

Safety First

Safety is our top focus – for every employee, customer, and community we serve.

Trust, Dignity & Respect

is how we interact with each other and continue to foster a culture where everyone feels valued.

One Team

reflects our collaborative culture and encourages us all to work together to achieve shared goals.

Environmental Leadership

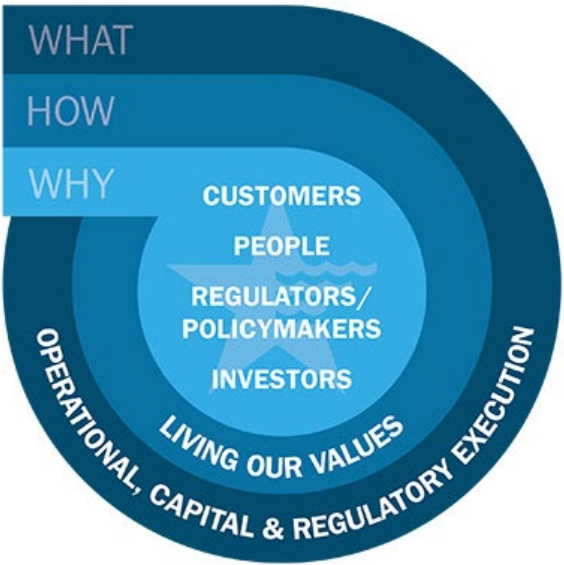
means delivering clean, safe, reliable, and affordable water and wastewater services to our customers, setting the standard for excellence while acting as a trusted steward of our most precious resource.

High Performance

means we are committed to excellence in everything we do because what we do is so critical to the lives of our customers.

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.

STRATEGY



What:

Our strategy spans three core areas of our business: Operational, Capital, and Regulatory.

Operational execution involves the day-to-day management of our water and wastewater systems to ensure we provide services that are safe and clean.

Capital execution supports reliability and affordability. It involves billions of dollars in annual capital investment to upgrade plants, replace pumps and pipes, and help ensure resilient systems.

Regulatory execution is about working closely with our regulators and policymakers to keep water and wastewater services affordable and remain compliant with all federal and state rules and regulations.

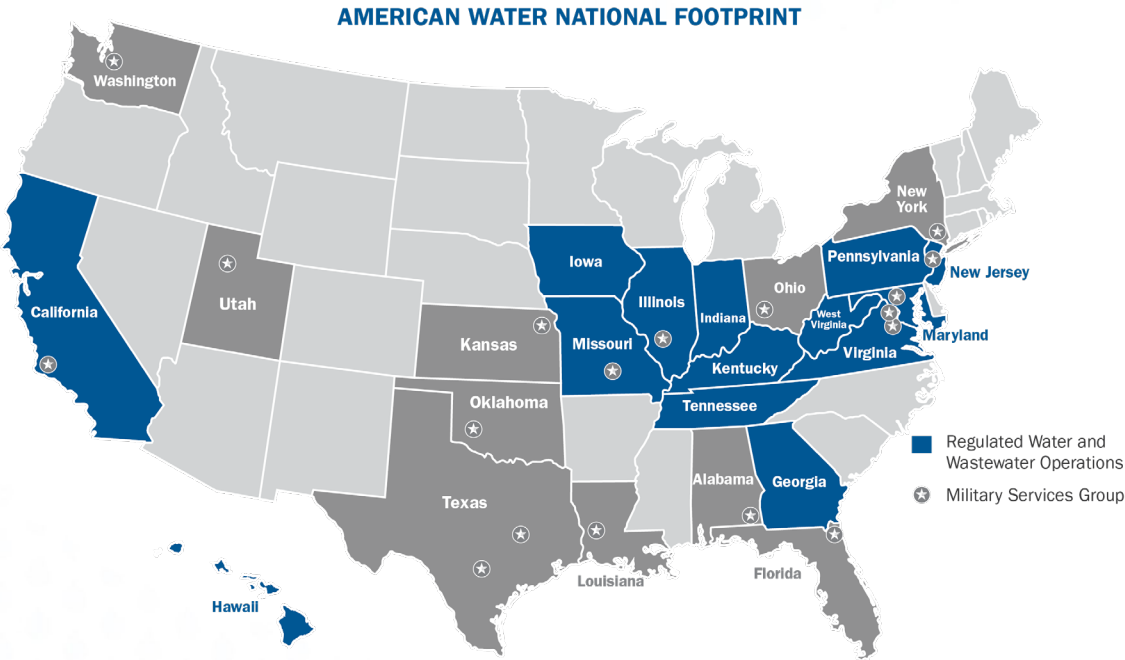
How:

Living our values guides how we run our business.

Why:

Our stakeholders are integral to why we execute our mission; they are at the center of the decisions we make.

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



Strengthening the Communities We Serve

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



Regulated Operations*

- 54,500 miles of pipe
- 520 water treatment plants
- 190 wastewater treatment plants
- 1,200 wells and 75 dams

* As of 12/31/2024

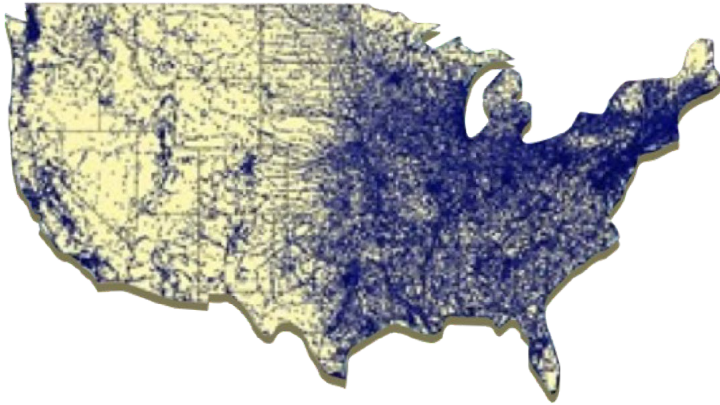


Military Services Group

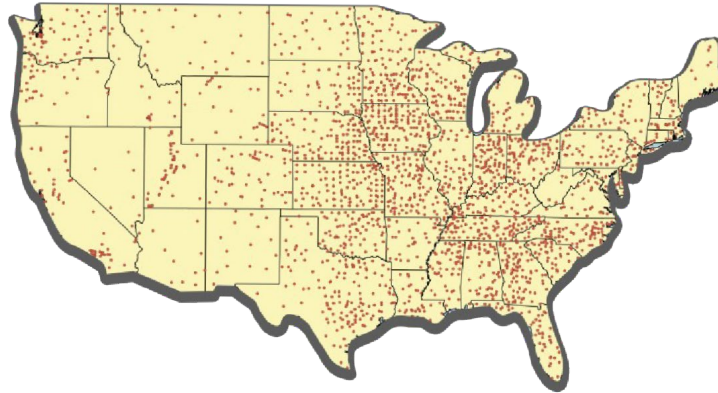
- Regulated-like earnings
- Serves 18 military installations

Highly Fragmented Water/Wastewater Industry Creates Opportunity

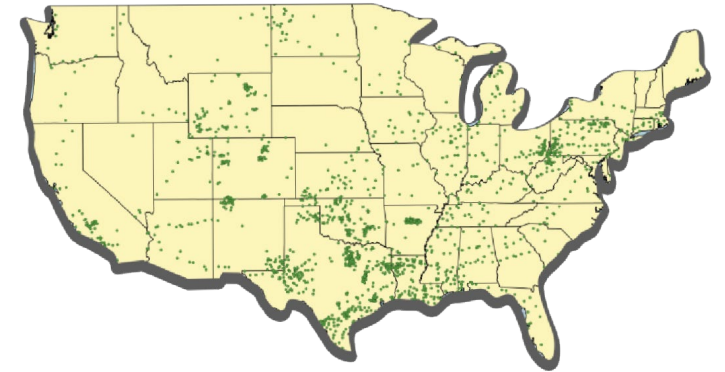
Water Utilities



Electric Utilities



Natural Gas Utilities



Industry Opportunity

>50K Water Systems	>15K Wastewater Systems
16% Investor Owned	2% Investor Owned
84% Public & Other	98% Public & Other

Water Utilities Source: EPA SDWIS Federal Reports Search

Electric Utilities Source: Form EIA-861 detailed data files
www.eia.gov/electricity/data/eia8

American Water Footprint

- Ideal for industry consolidation opportunities
- Target 5,000-50,000 customer connections per acquisition
- Water and wastewater focus (AWK customer connections mix - 91% water & 9% wastewater)

Gas Utilities Source: EPA F.L.I.G.H.T. Greenhouse Gas Emissions from Large Facilities
Ghgdata.epa.gov/ghgp/main.do#

Material Topics

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



Sustainability Website

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

Stakeholders





Water Use & Efficiency

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



Resiliency

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



Greenhouse Gas (GHG) Emissions

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



Growth

Industry leaders in critical infrastructure investment and customer growth



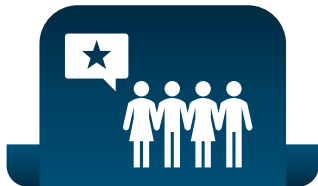
Safety

Zero incidents and injuries/live healthy



People

Inclusive and diverse people reaching their highest potential



Customer

Excellent customer experience/strengthening communities



Operational Excellence

Best-in-class execution of business and operational fundamentals

Supporting Governance Structure

A cross-functional approach for developing and implementing sustainability strategy, principles and reporting



Committees of the Board of Directors

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

Safety, Environmental, Technology & Operations Committee	Audit, Finance, and Risk Committee	Executive Development and Compensation	Nominating / Corporate Governance Committee
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Management Oversight

The Company’s management function around sustainability involves the direct involvement and participation by a number of its business units, including without limitation, its executive leadership team, as well as environmental, health and safety, human resources, legal, finance, accounting and investor relations.

In addition, the Company has developed a 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.

Widely Recognized Sustainability Program Aligned with Best Practices

Leading Sustainable Water Utility



**Forbes Most Trusted
Companies in America
2025**



**Forbes list of America’s
Best Large Employers for 2024**
Ranked 1st among utilities



**Barron’s 100 Most Sustainable
U.S. Companies 2024**
Ranked 31st



**Newsweek’s List of America’s
Most Responsible Companies 2024**



**J.D. Power 2024 #1 overall ranking
for Customer Satisfaction with
Large Water Utilities in respective region**



**America's Most JUST Companies 2025
by JUST Capital and CNBC**



**Center for Political Accountability’s
CPA-Zicklin Index**



EPA WaterSense Excellence Award

Key Ratings

Agency	Rating Type	Scale <i>(Best to Worst)</i>	Performance
 MSCI	MSCI ESG Rating	AAA – CCC	A
 SUSTAINALYTICS	Sustainalytics ESG Risk Rating	0 – 100	18.7 – Low Risk <i>Upgraded in 2024</i>
 CDP	CDP Climate Change Questionnaire	A – D	B <i>Highest ESG Score for U.S. Water Utility</i>
 ISS	ESG Corporate Rating	A+ – D-	B <i>In the Top Decile Rank with Prime Status</i>

Frameworks & Standards



Reports & Disclosures

[Sustainability Report & Data Summary](#)

[Inclusion, Diversity & Equity Website / Report](#)
[DiversityatAW.com](#)

[American Water Charitable Foundation Community Impact Reports](#)

[Political Contributions](#)

[CDP](#)

Policies

[Anti-Corruption & Anti-Bribery Policy](#)

[Code of Ethics](#)

[Environmental Policy](#)

[Insider Trading and Prohibited Transactions Policy](#)

[Political Contribution Policy](#)

[Regulation FD Policy](#)

[Related Person Transaction Policy](#)

[Supplier Code of Conduct](#)

[Corporate Governance Guidelines](#)

[Board Committee Charters](#)



Highlight Stories



Strengthening Our Resiliency With Strategic Capital Investment



Prudent investments that support water and wastewater infrastructure reliability and resiliency contribute to the viability of the communities we serve

2024-2025 Capital Investment Examples

St. Louis County Intake
Missouri American Water

Aims to mitigate the risk of future flood events by replacing or making improvements to the existing intake structures and equipment

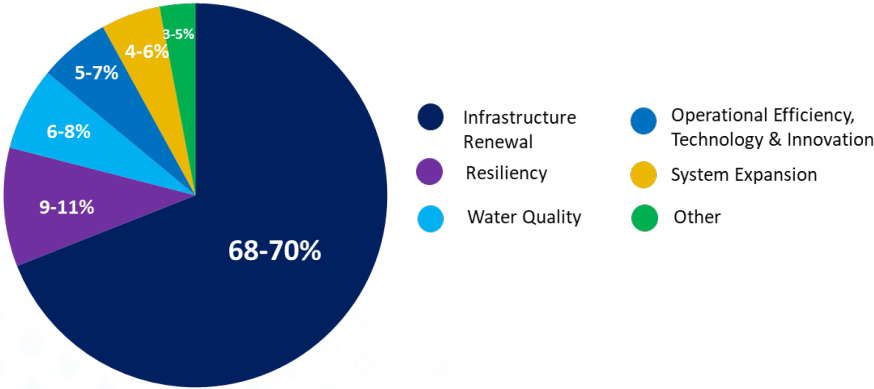
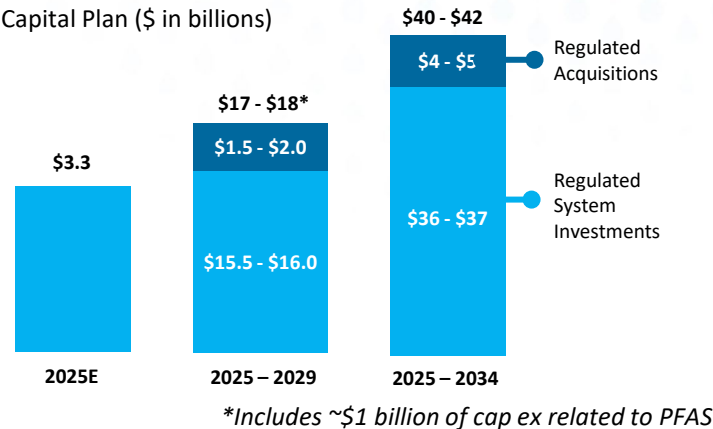
Watres Raw Water Main
Pennsylvania American Water

Improvements to the existing approximate raw water transmission main will restore lost carrying capacity and improve the reliability of the critical asset

Hopewell Elevated Storage Tank
Virginia American Water

2.5M gallon storage tank to support proper water storage capacity

2025-2034 Capital Investment & Allocation



15-year solar agreement provides environmental and economic benefits, including affordability assistance for customers

- Expected to supply approximately 20% of Pennsylvania American Water's overall annual energy consumption
- Supports a stream of environmental and economic benefits, including:
 - Producing and delivering clean, renewable energy back to the grid
 - Creates hundreds of construction jobs
 - Reutilizes unproductive brownfields sites



Aerial photo of BE Pine, a 98,000 solar panel facility in Beaver County, Pennsylvania, where American Water has entered a 15-year PPA to purchase solar energy.

Photo Credit: Four Twelve Renewables

Many communities rely on reservoirs and dams for their water supply. In some cases, older dams may no longer be needed, creating the opportunity to return a stream or river to its natural flow, which can benefit the biodiversity of the ecosystem



Stream Restoration Benefits:

- Rehabilitation of native species
- Enhancement of the migration or movement of species within a river
- Variation in sediment sizes transported by a river, which promotes the diversity of species
- River connectivity is restored which aids passage up- and downstream for migrating fish and wildlife
- Populations and habitats are no longer isolated above or below a dam and the interface between land, freshwater, and coastal ecosystems is restored

AMERICAN WATER STREAM RESTORATION EXAMPLES

- | | | | | |
|-----------------------|--------------------------------|---|------------------------|-----------------------------------|
| • Hillside Intake Dam | • Claysville School Street Dam | • Storage Dam on Johnson Branch of Lithia Springs Eastern | • Trout Run Upper Dam | • Phillipsburg No. 2 Dam |
| • Hillside Filter Dam | • Boydstown Dam | • Kokomo No. 1 Dam | • Trout Run Middle Dam | • High Service Dam |
| • Maple Lake Dam | • San Clemente Dam | | • Trout Run Lower Dam | • Pikes Creek Canal Headworks Dam |

Challenges Prior to Acquisition	Pennsylvania American Water Solutions	Community Partner
- Consent Order by the U.S. EPA - \$14M budget deficit, due to increasing pension and health care costs - Decline in customer base, aging infrastructure, and lack of funding for maintenance	- \$235.3 million for the city of York, plus ongoing revenue streams from property taxes paid by Pennsylvania American Water - \$17.5 million capital investment planned for necessary improvements - Retention of the 23 system employees with competitive pay and benefits package - Robust customer resources such as low-income grant and discount programs that previously had not been available	- Pennsylvania American Water committed to donating \$50,000 to nonprofit organizations serving the City of York and its residents - Separately, the American Water Charitable Foundation awarded a \$25,000 grant to the York City Parks Conservancy through an annual grant program



For our residents and businesses who are proud to call York home, this sale brings stability and hope for our future.

Michael Helfrich
Mayor, City of York

Floating Solar Array at Canoe Brook, NJ Facility

New Jersey American Water partnered with NJR Clean Energy Ventures to construct the largest floating solar array in North America, which provides approximately 95% of the annual power needs at the Canoe Brook Water Treatment Plant



- 8.9 megawatt solar installation
- GHG equivalent reduction of ~8,100 metric tons of CO2
- Limited capital expense and reduced power costs for NJAW
- Floating solar panels can also help reduce evaporation, which protects the water source and benefits the environment

16,510 floating solar panels covering 17 acres of the Canoe Brook reservoir in Short Hills, New Jersey. Array is owned and operated by NJR Clean Energy Ventures (CEV), the renewable energy subsidiary of New Jersey Resources (NYSE: NJR).

New Jersey American Water Commitments for Water and Wastewater Customers in Salem, NJ

- The sale eliminated \$11 million in utility debt for Salem, paid off a portion of the municipal debt and enables the city to put over \$1 million back into their budget annually
- New Jersey American Water committed \$50 million planned investment in water and sewer system improvements between 2024-2033, including:
 - Permanent treatment to address the presence of Perfluorononanoic acid (PFNA) in the water supply
 - Replace lead service lines in the water system



New Jersey American Water's new Salem Operations Team celebrates the closing of the acquisition. Six employees join the company from Salem City's former water and wastewater utility as part of the acquisition.

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

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



Raritan-Millstone Water Treatment Plant

AWK Impact

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

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



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



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

Sheridan, IN

Prior to Acquisition

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

Post Acquisition Accomplishments

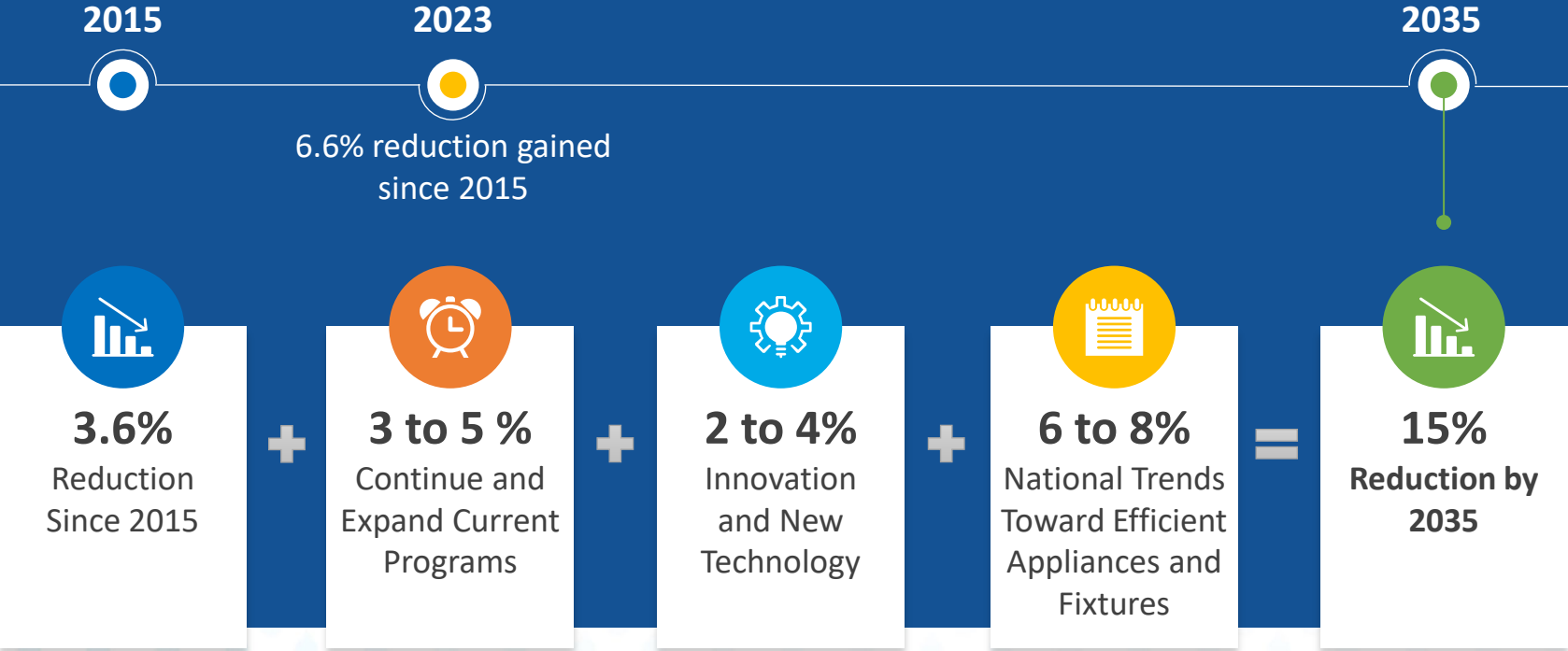
- Partnered with state environmental agency to develop compliance plan
- Invested \$9M in capital improvements
- Zero compliance violations since capital improvements
- Significant community growth following plant improvements
- New revenue stream for city from property taxes
- Long-term rate stability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



Environmental Goals & Strategies



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



BENEFITS

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

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

2020 Baseline:

65.6%

2023 Performance:

69.6%



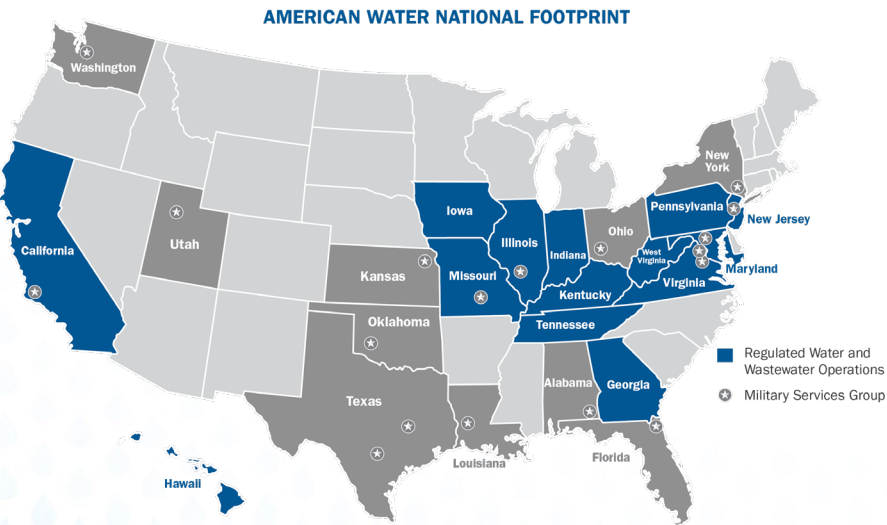
BENEFITS

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

**Utility Resilience Index*

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

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



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

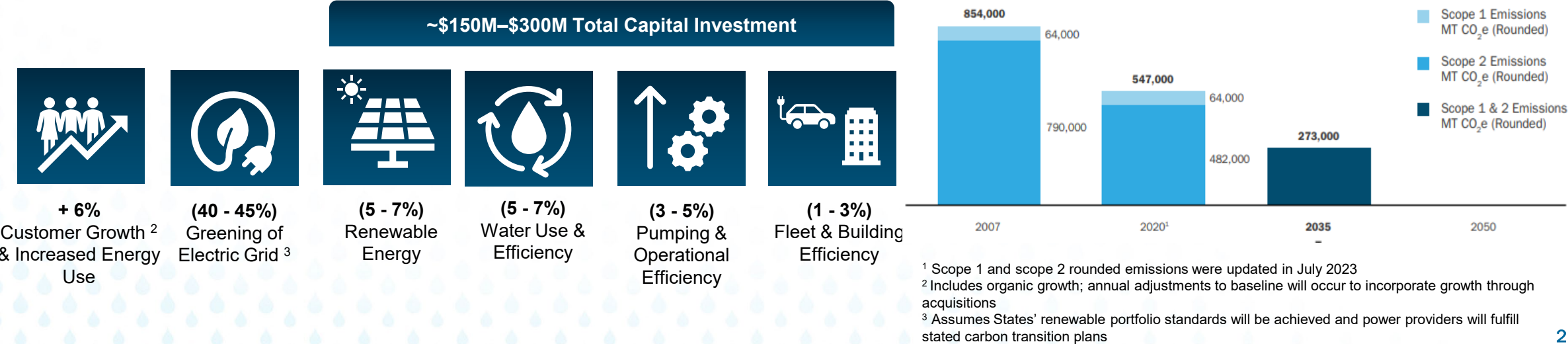
Science-Based Goals for Scope 1 and 2 GHG Emissions Reductions - *Aligned with Paris Agreement*



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

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

American Water’s Path to GHG Emissions Reduction in 2035



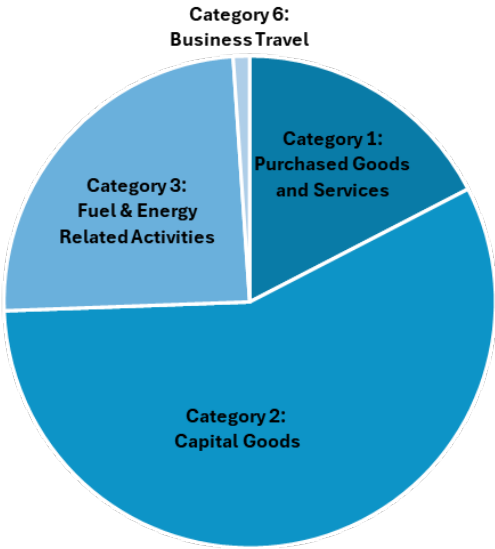
Our mission of providing clean, safe, affordable and reliable water to customers, and scaling our business across necessary capital investment and acquisitions influence Scope 3 emissions

Scope 3 Emissions Drivers

- 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

Supplier Landscape, Engagement and Focus on Affordability

- We procure from roughly 4,500 companies, of which the majority are private construction, chemical, and materials companies
- Increasing emphasis with key suppliers on reducing emissions factors while balancing affordability for our customers



Scope 3 Disclosures

[ESG Data Summary](#)

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

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.

LEGEND

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

INVESTOR RELATIONS CONTACTS



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Appendix

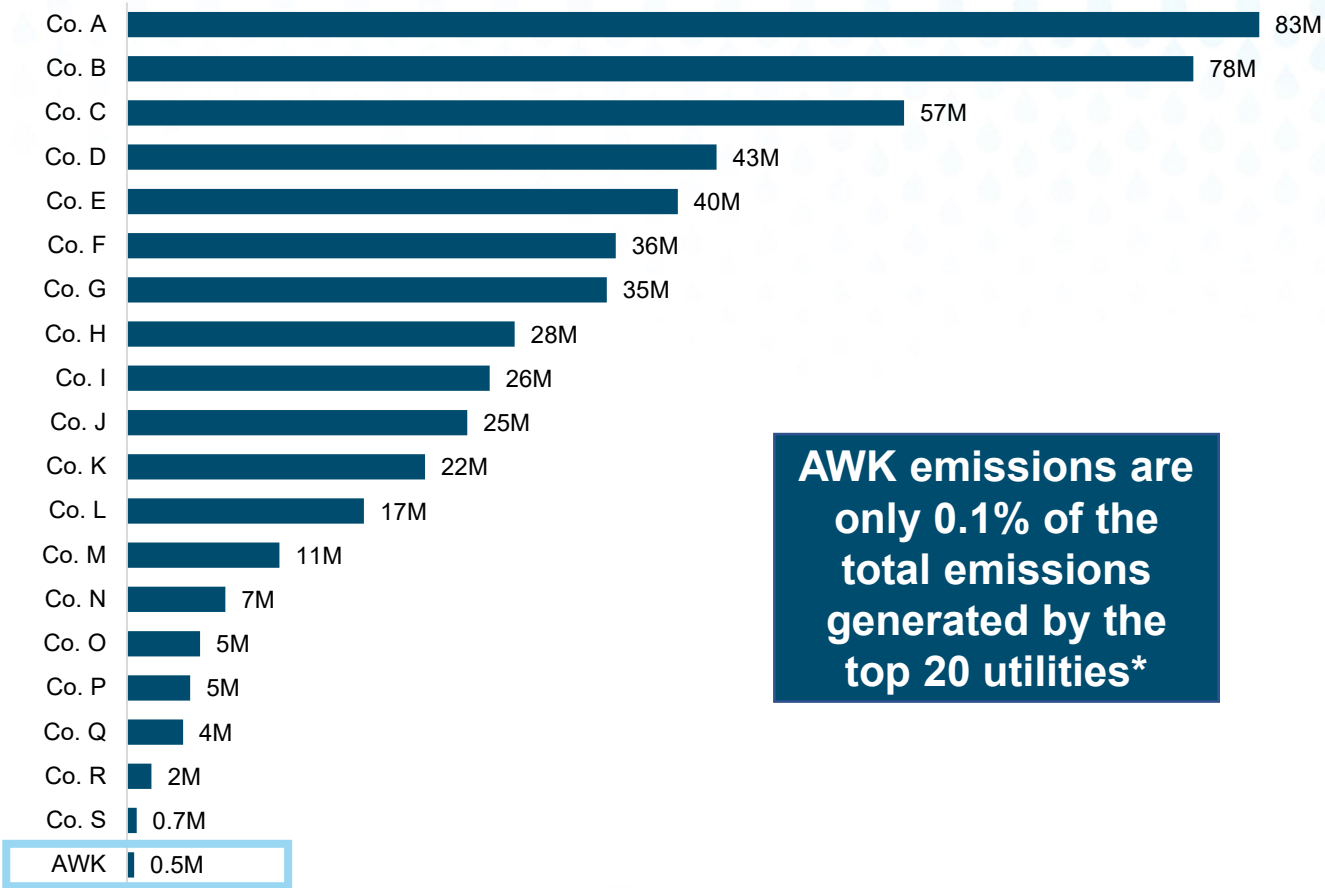
American Water’s GHG Emissions Profile

Providing Services to 14M People with a Light GHG Footprint



American Water		
Scope 1: <i>Direct Emissions</i>	- Stationary - Fleet Vehicles - Refrigerants	73,000 MT
Scope 2: <i>Indirect Emissions</i>	Purchased Power from Electric Providers	461,000 MT

2021 Scope 1 and 2 Subtotal 534,000 MT



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

■ 2021 Scope 1 and Scope 2 MT CO2e (Rounded)

* Chart represents emissions for the top 20 U.S. utilities by market cap, sorted by emissions