American Water Works

2024 CDP Corporate Questionnaire 2024

Word version

Important: this export excludes unanswered questions
This document is an export of your organization's CDP questionnaire response. It contains all data points for questions that are answered or in progress. There may be questions or data points that you have been requested to provide, which are missing from this document because they are currently unanswered. Please note that it is your responsibility to verify that your questionnaire response is complete prior to submission. CDP will not be liable for any failure to do so.
Terms of disclosure for corporate questionnaire 2024 - CDP

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04/16/2025, 04:47 pm

Contents

C1. Introduction

(1.1) In which language are you submitting your response?

Select from:

☑ English

(1.2) Select the currency used for all financial information disclosed throughout your response.

Select from:

☑ USD

(1.3) Provide an overview and introduction to your organization.

(1.3.2) Organization type

Select from:

☑ Publicly traded organization

(1.3.3) Description of organization

American Water is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,500 talented professionals leverage their significant expertise and the Company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders. The Company conducts almost all its business through regulated utilities that provide water and wastewater services, collectively presented as the "Regulated Business." This primary business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. The operations of the Company's Regulated Businesses are generally subject to regulation by public utility commissions (PUCs) in the states in which they operate, with the primary responsibility of the PUCs being the promotion of the overall public interest by balancing the interest of customers and utility investors. Specific authority might differ from state to state, but in most states, PUCs review and approve rates charged to customers, accounting treatments, long-term financing programs and cost of capital, operation and maintenance expenses, capital expenditures, taxes, affiliated transactions and relationships, reorganizations, mergers and acquisitions, and dispositions, along with imposing certain penalties or granting certain incentives. American Water tracks greenhouse gas (GHG) emissions (GHGe) related to its Regulated Business; responses in this report apply accordingly. In addition, the Company operates other regulated-like businesses that provide complementary water and wastewater services to municipalities and the U.S. government on military installations that own their utility systems. Energy and emissions data related to those

businesses are outside the scope of this report. The Company also develops and implements solutions to meet the country's many water challenges, including our own proprietary Research and Development group comprised of scientists with backgrounds in chemistry, engineering and microbiology, several with Ph.Ds., working in partnership with the United States Environmental Protection Agency (EPA), the Centers for Disease Control and Prevention, state regulators (e.g., Departments of Environmental Protection), and water research foundations.
[Fixed row]

(1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

	End date of reporting year	Alignment of this reporting period with your financial reporting period	Indicate if you are providing emissions data for past reporting years
	12/31/2023	*Select from:* ☑ Yes	*Select from:* ☑ No

[Fixed row]

(1.4.1) What is your organization's annual revenue for the reporting period?

3920000000

(1.5) Provide details on your reporting boundary.

(1.5.1) Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?

Select from:
☑ No

(1.5.2) How does your reporting boundary differ to that used in your financial statement?

As stated in its Annual Report on Form 10-K (Annual Report), the Company conducts the majority of its business (approximately 93% of total operating revenue) through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses."

The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP") and are collectively presented throughout the Annual Report within "Other," which is consistent with how management assesses the results of these businesses. While the Annual Report provides financial performance data for both the Regulated Businesses and Other, the Company's GHGe reporting boundary only includes the Regulated Businesses. The annual revenue figure cited above in response to question 1.4.1 is the operating revenue for the Regulated Businesses for 2023.
[Fixed row]

(1.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN code - bond

(1.6.1) Does your organization use this unique identifier?

Select from:
☑ No

ISIN code - equity

(1.6.1) Does your organization use this unique identifier?

Select from:
☑ No

CUSIP number

(1.6.1) Does your organization use this unique identifier?

Select from:
☑ Yes

(1.6.2) Provide your unique identifier

030420103

Ticker symbol

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ Yes

(1.6.2) Provide your unique identifier

AWK

SEDOL code

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

LEI number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

D-U-N-S number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

Other unique identifier

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

[Add row]

(1.7) Select the countries/areas in which you operate.

Select all that apply

☑ United States of America

(1.24) Has your organization mapped its value chain?

(1.24.1) Value chain mapped

Select from:

☑ No, but we plan to do so within the next two years

(1.24.4) Highest supplier tier known but not mapped

Select from:

☑ Tier 1 suppliers

(1.24.8) Primary reason for not mapping your upstream value chain or any value chain stages

Select from:

☑ Other, please specify **:**Partial Value Chain Mapping Completed

(1.24.9) Explain why your organization has not mapped its upstream value chain or any value chain stages

In 2019, American Water performed preliminary value chain mapping as part of its materiality assessment. The value chain map documented the flow of activities, processes, and value creation within AW. The value chain map identified: upstream activities, processes, and stakeholders; downstream activities, processes, and stakeholders; and other stakeholders that influence, or are impacted by, Company activities and processes. Upstream and downstream elements include financial capital, human capital, natural capital, and manufactured capital. An example of upstream and downstream natural capital includes the water supplies for our drinking

water treatment plants, and discharges of treated effluent from treatment plants, respectively. Stakeholders that influence, or are impacted by, Company activities include customers, investors, contractors, suppliers, employees, unions, and regulatory agencies. Completion of future materiality assessments would provide an opportune time to update and strengthen the value chain map.
[Fixed row]

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Short-term

(2.1.1) From (years)

0

(2.1.3) To (years)

1

(2.1.4) How this time horizon is linked to strategic and/or financial planning

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

(2.1.1) From (years)

1

(2.1.3) To (years)

5

(2.1.4) How this time horizon is linked to strategic and/or financial planning

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

(2.1.1) From (years)

5

(2.1.2) Is your long-term time horizon open ended?

Select from:

☑ No

(2.1.3) To (years)

50

(2.1.4) How this time horizon is linked to strategic and/or financial planning

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.
[Fixed row]

(2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

	Process in place	Dependencies and/or impacts evaluated in this process
	Select from: ☑ Yes	*Select from:* ☑ Both dependencies and impacts

[Fixed row]

(2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

	Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
	Select from: ☑ Yes	*Select from:* ☑ Both risks and opportunities	*Select from:* ☑ Yes

[Fixed row]

(2.2.2) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Row 1

(2.2.2.1) Environmental issue

Select all that apply

☑ Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Downstream value chain

(2.2.2.4) Coverage

Select from:

☑ Full

(2.2.2.7) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☑ More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

☑ Short-term

☑ Medium-term
☑ Long-term

(2.2.2.10) Integration of risk management process

Select from:
☑ Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply
☑ Site-specific
☑ Local
☑ Sub-national
☑ National

(2.2.2.12) Tools and methods used

Enterprise Risk Management
☑ Enterprise Risk Management

Other
☑ Internal company methods
☑ Scenario analysis

(2.2.2.13) Risk types and criteria considered

Acute physical
☑ Drought
☑ Tornado
☑ Wildfires
☑ Cold wave/frost
☑ Heavy precipitation (rain, hail, snow/ice)
☑ Flood (coastal, fluvial, pluvial, ground water)
☑ Storm (including blizzards, dust, and sandstorms)

☑ Cyclones, hurricanes, typhoons

Chronic physical

☑ Water stress
☑ Sea level rise
☑ Temperature variability
☑ Water quality at a basin/catchment level
☑ Precipitation or hydrological variability
☑ Increased severity of extreme weather events
☑ Water availability at a basin/catchment level
☑ Changing temperature (air, freshwater, marine water)
☑ Changing precipitation patterns and types (rain, hail, snow/ice)

Policy

☑ Changes to national legislation

Market

☑ Availability and/or increased cost of raw materials
☑ Changing customer behavior

Reputation

☑ Impact on human health

Technology

☑ Other technology, please specify **:**Treatment for contaminants of emerging concern

Liability

☑ Non-compliance with regulations

(2.2.2.14) Partners and stakeholders considered

Select all that apply

☑ Customers
☑ Employees
☑ Investors
☑ Suppliers
☑ Local communities

☑ Regulators

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

☑ No

(2.2.2.16) Further details of process

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 (ERM) 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 (SETO) 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 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 ERM 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 ERM 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) less than 50 million, (2-Major) 50 million - 100 million, and (3-Critical) greater than 100 million. 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.
[Add row]

(2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

(2.2.7.1) Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

Select from:

☑ Yes

(2.2.7.2) Description of how interconnections are assessed

As noted in the response to question 2.2.2, American Water Engineering and Operational leadership reviews risks, opportunities, impacts, and dependencies related to American Water's Environmental Goals at least once per year. Interconnections between the strategies for meeting AW's greenhouse gas emissions reduction, increased water efficiency, and improved resiliency goals are assessed. As these strategies are refined, AW seeks to understand interconnections that provide a positive impact to one or more of its environmental goals. When feasible these enabling activities with a positive impact on more than one environmental goal are prioritized within the goal execution strategy. AW's strategy to meet the water efficiency goal interconnects with the strategy to meeting the other two environmental goals, reduced greenhouse gas emissions and improved system resilience. AW estimates that approximately 5 to 9% of the 15% reduction in water delivered per customer by 2035 will be achieved by continuing and expanding current water efficiency programs as well as the implementation of new technology. This includes items such as proactive water loss management programs, leak detection, advanced metering, and customer education. Execution of these enabling activities not only supports AW's water efficiency, but also helps support reduced energy consumption and improved system resiliency. Improved water efficiency allows AW to meet customer potable water needs while decreasing system delivery (treatment and pumping). Decreased volumes of treated and pumped water require less resources (e.g., electricity, fuel, chemicals, etc.) needed to deliver water to AW customers. Improved water efficiency also helps to reduce a drinking water systems average day (ADD) and minimum day demands (Min DD). This supports a system's ability to meet Min DD which accounts for nearly 10% of the Utility Resilience Index (URI) scoring. The URI provides the evaluation criteria through which AW assesses system resiliency.
[Fixed row]

(2.4) How does your organization define substantive effects on your organization?

Risks

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Capital expenditures

(2.4.3) Change to indicator

Select from:

☑ Absolute increase

(2.4.5) Absolute increase/ decrease figure

50000000

(2.4.6) Metrics considered in definition

Select all that apply

☑ Frequency of effect occurring

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

Substantive financial risk is defined as a potential cost to the business of 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 – 100 million. Climate-related risks are evaluated as stand-alone, such as drought impacts on water supplies, and as cross cutting risks, defined as 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.

Opportunities

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

(2.4.6) Metrics considered in definition

Select all that apply

☑ Frequency of effect occurring

☑ Time horizon over which the effect occurs

☑ Likelihood of effect occurring

(2.4.7) Application of definition

American Water's Asset Investment Strategy provides guidance related to the prioritization of investment within its capital program. This strategy outlines criteria for identifying and prioritizing projects to improve operational efficiency and resiliency. These criteria support the identification of opportunity projects during the comprehensive planning study process. In the future, American Water may refine this process through the development of an Opportunity Matrix. This will improve consistency of opportunity documentation and prioritization with the process for risk identification and prioritization.
[Add row]

C3. Disclosure of risks and opportunities

(3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental risks identified
Climate change	*Select from:* ☑ Yes, both in direct operations and upstream/downstream value chain

[Fixed row]

(3.1.1) Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.1.1.1) Risk identifier

Select from:

☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Chronic physical

☑ Increased severity of extreme weather events

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ United States of America

(3.1.1.9) Organization-specific description of risk

Severe weather and natural hazard events can impact direct operations and have the potential to cause service interruptions, reduced service levels and damage to operating assets. Climate variability predictions from NOAAs US Climate Resilience Toolkit, if realized, will increase the likelihood of an operational impact and may require additional investments to further enhance resiliency. Potential challenges to our water and wastewater utilities are being monitored and assessed during our Comprehensive Planning process including: Changing precipitation patterns in a majority of service areas in midwest, mid-Atlantic and southeast states and CA., sea level rise impacting service areas in Atlantic and Pacific coastal areas (NJ, VA, CA), and increasing heat waves and extreme freezing events in a majority of service areas in midwest, mid-Atlantic, southeast, and CA. The associated impacts to direct operations from these challenges may vary by region and include the following: More frequent voluntary or mandatory water use restrictions to manage available water supplies during extreme heat waves, increased duration of droughts could diminish the quality of raw water in surface water supplies resulting in increased treatment costs, extended disruptions of the power grid which may disrupt water or wastewater service and require increased use of standby generators, and high intensity precipitation events may negatively impact our source waters.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Increased capital expenditures

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Likely

(3.1.1.14) Magnitude

Select from:

☑ High

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Severe weather conditions, climate variability, or natural disasters have the potential to damage American Water equipment and facilities, which could adversely affect our financial condition and operations. Climate-related risks may impact American Water's financial position through direct costs (e.g., site flooding) or indirect costs (e.g., asset hardening). Regardless of the nature of the impact, climate-related financial impacts may influence capital investment strategy, planning, and allocation.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ No

(3.1.1.26) Primary response to risk

Infrastructure, technology and spending

☑ Other infrastructure, technology and spending, please specify **:**Capital Program Planning

(3.1.1.27) Cost of response to risk

3150000000

(3.1.1.28) Explanation of cost calculation

*American Water expects to invest 30 billion to 33 billion over the next 10 years for infrastructure improvements in the Regulated Businesses. The Company estimates that 9% to 11% of this capital investment will be allocated for resiliency, including the mitigation of physical climate risks. It is expected that approximately 3.15 billion (31.5 billion * 10%) will be allocated to resiliency over the next 10 years.*

(3.1.1.29) Description of response

This response only includes estimated resiliency investments, which include investments to mitigate physical climate risks. The Company's capital investment in treatment plants, storage tanks and other key, above-ground facilities is expected to increase, further seeking to address infrastructure renewal, resiliency, water

quality, operational efficiency, technology and innovation, and emerging regulatory compliance needs. The Company continues to invest significantly in resiliency projects to address the impacts of climate and weather variability by hardening its assets.
[Add row]

(3.1.2) Provide the amount and proportion of your financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks.

Climate change

(3.1.2.1) Financial metric

Select from:
☑ CAPEX

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

0

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:
☑ Less than 1%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

3150000000

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:
☑ 1-10%

(3.1.2.6) Amount of CAPEX in the reporting year deployed towards risks related to this environmental issue

286000000

(3.1.2.7) Explanation of financial figures

*American Water expects to invest 30 billion to 33 billion over the next 10 years for infrastructure improvements in the Regulated Businesses. The Company estimates that 9% to 11% of this capital investment will be allocated for resiliency, including the mitigation of physical climate risks. Based on these forward-looking estimates, it is assumed that approximately 3.15 billion (31.5 billion * 10%) will be allocated to resiliency over the next 10 years. Approximately 286 million in capital investment was allocated to resiliency in 2023. The 286 million figure is based on the total capital investment in the Regulated Businesses in 2023 (2.6 billion) and a resiliency allocation of 11%. The assumed resiliency allocation of 11% is based on the year end 2022 forward-looking estimated capital investment allocation for resiliency of 10% to 12%. This response only includes estimated resiliency investments, which include investments to mitigate physical climate risks. Costs related to climate transition risks are summarized below in the response to question 3.6.2.*
[Add row]

(3.5) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Select from:
☑ No, and we do not anticipate being regulated in the next three years

(3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental opportunities identified
Climate change	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized

[Fixed row]

(3.6.1) Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp1

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

☑ Increased efficiency of production and/or distribution processes

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Direct operations

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ United States of America

(3.6.1.8) Organization specific description

American Water's three Environmental Goals enhance resource efficiency in the areas of emissions, water efficiency, and resiliency. For water efficiency, our goal is to continue to meet customer needs while saving 15% in water delivered per customer by 2035 using a 2014/2015 averaged baseline The water efficiency driver is about using this precious resource wisely, especially with climate predictions of increasing drought risks. By harnessing technology to help reduce waste and aligning regulations to drive water efficiency, water's vital benefits can be maximized today and for future generations. We believe this focus can help foster more sustainable communities to support economic growth and resiliency and help preserve limited freshwater supplies. American Water's strategy is multifaceted and includes increasing the deployment of new technologies by 2035 to provide early detection of leaks or other end use efficiencies; increasing the efficiency of water infrastructure; and educating customers through several different communications platforms. These are our greatest opportunities to reduce environmental impacts

while also saving money. Water and energy efficiency measures reduce operating costs, energy consumption, greenhouse gas emissions, the need for water infrastructure expansion, and demand on the U.S.'s limited water supply – all benefiting our customers by helping keep rates affordable.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Reduced direct costs

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Long-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Virtually certain (99–100%)

(3.6.1.12) Magnitude

Select from:

☑ High

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The benefits of improved water efficiency include preserving limited freshwater supplies, supporting drought management, avoided operating, costs deferred or reduced capital costs, and a reduced carbon footprint. In addition, reduced operations and maintenance costs positively impact the Company's net income.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.21) Anticipated financial effect figure in the long-term - minimum (currency)

763000000

(3.6.1.22) Anticipated financial effect figure in the long-term – maximum (currency)

763000000

(3.6.1.23) Explanation of financial effect figures

*Several assumptions were made in the calculation of the potential financial impact figure related to AW's water efficiency goal, including: • The figure was calculated using enterprise-level data. The water efficiency goal was developed based upon forecasted water use per customer for each customer class. This includes the national water efficiency trend, the continuation of current American Water programs, and utilization of future innovation and technology in our footprint. Water efficiency program savings were applied globally to the customer base. Actual savings will vary based upon each of American Water's Regulated Business' current water consumption and loss patterns, growth, and acquired water system's persons per household and levels of efficiency. The forecasted water efficiency goal yields a cumulative lifetime water savings of 230,000 gal/customer. • The calculation was simplified by assuming American Water's customer count remains static. American Water anticipates a customer growth rate of 55,000 to 85,000 per year. Water customer growth could increase our base estimate of savings. Additionally, the timing of the customer growth within the lifespan of the goal impacts the potential savings expected to occur by 2035. • The resulting figure is based on production costs only and used an enterprise average of 1.04/kgal. It is expected that the cost to produce water will also increase over time, in part due to climate variability. The cost savings associated with American Water's water efficiency goal was calculated by multiplying the current cost to produce water (1.04/kgal – calculated based on information contained in American Water's YE 2023 10k and 2023 ESG Data Summary) by the cumulative lifetime water savings per customer to achieve the goal of 230,000 gal/customer from 2015 to 2035 (taken from the forecasted trend analysis used to develop the goal). This result is then multiplied by the total number of customers (3,188,000 customers) reported in the YE 2023 10k. That is, (1.04/kgal) * (230 kgal/customer) * (3,188,000) 763 million. Note: Actual savings will vary based upon growth and acquired water system's persons per household, levels of efficiency, among other variables.*

(3.6.1.24) Cost to realize opportunity

60000000

(3.6.1.25) Explanation of cost calculation

Situation: American Water's asset management strategy recognizes the opportunity to deploy more advanced technology to support resource efficiency that will be needed to address future climate-related risks to water supplies. The cost to realize this opportunity is estimated to require around 60,000,000 for the deployment of improved leak detection, pipe monitoring equipment, and demand side efficiency measures across our footprint. Task: When upgrading facilities and deploying new technology, it is important to identify and select more efficient products. Action: AW uses multiple approaches to achieve improvements, including: Technology: We strive to reduce water losses by using technologies including improved metering systems, a smarter water grid, pressure management, and leak detection programs. For example, operations in New Jersey utilize 11,300 acoustic leak detection nodes to help proactively identify leaks, with 3,600 nodes installed in a single operational area. Customer Conservation: We encourage customers to conserve water through programs such as tiered-rate structures, water efficiency kits/rebates, water-saving tips on our digital platforms, as well as through our bills with inserts and onserts. For example, California American Water has dedicated water conservation staff members, trained in many facets of water conservation and are a valuable resource for all stakeholders. Internal Governance: AW's non-revenue

water (NRW) practice provides reporting guidelines, terminology, and supporting information to help accurately record, report, and retain NRW data. Accurate, reliable water system reporting for NRW is critical to documenting operations, financial disclosure, budget process, managing customer needs, tracking growth, capacity planning, and marketing Result: Considering the New Jersey leak detection example from above, the operational area realized a water loss decrease of 50% between 2015 and 2023. This corresponds to an increase in efficiency, as operations can meet the same customer demand by treating and pumping less water. This case study was extrapolated to project a possible long-term cost related to deploying more advanced leak detection across AW's footprint by 2035. The estimated costs do not include preliminary activities (e.g., water auditing, distribution system modeling, etc.), labor costs, and end-of-life equipment renewals. This cost was cited to maintain consistency with the financial impact figure reported above.

(3.6.1.26) Strategy to realize opportunity

The strategy to realize American Water's goal of meeting customer needs while saving 15% in water delivered per customer by 2035 as compared to a 2015 baseline is contingent on realizing several efficiency improvements. These improvements include the continuation and expansion of current water efficiency programs (e.g., acoustic leak detection, watermain replacement, deployment of advanced metering infrastructure), advancements in innovation and technology (e.g., novel technologies, functional improvements to existing technology, more affordable technologies), and national trends toward efficient appliances and fixtures (e.g., ENERGY STAR). Through these enabling activities, American Water has realized a 6.6% reduction as of YE 2023 from the 2014/2015 averaged baseline.
[Add row]

(3.6.2) Provide the amount and proportion of your financial metrics in the reporting year that are aligned with the substantive effects of environmental opportunities.

Climate change

(3.6.2.1) Financial metric

Select from:
☑ CAPEX

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

225000000

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:

☑ 1-10%

(3.6.2.4) Explanation of financial figures

American Water's path to meeting its medium-term emissions goal target (reduce absolute scope 1 and 2 emissions by 50% by 2035 from a 2020 baseline) includes approximately 150 million to 300 million in targeted capital investment within its Regulated Businesses. The midpoint of this range was provided above for the amount of financial metric aligned with opportunities related to the Company's long-term emissions goal. This capital investment will largely be allocated to activities that improve the Company's operational efficiency through the reduction in energy consumption and deployment/procurement of renewable energy. Specifically, the Company expects to invest capital to increase its renewable energy footprint, improve water efficiency, pumping efficiency, fleet efficiency, and building efficiency. These activities are seen as opportunities for the Company to further its strategies and values, particularly Operational Excellence and Environmental Leadership. Investment in other categories such as renewal of aging infrastructure is also likely to mitigate climate risks, however, it is not quantified in this response.
[Add row]

C4. Governance

(4.1) Does your organization have a board of directors or an equivalent governing body?

(4.1.1) Board of directors or equivalent governing body

Select from:

☑ Yes

(4.1.2) Frequency with which the board or equivalent meets

Select from:

☑ More frequently than quarterly

(4.1.3) Types of directors your board or equivalent is comprised of

Select all that apply

☑ Executive directors or equivalent

☑ Independent non-executive directors or equivalent

(4.1.4) Board diversity and inclusion policy

Select from:

☑ No

[Fixed row]

(4.1.1) Is there board-level oversight of environmental issues within your organization?

	Board-level oversight of this environmental issue
Climate change	*Select from:* ☑ Yes

[Fixed row]

(4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Climate change

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☑ Board-level committee

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☑ Board mandate

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☑ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☑ Overseeing the setting of corporate targets

☑ Monitoring progress towards corporate targets

☑ Overseeing and guiding the development of a business strategy

☑ Monitoring the implementation of the business strategy

☑ Overseeing and guiding major capital expenditures

(4.1.2.7) Please explain

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. [Fixed row]

(4.2) Does your organization's board have competency on environmental issues?

Climate change

(4.2.1) Board-level competency on this environmental issue

Select from:

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Integrating knowledge of environmental issues into board nominating process

☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience

☑ Management-level experience in a role focused on environmental issues

[Fixed row]

(4.3) Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue
Climate change	*Select from:* ☑ Yes

[Fixed row]

(4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Executive Officer (CEO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

☑ Measuring progress towards environmental corporate targets

Strategy and financial planning

☑ Implementing the business strategy related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

(4.3.1.4) Reporting line

Select from:

☑ Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

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.

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Financial Officer (CFO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

(4.3.1.4) Reporting line

Select from:

☑ Other, please specify **:**Reports to the President

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

The Chief Financial Officer 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.

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Other

☑ Other, please specify **:**Chief Environmental Officer

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

(4.3.1.4) Reporting line

Select from:

☑ Reports to the Chief Operating Officer (COO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

The Chief Environmental Officer is responsible for Environmental Leadership and oversight of activities directly related to the management of climate-related risks. This includes the advancement of research and development, water quality, and technology to improve effectiveness; compliance with requirements in multiple media (including drinking water, wastewater, air, and waste), environmental stewardship, and oversight of the enterprise lab that analyzes over 80,000 drinking water samples per year; and helping our operations meet current/future capacity, water quality requirements, and have the resiliency to withstand climate-related impacts. The Chief Environmental Officer creates policies and procedures that minimize risk and help ensure the safety of a Company's employees. This includes enforcing regulations and performing root cause analysis of environmental incidents. The Chief Environmental Officer shapes the organizational Environmental Leadership mission, vision, and targets for American Water's employees. This position reports to the COO.

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Other

☑ Other, please specify :Capital Program Management Committee (CPMC)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

Strategy and financial planning

☑ Managing annual budgets related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

(4.3.1.4) Reporting line

Select from:

☑ Reports to the Chief Operating Officer (COO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

Each Regulated Business, as defined in Section 1, 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

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.

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Committee

☑ Safety, Health, Environment and Quality committee

(4.3.1.2) Environmental responsibilities of this position

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

(4.3.1.4) Reporting line

Select from:

☑ Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ Quarterly

(4.3.1.6) Please explain

The Safety, Environmental, Technology, and Operations 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.

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Operating Officer (COO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Managing environmental dependencies, impacts, risks, and opportunities

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

(4.3.1.4) Reporting line

Select from:

☑ Other, please specify **:**Reports to the President

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

The Chief Operating Officer has overall responsibility for creating, planning, and integrating the strategic direction of the business including oversight of advancement of technology within operations to improve effectiveness. 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 President.

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ President

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

☑ Assessing future trends in environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

Policies, commitments, and targets

☑ Monitoring compliance with corporate environmental policies and/or commitments

☑ Measuring progress towards environmental corporate targets

Strategy and financial planning

☑ Developing a business strategy which considers environmental issues

☑ Implementing the business strategy related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

(4.3.1.4) Reporting line

Select from:

☑ Reports to the Chief Executive Officer (CEO)

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

The President has overall responsibility for the execution of the Company's corporate strategy as well as the daily operations of the company. Climate-related risks are assigned to this position because the President is responsible for overall integration of climate-related risk and resiliency which are imperative to long-term sustainability.
[Add row]

(4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

	Provision of monetary incentives related to this environmental issue	Please explain
Climate change	*Select from:* ☑ No, and we do not plan to introduce them in the next two years	*All employees', including Executive Leadership, goals are aligned for performance-based compensation on an annual basis.*

[Fixed row]

(4.6) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	Select from: ☑ Yes

[Fixed row]

(4.6.1) Provide details of your environmental policies.

Row 1

(4.6.1.1) Environmental issues covered

Select all that apply

☑ Climate change

(4.6.1.2) Level of coverage

Select from:

☑ Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

☑ Direct operations

(4.6.1.4) Explain the coverage

American Water's Environmental Policy serves as a guide to responsible management of natural resources within our footprint. The policy addresses compliance with environmental laws and regulations, environmental stewardship, efficient operations including energy use, as well as comprehensive planning and capital investment which includes reducing impacts on the environmental and strengthening resiliency related to climate change. We also highlight our commitment to sustainable water management, watershed protection, and water conservation. 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 potential future threats to our existing sources of supply through Risk and Resiliency Assessments (RRA's) that 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.

(4.6.1.5) Environmental policy content

Environmental commitments

☑ Commitment to comply with regulations and mandatory standards

☑ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

☑ Commitment to net-zero emissions

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply

☑ No, and we do not plan to align in the next two years

(4.6.1.7) Public availability

Select from:

☑ Publicly available

(4.6.1.8) Attach the policy

Environmental-Policy-06-2021-AW.pdf
[Add row]

(4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

	Are you a signatory or member of any environmental collaborative frameworks or initiatives?
	Select from: ☑ No, and we do not plan to within the next two years

[Fixed row]

(4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

(4.11.1) External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

Select all that apply

☑ Yes, we engaged directly with policy makers

☑ Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

(4.11.2) Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

Select from:

☑ Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

(4.11.3) Global environmental treaties or policy goals in line with public commitment or position statement

Select all that apply

☑ Paris Agreement

(4.11.4) Attach commitment or position statement

American Water_Greenhouse-Gas-Emissions-Goals-and-Profile.pdf

(4.11.5) Indicate whether your organization is registered on a transparency register

Select from:

☑ No

(4.11.8) Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

Throughout the American Water footprint, consistency in messaging, strategy, and values is paramount. We completed a Materiality Assessment in 2022 that supported the Sustainability Report and focus on business strategy. The Materiality Assessment included both internal subject matter experts (SME) and external stakeholders to help align overall strategy with materiality and stakeholder input and was approved by the Company's Executive Leadership. Several of the material

topics identified align with climate variability, energy and emissions, water infrastructure, and water use and efficiency. To provide consistency, our SMEs have been trained on conveying specific climate variability messaging related to their areas of expertise. Messaging is extended to a variety of audiences including elected officials, policy makers and regulators. We communicate regularly with external stakeholders including elected officials, regulators, policy makers, trade associations, and other organizations. An example of an executive and SME that contributes to the consistency of our messaging to stakeholders is our vice president, Chief Environmental Officer who addresses topics such as, but not limited to, the sustainability of water supply and infrastructure. Consistent communications messaging includes risk and resiliency, climate variability, and other topics associated with the Company's climate strategy and continuing to align operations with the overall business strategy. As a regulated utility we seek to operate in the best interest of our customers, helping improve their communities, with a concentrated focus on risk and resiliency. The Company's Board of Directors approves the Company's ten-year capital plan, which provides planning for both capital investments and acquisitions in the Company's regulated businesses. Approximately 9 to 11 percent of the projected ten-year capital plan is intended for investments for infrastructure improvements dedicated to asset resiliency, with another 6 to 8 percent allocated to water quality. In addition, the SETO Committee assists the Board in overseeing and reviewing environmental matters, including programs and policies with respect to protecting the environment, including the Company's sustainable efforts with respect to water conservation, climate change, contaminants of emerging concern, and greenhouse emissions.
[Fixed row]

(4.11.1) On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Row 1

(4.11.1.1) Specify the policy, law, or regulation on which your organization is engaging with policy makers

New Jersey Assembly Bill No. 4791 - This bill establishes the "Resiliency and Environmental System Investment Charge Program" (RESIC), which creates a regulatory mechanism that enables water and wastewater utilities (utilities) to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance, safety, and public health.

(4.11.1.2) Environmental issues the policy, law, or regulation relates to

Select all that apply
☑ Climate change

(4.11.1.3) Focus area of policy, law, or regulation that may impact the environment

Financial mechanisms (e.g., taxes, subsidies, etc.)
☑ Other financial mechanisms, please specify **:**Cost recovery of certain investments under the Resiliency and Environmental Investment Charge Program

(4.11.1.4) Geographic coverage of policy, law, or regulation

Select from:

☑ Sub-national

(4.11.1.5) Country/area/region the policy, law, or regulation applies to

Select all that apply

☑ United States of America

(4.11.1.6) Your organization's position on the policy, law, or regulation

Select from:

☑ Support with no exceptions

(4.11.1.8) Type of direct engagement with policy makers on this policy, law, or regulation

Select all that apply

☑ Other, please specify **:**We engage with every level of government to voice our support for effective policy and provide support that aligns with our business values in all of the communities that we serve.

(4.11.1.9) Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

(4.11.1.10) Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

Many future climate predictions present potential challenges to water and wastewater utilities such as: increased frequency and duration of droughts; increased precipitation and flooding; increased frequency and severity of storms; challenges associated with changes in temperature or increases in ocean levels; potential degradation of water quality; decreases in available water supply and changes in water usage patterns; increases in the number, length and severity of disruptions in service; increased costs to repair damaged facilities; or increased costs to reduce risks associated with natural events, including to improve the resiliency and reliability of our water and wastewater treatment and conveyance facilities and systems. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital

expenditures to repair any damage. Tariffs in place or cost recovery proceedings with respect to our Regulated Businesses may not provide reimbursement to us, in whole or in part, for any of these impacts. Where cost recovery is possible there is typically a delay, known as "regulatory lag," between the time our Regulated Businesses make a capital investment or incur an operating expense increase and the time when those costs are reflected in rates. New Jersey Legislature Bill A4791 establishes the "Resiliency and Environmental System Investment Charge Program" (RESIC), which creates a regulatory mechanism that enables water and wastewater utilities to recover the costs of investment in certain non-revenue producing utility system components that enhance water and wastewater system resiliency, environmental compliance, safety, and public health. A utility may seek recovery through the implementation of a RESIC rate for any cost made related to the installation of new (or replacement of existing) distribution, production, treatment, or other plant or equipment to further resiliency, health, safety, or environmental protection for the utility's customers or employees, or the public. Alleviating the regulatory lag should better allow utilities to deploy resiliency-related capital more efficiently. We fully support this legislation and believe that it is aligned with relevant parts of the Paris Agreement, specifically certain elements noted in Article 7 (Adaptation) and Article 8 (Loss and Damage)

(4.11.1.11) Indicate if you have evaluated whether your organization's engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.1.12) Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

Select all that apply

☑ Paris Agreement

[Add row]

(4.11.2) Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Row 1

(4.11.2.1) Type of indirect engagement

Select from:

☑ Indirect engagement via a trade association

(4.11.2.4) Trade association

North America

☑ Edison Electric Institute (EII)

(4.11.2.5) Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

Select all that apply

☑ Climate change

(4.11.2.6) Indicate whether your organization's position is consistent with the organization or individual you engage with

Select from:

☑ Consistent

(4.11.2.7) Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

Select from:

☑ No, we did not attempt to influence their position

(4.11.2.8) Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

From EEI's Climate Change Lobbying Disclosure: https://www.eei.org/-/media/Project/EEI/Documents/Issues-and-Policy/Finance-And-Tax/EEI_Climate_Change_Lobbying_Disclosure.pdf "EEI's member companies are leading a clean energy transformation and are working to get the energy they provide as clean as they can as fast as they can, without compromising on the reliability or affordability that are essential to the customers and communities they serve. Thanks largely to the leadership of EEI's member companies, carbon emissions from the electric power sector are at their lowest level since 1978—and will continue to fall. We have an extraordinary opportunity before us to tackle climate change, and EEI's member companies are well-positioned to be part of the climate change solution. We are committed to continuing to reduce carbon emissions in our sector and to helping other sectors—particularly the transportation and industrial sectors—transition to clean, efficient electric energy." "We [EEI] support America rejoining the Paris Agreement. U.S. electric companies collectively have reduced their carbon emissions more than every nation in the world since 2010 and have achieved a 40-percent reduction from 2005 levels as of the end of 2020. That is a decade earlier than what was called for in the original U.S. commitment under the Paris Agreement. To achieve meaningful worldwide action on climate change, it is

essential that we continue to engage in these global conversations and that we continue to build on the progress we already have made." Industry association memberships allow American Water to share best practices, support constructive legislation and collaborate to provide high-quality services to customers. AW is an associate member of EEI. AW has contributed to, and benefitted, from the resources developed by EEI related to ESG and sustainability. More specifically, AW has adopted several disclosure standards published by EEI for inclusion within its Sustainability Report and ESG Data Summary. Additionally, AW leveraged the expertise of EEI when setting its medium-term and long-term emissions goals. AW's funding for EEI is largely made through membership and technical conference attendance fees. The Company does not disclose and aggregated funding figure.

(4.11.2.9) Funding figure your organization provided to this organization or individual in the reporting year (currency)

0

(4.11.2.11) Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.2.12) Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

Select all that apply

☑ Paris Agreement

[Add row]

(4.12) Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

Select from:

☑ Yes

(4.12.1) Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Row 1

(4.12.1.1) Publication

Select from:

☑ In mainstream reports

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Climate change

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Risks & Opportunities

☑ Strategy

(4.12.1.6) Page/section reference

Water Supply & Wastewater Service; Risks Related to Our Industry and Business Operations

(4.12.1.7) Attach the relevant publication

AWK_2023 10-K.pdf

(4.12.1.8) Comment

Pg 9 – The Company reviews current climate science and global models related to temperature, precipitation, and sea level rise on an ongoing basis. Where actionable forecasts are available, the Company will use this information in its comprehensive planning studies and asset management plans. These studies and plans, which are used by the Company to develop its asset management and system reliability strategies, assess the climate risk and resiliency of the Company's water and wastewater systems over short-, medium- and long-term time horizons. Pg 24 – Service interruptions due to severe weather, climate variability patterns

and natural or other events are possible across all our businesses. These include, among other things, storms, freezing conditions, high wind conditions, hurricanes, tornadoes, earthquakes, landslides, drought, wildfires, and coastal and intercoastal flooding. Weather and other natural events such as these may affect the condition or operability of our facilities, limiting or preventing us from delivering water or wastewater services to our customers, or requiring us to make substantial capital expenditures to repair any damage.

Row 2

(4.12.1.1) Publication

Select from:

☑ In voluntary sustainability reports

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Climate change

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Strategy

☑ Emissions figures

☑ Emission targets

(4.12.1.6) Page/section reference

Pg 80 - Climate & GHG Emissions

(4.12.1.7) Attach the relevant publication

AW-2023-Sustainability-Report.pdf

(4.12.1.8) Comment

Pg 81 - Our Approach Pg 85 - Our Performance

Row 3

(4.12.1.1) Publication

Select from:

☑ In voluntary communications

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Climate change

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Emissions figures

☑ Emission targets

(4.12.1.6) Page/section reference

Pg 4 - Environmental

(4.12.1.7) Attach the relevant publication

AW-2023-ESG-Data-Summary.pdf

(4.12.1.8) Comment

Pg 4 - Environmental Goals (base year actuals and 2023 performance) Pg 8 - Energy consumption Pg 9 - GHG emissions
[Add row]

C5. Business strategy

(5.1) Does your organization use scenario analysis to identify environmental outcomes?

Climate change

(5.1.1) Use of scenario analysis

Select from:

☑ Yes

(5.1.2) Frequency of analysis

Select from:

☑ More than once a year

[Fixed row]

(5.1.1) Provide details of the scenarios used in your organization's scenario analysis.

Climate change

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 4.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ No SSP used

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Business division

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Acute physical

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 3.0ºC - 3.4ºC

(5.1.1.7) Reference year

1990

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2040

☑ 2060

☑ 2080

☑ 2100

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Changes to the state of nature

☑ Climate change (one of five drivers of nature change)

Finance and insurance

☑ Sensitivity of capital (to nature impacts and dependencies)

Stakeholder and customer demands

☑ Impact of nature service delivery on consumer

Regulators, legal and policy regimes

☑ Methodologies and expectations for science-based targets

Relevant technology and science

☑ Granularity of available data (from aggregated to local)

Direct interaction with climate

☑ On asset values, on the corporate

Macro and microeconomy

☑ Domestic growth

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Our Engineering Master Plan process assesses system and facility needs on at least a 15–20-year horizon with some studies extending a longer time. In a study of our Ocean City (NJ) sewer collection system, we utilized the USEPA Climate Explorer tool to assess the projected increase in precipitation between 2023 and 2100. This precipitation projection was then used to project changes to the inflow and infiltration (I&I) rates to the sewer system. While projections through 2100 provide a longer-term alignment with the life expectancy of newly built infrastructure, this analysis was incorporated into the base 20-year planning horizon. Situation: American Water performs Comprehensive Engineering Planning Studies with Risk and Resiliency assessments which incorporate climate related scenario analysis. Task: Use the USEPA Climate Explorer and CREAT tools to define climate model scenarios where applicable to identify and select facility upgrade projects. Action: American Water performed a Comprehensive Engineering Planning Study for its Ocean City, New Jersey sewer system and incorporated precipitation projections as part of the analysis of system and facility capacity. This coastal system was selected for assessment due to its critical operation and vulnerability to flooding. We examined temperature and precipitation increases projected under RCP 4.5 and RCP 8.5 Result: The study in New Jersey was used to develop a long-term plan for the facilities within the sewer system. Immediate and short-term improvements were identified, and a long-term strategy was developed. The Comprehensive Engineering Planning work identifies needed system improvements which drive financial planning and business strategy.

(5.1.1.11) Rationale for choice of scenario

American Water has standardized on the USEPA Climate Explorer and CREAT tools for our scenario planning. USEPA tools use the Applied Climate Information System (ACIS) developed, maintained, and operated by the NOAA Regional Climate Centers (RCCs). ACIS manages the complex flow of climate information from data collectors to end users and includes an integrated metadata system for data on a national, regional, and local level. The USEPA tools are part of the USEPA US Climate Resilience Toolkit intended to improve the ability of communities and businesses to understand and manage climate-related risks and opportunities, while helping to make communities more resilient to extreme events.
[Add row]

(5.1.2) Provide details of the outcomes of your organization's scenario analysis.

Climate change

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management

☑ Resilience of business model and strategy

(5.1.2.2) Coverage of analysis

Select from:

☑ Business division

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

American Water performs Comprehensive Engineering Planning Studies with Risk and Resiliency assessments which incorporate climate related scenario analysis. We use the USEPA Climate Explorer and CREAT tools to define climate model scenarios where applicable to identify and select facility upgrade projects. Through the examination of temperature and precipitation increases projected under RCP 4.5 and RCP 8.5, we can assess the potential impact to water and wastewater facilities. The engineering studies develop long-term plans for the facilities including immediate and short-term improvements, and a long-term strategy. The Comprehensive Engineering Planning work identifies needed system improvements which drive financial planning and business strategy.
[Fixed row]

(5.2) Does your organization's strategy include a climate transition plan?

(5.2.1) Transition plan

Select from:

☑ No and we do not plan to develop a climate transition plan within the next two years

(5.2.15) Primary reason for not having a climate transition plan that aligns with a 1.5°C world

Select from:

☑ Not an immediate strategic priority

(5.2.16) Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world

In 2022, American Water announced two new GHG emissions targets. In the medium-term, American Water commits to reduce absolute scope 1 and scope 2 emissions by 50% by 2035 from a 2020 baseline. Meeting this target will be critical for American Water to achieve its long-term target of net zero scope 1 and scope 2 emissions by 2050. Additionally, in 2022 American Water undertook an initial evaluation of estimated scope 3 emissions. American Water has taken initial steps in the development of a climate transition plan. Additionally, no standardized guidance or procedure has been published for the water and wastewater utility industry.
[Fixed row]

(5.3) Have environmental risks and opportunities affected your strategy and/or financial planning?

(5.3.1) Environmental risks and/or opportunities have affected your strategy and/or financial planning

Select from:

☑ Yes, both strategy and financial planning

(5.3.2) Business areas where environmental risks and/or opportunities have affected your strategy

Select all that apply

☑ Operations
[Fixed row]

(5.3.1) Describe where and how environmental risks and opportunities have affected your strategy.

Operations

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

The Company estimates the expected capital investment for infrastructure improvements in its Regulated Businesses over the next ten years will be allocated to the following purposes: infrastructure renewal 68-70%, resiliency 9-11%, water quality, including capital expenditures for the EPA proposed regulations on PFAS 6-8%, operational efficiency, technology and innovation 5-7%, system expansion 4-6%, other 3-5%. It is anticipated that a portion of the resiliency allocation will target the mitigation of climate-related risks. Additionally, when AW's medium and long-term emissions goals were established in 2021 it was determined that approximately 150 to 300 million in capital investment would be needed to meet the medium-term (2035) target. This capital investment will largely be focused on renewable energy, water use and efficiency, pumping and operational efficiency, and fleet and building efficiency. The path towards successfully meeting AW's emissions goals includes investing in opportunities to support operational efficiency.
[Add row]

(5.3.2) Describe where and how environmental risks and opportunities have affected your financial planning.

Row 1

(5.3.2.1) Financial planning elements that have been affected

Select all that apply

☑ Direct costs

☑ Capital expenditures

☑ Capital allocation

(5.3.2.2) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply

☑ Climate change

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

Climate-related risks and opportunities are integrated into American Water's capital program management through several pathways. The comprehensive engineering planning study (CPS) process identifies significant risks and opportunities related to AW's water and wastewater systems including those related to climate. As an output of the CPS process, these risks and opportunities may result in project recommendations that may be encompassed within the capital program management process. Climate-related risks and opportunities may also be identified through AW's risk and resiliency assessments (RRAs). 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. RRAs then inform our operational approach and potential need for capital investment. At the Board of Directors level, AW's Safety, Environmental, Technology, and Operations (SETO) Committee reviews and monitors significant environmental strategies; policy and planning issues of interest to the Company, including matters before environmental regulatory agencies; compliance with environmental laws and regulations; and environmental performance in regards to Company metrics. The SETO Committee also oversees programs and policies with respect to protecting the environment, including the Company's sustainability efforts with respect to water conservation, climate variability and greenhouse gas emissions and reviews management's processes for assessing business continuity risks and developing related contingency planning, including preparedness for restoration of service and back-up for key facilities and supply sources, and back-up plans for critical operating infrastructure and systems. In addition, in 2022, the Board of Directors, in its oversight role, reviewed the Company's newly established medium- and long-term scope 1 and scope 2 GHG emissions reductions goals and limited scope 3 disclosure.

[Add row]

(5.4) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
	Select from: ☑ No, and we do not plan to in the next two years

[Fixed row]

(5.10) Does your organization use an internal price on environmental externalities?

(5.10.1) Use of internal pricing of environmental externalities

Select from:

☑ No, and we do not plan to in the next two years

(5.10.3) Primary reason for not pricing environmental externalities

Select from:

☑ Not an immediate strategic priority

(5.10.4) Explain why your organization does not price environmental externalities

AW will favor the most environmentally sound alternative for goods or services if the cost evaluations are equivalent. The subjective nature of assigning cost to environmental factors is problematic.
[Fixed row]

(5.11) Do you engage with your value chain on environmental issues?

	Engaging with this stakeholder on environmental issues	Environmental issues covered
Suppliers	*Select from:* ☑ Yes	*Select all that apply* ☑ Climate change
Customers	*Select from:* ☑ Yes	*Select all that apply* ☑ Climate change
Investors and shareholders	*Select from:* ☑ Yes	*Select all that apply* ☑ Climate change
Other value chain stakeholders	*Select from:* ☑ Yes	*Select all that apply* ☑ Climate change

[Fixed row]

(5.11.1) Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

	Assessment of supplier dependencies and/or impacts on the environment
Climate change	*Select from:* ☑ No, we do not assess the dependencies and/or impacts of our suppliers, and have no plans to do so within two years

[Fixed row]

(5.11.2) Does your organization prioritize which suppliers to engage with on environmental issues?

Climate change

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☑ No, we do not prioritize which suppliers to engage with on this environmental issue

(5.11.2.3) Primary reason for no supplier prioritization on this environmental issue

Select from:

☑ We engage with all suppliers

(5.11.2.4) Please explain

Our RFP template includes questions about the supplier environmental program and the responses are collected by the purchasing team for evaluation. The suppliers are not required to submit responses to the environmental questions nor are they penalized for a non-response during the evaluation process.
[Fixed row]

(5.11.5) Do your suppliers have to meet environmental requirements as part of your organization's purchasing process?

Climate change

(5.11.5.1) Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process

Select from:

☑ No, and we do not plan to introduce environmental requirements related to this environmental issue within the next two years

(5.11.5.2) Policy in place for addressing supplier non-compliance

Select from:

☑ No, we do not have a policy in place for addressing non-compliance

(5.11.5.3) Comment

Our RFP template includes questions about the supplier environmental program and the responses are collected by the purchasing team for evaluation. The suppliers are not required to submit responses to the environmental questions nor are they penalized for a non-response during the evaluation process.
[Fixed row]

(5.11.7) Provide further details of your organization's supplier engagement on environmental issues.

Climate change

(5.11.7.2) Action driven by supplier engagement

Select from:
☑ Waste and resource reduction and improved end-of-life management

(5.11.7.3) Type and details of engagement

Capacity building
☑ Provide training, support and best practices on how to mitigate environmental impact

Information collection
☑ Other information collection activity, please specify **:**Reviewing purchasing data and transportation expenses

Innovation and collaboration
☑ Collaborate with suppliers on innovations to reduce environmental impacts in products and services
☑ Collaborate with suppliers to develop reuse infrastructure and reuse models

(5.11.7.4) Upstream value chain coverage

Select all that apply
☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 1-25%

(5.11.7.6) % of tier 1 supplier-related scope 3 emissions covered by engagement

Select from:

☑ Unknown

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

American Water is working with major suppliers in the area of PFAS treatment to reduce the amount of materials used by water plants to eliminate the chemicals from drinking water. This process allows for the reuse of the filtering materials, which will reduce the need for manufacturing, mining, and disposal. In addition, the spent material can also be used in other industrial applications at the of its useful life.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Unknown

[Add row]

(5.11.9) Provide details of any environmental engagement activity with other stakeholders in the value chain.

Climate change

(5.11.9.1) Type of stakeholder

Select from:

☑ Customers

(5.11.9.2) Type and details of engagement

Education/Information sharing

☑ Run an engagement campaign to educate stakeholders about the environmental impacts about your products, goods and/or services

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ 100%

(5.11.9.4) % stakeholder-associated scope 3 emissions

Select from:

☑ None

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

American Water has been at the forefront of environmental leadership when, in 2006, it became the first U.S. water or wastewater utility to join the Environmental Protection Agency's (EPA) Climate Leaders program and CDP. American Water is consistently communicating with customers. General education and messaging points leverage digital communications that include the American Water website, email, social media, inserts/onserts, standard media, customer portals and other digital platforms. The Company's education and information-sharing engagements targets 100% of its customers.

(5.11.9.6) Effect of engagement and measures of success

We inform and educate customers on simple techniques they can employ to use water more efficiently and conserve energy. American Water is committed to meeting customers' water needs while simultaneously saving 15 percent in water delivered per customer, by 2035, compared to a 2015 baseline. American Water has already accomplished a 6.6 percent reduction in water delivered per customer. In the future, expanding best practices from existing efficiency programs, utilization of innovative technologies like AMI and leak detection, leveraging the transparency that is gained through these programs to identify and eliminate sources of water loss faster, and benefitting from ongoing national trends of declining residential water use related to fixtures and appliances will continue to drive progress. By investing capital to improve system performance, water loss and non-revenue water can both be reduced, while additionally minimizing customer rate impacts. The measure of success for this engagement is the amount of water saved through conservation and efficiency measures. Our residential customers have saved about 1,200 gallons per customer per year – or 3.4 billion gallons annually – through conservation and efficiency measures in recent years. American Water also produces a Sustainability Report biannually that details our climate strategy and GHG emissions reduction performance. This information is made available to our customers through the company's website.

[Add row]

C6. Environmental Performance - Consolidation Approach

(6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance data.

Climate change

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

As stated in the response to question 1.5, the Company conducts the majority of its business (approximately 93% of total operating revenue) through regulated utilities that provide water and wastewater services, collectively presented as one reportable segment, referred to as the "Regulated Businesses." The Company also operates other businesses that provide water and wastewater services to the U.S. government on military installations, as well as municipalities. Individually, these other businesses do not meet the criteria of a reportable segment in accordance with generally accepted accounting principles in the United States ("GAAP") and are collectively presented throughout the Annual Report on Form 10-K within "Other," which is consistent with how management assesses the results of these businesses. While the Annual Report provides financial performance data for both the "Regulated Businesses" and "Other", the Company's GHGe reporting boundary only includes the "Regulated Businesses".
[Fixed row]

C7. Environmental performance - Climate Change

(7.1) Is this your first year of reporting emissions data to CDP?

Select from:
☑ No

(7.1.1) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

(7.1.1.1) Has there been a structural change?

Select all that apply
☑ Yes, an acquisition

(7.1.1.2) Name of organization(s) acquired, divested from, or merged with

American Water closed on 23 acquisitions of various regulated water and wastewater systems in 2023. These acquisitions, totaling approximately 18,100 customer connections, occurred at various timeframes throughout the year within 8 states within the current American Water footprint.

(7.1.1.3) Details of structural change(s), including completion dates

American Water closed on 23 acquisitions of various regulated water and wastewater systems in 2023. These acquisitions, totaling approximately 18,100 customer connections, occurred at various timeframes throughout the year within 8 states within the current American Water footprint.
[Fixed row]

(7.1.2) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

(7.1.2.1) Change(s) in methodology, boundary, and/or reporting year definition?

Select all that apply

☑ Yes, a change in boundary

(7.1.2.2) Details of methodology, boundary, and/or reporting year definition change(s)

Acquisitions of water and wastewater systems within the states we operate expands the footprint within those states and includes the addition of facilities.
[Fixed row]

(7.1.3) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in 7.1.1 and/or 7.1.2?

(7.1.3.1) Base year recalculation

Select from:

☑ No, because the impact does not meet our significance threshold

(7.1.3.3) Base year emissions recalculation policy, including significance threshold

American Water's short-term emissions goal is a true absolute target agnostic of factors that may warrant base year emissions calculations such as acquisitions and divestitures. AW has preliminarily set a 5% threshold when factoring impacts of acquisitions and divestitures related to its medium-term emissions goal. The cumulative net impact of the acquired and divested systems from the base year (2020) of our medium-term goal (targeting 2035) remains within the 5% threshold.

(7.1.3.4) Past years' recalculation

Select from:

☑ No
[Fixed row]

(7.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Select all that apply

☑ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

(7.3) Describe your organization's approach to reporting Scope 2 emissions.

	Scope 2, location-based	Scope 2, market-based	Comment
	Select from: ☑ We are reporting a Scope 2, location-based figure	*Select from:* ☑ We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure	*American Water intends to investigate how to capture and incorporate electricity supplier emission factors into future reporting.*

[Fixed row]

(7.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Select from:

☑ Yes

(7.4.1) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Row 1

(7.4.1.1) Source of excluded emissions

Scope 1 Refrigerant

(7.4.1.2) Scope(s) or Scope 3 category(ies)

Select all that apply

☑ Scope 1

(7.4.1.3) Relevance of Scope 1 emissions from this source

Select from:

☑ Emissions are not relevant

(7.4.1.10) Explain why this source is excluded

The most recent estimate of emissions from refrigerant used for cooling of facilities is approximately 2% of our total emissions. This was based on a conservative estimate of air-conditioned floor area and the associated operating losses. This value is excluded from our Scope 1 emissions reporting due to immateriality as the contribution of this specific emissions source falls well below our materiality threshold of /- 5%.

(7.4.1.11) Explain how you estimated the percentage of emissions this excluded source represents

The calculation is based on an estimate of the square feet of air-conditioned space across the American Water footprint. Using American Water's headquarters (220,000 SF) as the basis, estimated additional areas included 11 administrative buildings across our regulated business (including our Central Lab) at 1/3 the size, 80 surface water treatment plants at 1/4 of the size, and 50 miscellaneous areas at 1 percent of the size. The total air-conditioned area of approximately 10.9 million SF was then converted to annual HFC losses (MT CO2e) using available conversion factors.
[Add row]

(7.5) Provide your base year and base year emissions.

Scope 1

(7.5.1) Base year end

12/31/2007

(7.5.2) Base year emissions (metric tons CO2e)

63977

(7.5.3) Methodological details

For the measurement of GHGe in 2007 (short-term, absolute goal base year) American Water used Financial Control approach to account for GHGe emissions (GHGe) from American Water facilities. American Water included only those facilities located in the United States for which there was full financial control of the assets. This included most American Water's production facilities and corporate, state, and local offices. AW accounted for emissions from leased assets in accordance with the Design Principles; that is, emissions from assets leased via finance or capital leases were included, whereas emission from assets leased via operating leases were not included. Carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons were tracked. AW did not track sulfur hexafluoride and perfluorocarbons as neither compound was used, found, or emitted from AW's operations. Stationary direct emissions (Scope 1) sources included boilers, furnaces, space heaters, hot water heaters, backup electrical generators, and fossil fuel powered pumps. Mobile direct emissions (Scope 1) sources included fleet vehicles and forklifts. Process/fugitive emissions were included to account for leakage of sludge gas from anaerobic digesters. Indirect emissions (Scope 2) sources included electricity consumption. The emission factors used in the Inventory are either Climate Leaders default values from the Stationary Sources Guidance or values calculated using accepted Climate Leaders formulae in the Stationary Sources Guidance. The factors have the CO2 equivalent emission factors for CH4 and N2O added to the CO2 emission factor to generate a total CO2e emission factor for fossil fuel consumption. The emissions factors used in the Inventory for imported electricity emission factors are the eGRID 2006 Subregion Emissions Factors for the given American Water District. The factors have been calculated to include the CO2 equivalent emission factors for CH4 and N2O.

Scope 2 (location-based)

(7.5.1) Base year end

12/31/2007

(7.5.2) Base year emissions (metric tons CO2e)

789699

(7.5.3) Methodological details

For the measurement of GHGe in 2007 (short-term, absolute goal base year) American Water used Financial Control approach to account for GHGe emissions (GHGe) from American Water facilities. American Water included only those facilities located in the United States for which there was full financial control of the assets. This included most American Water's production facilities and corporate, state, and local offices. AW accounted for emissions from leased assets in accordance with the Design Principles; that is, emissions from assets leased via finance or capital leases were included, whereas emission from assets leased via operating leases were not included. Carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons were tracked. AW did not track sulfur hexafluoride and perfluorocarbons as neither compound was used, found, or emitted from AW's operations. Stationary direct emissions (Scope 1) sources included boilers, furnaces, space heaters, hot water heaters, backup electrical generators, and fossil fuel powered pumps. Mobile direct emissions (Scope 1) sources included fleet vehicles and forklifts. Process/fugitive emissions were included to account for leakage of sludge gas from anaerobic digesters. Indirect emissions (Scope 2) sources included

electricity consumption. The emission factors used in the Inventory are either Climate Leaders default values from the Stationary Sources Guidance or values calculated using accepted Climate Leaders formulae in the Stationary Sources Guidance. The factors have the CO2 equivalent emission factors for CH4 and N2O added to the CO2 emission factor to generate a total CO2e emission factor for fossil fuel consumption. The emissions factors used in the Inventory for imported electricity emission factors are the eGRID 2006 Subregion Emissions Factors for the given American Water District. The factors have been calculated to include the CO2 equivalent emission factors for CH4 and N2O.

Scope 3 category 1: Purchased goods and services

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

101000

(7.5.3) Methodological details

Annual spend for our goods and services are separated into categories and emissions were calculated based on the industry category emissions average and the spend level.

Scope 3 category 2: Capital goods

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

245000

(7.5.3) Methodological details

Annual spend for our goods and services are separated into categories and emissions were calculated based on the industry category emissions average and the spend level.

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

160000

(7.5.3) Methodological details

Annual spend for our goods and services are separated into categories and emissions were calculated based on the industry category emissions average and the spend level.

Scope 3 category 6: Business travel

(7.5.1) Base year end

12/31/2021

(7.5.2) Base year emissions (metric tons CO2e)

199

(7.5.3) Methodological details

Annual spend for our goods and services are separated into categories and emissions were calculated based on the industry category emissions average and the spend level.
[Fixed row]

(7.6) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

	Gross global Scope 1 emissions (metric tons CO2e)	Methodological details
Reporting year	*74877*	*Methodology was verified through American Water's 3rd party verification process.*

[Fixed row]

(7.7) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

	Gross global Scope 2, location-based emissions (metric tons CO2e)	Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)	Methodological details
Reporting year	*459896*	*0*	*Methodology was verified through American Water's 3rd party verification process.*

[Fixed row]

(7.8) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

113000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

AW utilizes internal spend data to calculate scope 3 GHG emissions.

Capital goods

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

370000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

AW utilizes internal spend data to calculate scope 3 GHG emissions.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.8.1) Evaluation status

Select from:
☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

159000

(7.8.3) Emissions calculation methodology

Select all that apply
☑ Other, please specify :T&D Losses (based on electricity consumption), Upstream Emissions (based on fuel purchased), WTT Emissions (based on electricity consumption), WTT Emissions (based on electricity with T&D loss)

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

AW utilizes internal spend data to calculate scope 3 GHG emissions.

Upstream transportation and distribution

(7.8.1) Evaluation status

Select from:
☑ Relevant, not yet calculated

(7.8.5) Please explain

American Water has developed an engagement program that starts with the suppliers with which we have the highest spend (as that increases our ability to leverage the suppliers' practices). This specifically targets suppliers that represent the top 50% of our sourceable spend. This activity supports American Water's ongoing efforts to develop a climate-related supplier engagement strategy, which may include calculation of Scope 3 emissions for upstream transportation and distribution.

Waste generated in operations

(7.8.1) Evaluation status

Select from:

☑ Relevant, not yet calculated

(7.8.5) Please explain

American Water has developed an engagement program that starts with the suppliers with which we have the highest spend (as that increases our ability to leverage the suppliers' practices). This specifically targets suppliers that represent the top 50% of our sourceable spend. This activity supports American Water's ongoing efforts to develop a climate-related supplier engagement strategy, which may include calculation of Scope 3 emissions for waste generated in operations.

Business travel

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

231

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

AW utilizes internal spend data to calculate scope 3 GHG emissions.

Employee commuting

(7.8.1) Evaluation status

Select from:
☑ Relevant, not yet calculated

(7.8.5) Please explain

American Water has not completed an evaluation of Scope 3 emissions related to employee commuting.

Upstream leased assets

(7.8.1) Evaluation status

Select from:
☑ Not relevant, explanation provided

(7.8.5) Please explain

We have no upstream leased assets and therefore GHG emissions associated with this category for American Water are zero (0 MT CO2e).

Downstream transportation and distribution

(7.8.1) Evaluation status

Select from:
☑ Relevant, not yet calculated

(7.8.5) Please explain

American Water has developed an engagement program that starts with the suppliers with which we have the highest spend (as that increases our ability to leverage the suppliers' practices). This specifically targets suppliers that represent the top 50% of our sourceable spend. This activity supports American Water's ongoing efforts to develop a climate-related supplier engagement strategy, which may include calculation of Scope 3 emissions for downstream transportation and distribution.

Processing of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Not relevant to the water/wastewater industry as we sell no products outside of water/wastewater services. As there are no sold products, emissions resulting from the processing of sold products that may be attributed to this category are zero (0 MT CO2e).

Use of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Not relevant to the water/wastewater industry as we sell no products outside of water/wastewater services. As there are no sold products, emissions resulting from the use of sold products that may be attributed to this category are zero (0 MT CO2e).

End of life treatment of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Not relevant to the water/wastewater industry as we sell no products outside of water/wastewater services. As there are no sold product, emissions resulting from the end of life treatment of sold products that may be attributed to this category are zero (0 MT CO2e).

Downstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

We have no downstream leased assets and therefore GHG emissions associated with this category for American Water are zero (0 MT CO2e).

Franchises

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

We have no franchises and therefore GHG emissions relevant to this category for American Water are zero (0 MT CO2e).

Investments

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

We have no investments in this area and therefore GHG emission relevant to this category for American Water are zero (0 MT CO2e).

Other (upstream)

(7.8.1) Evaluation status

Select from:
☑ Not relevant, explanation provided

(7.8.5) Please explain

Not applicable.

Other (downstream)

(7.8.1) Evaluation status

Select from:
☑ Not relevant, explanation provided

(7.8.5) Please explain

Not applicable.
[Fixed row]

(7.9) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	*Select from:*

	Verification/assurance status
	☑ Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	*Select from:* ☑ Third-party verification or assurance process in place
Scope 3	*Select from:* ☑ No third-party verification or assurance

[Fixed row]

(7.9.1) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Row 1

(7.9.1.1) Verification or assurance cycle in place

Select from:
☑ Biennial process

(7.9.1.2) Status in the current reporting year

Select from:
☑ No verification or assurance of current reporting year

(7.9.1.3) Type of verification or assurance

Select from:
☑ Limited assurance

(7.9.1.4) Attach the statement

ERM CVS Assurance Report for American Water 2023 CDP Questionnaire (ISSUED-24-JUL-23).pdf

(7.9.1.5) Page/section reference

Whole Document

(7.9.1.6) Relevant standard

Select from:
☑ ISAE3000

(7.9.1.7) Proportion of reported emissions verified (%)

100
[Add row]

(7.9.2) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Row 1

(7.9.2.1) Scope 2 approach

Select from:
☑ Scope 2 location-based

(7.9.2.2) Verification or assurance cycle in place

Select from:
☑ Biennial process

(7.9.2.3) Status in the current reporting year

Select from:
☑ No verification or assurance of current reporting year

(7.9.2.4) Type of verification or assurance

Select from:
☑ Limited assurance

(7.9.2.5) Attach the statement

ERM CVS Assurance Report for American Water 2023 CDP Questionnaire (ISSUED-24-JUL-23).pdf

(7.9.2.6) Page/ section reference

Whole document

(7.9.2.7) Relevant standard

Select from:
☑ ISAE3000

(7.9.2.8) Proportion of reported emissions verified (%)

100
[Add row]

(7.10) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Select from:
☑ Decreased

(7.10.1) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Change in renewable energy consumption

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not change the amount of renewable energy consumed in 2023.

Other emissions reduction activities

(7.10.1.1) Change in emissions (metric tons CO2e)

655

(7.10.1.2) Direction of change in emissions

Select from:
☑ Decreased

(7.10.1.3) Emissions value (percentage)

0.1

(7.10.1.4) Please explain calculation

*As explained in 7.55.2, American Water has implemented initiatives that resulted in a total annual estimated reduction of 655 metric tons in 2023. Last year's Scope 1 and 2 emissions were 557,491 MT CO2e so these activities resulted in a 0.1% decrease of Scope 1 and 2 emissions (655/557,491)*100 0.1% This refers to changes in emissions that have occurred because of proactive emissions reduction initiatives or activities where GHG emissions savings have been estimated. For example, those listed in question 7.55.2. Note: The 655 MT CO2e estimated emissions reduction above does not include the 21,400 MT from the BE Pine solar project cited in 7.55.2 (22,055 – 21,400 655). American Water does not retire solar renewable energy credits under its name. As such, American Water does not take credit for the GHGe reductions within its overall emissions calculations. Although American Water's renewable energy generation does not directly reduce its GHG emissions, American Water's efforts to build solar infrastructure where economically feasible helps contribute to global GHG emission reduction efforts.*

Divestment

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not divest any systems from its Regulated Businesses in 2023.

Acquisitions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water closed on 23 acquisitions of various regulated water and wastewater systems in 2023. These acquisitions, totaling approximately 18,100 customer connections, occurred at various timeframes throughout the year within 8 states within the current American Water footprint.

Mergers

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not change its physical operating conditions in 2023.

Change in output

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not change its physical operating conditions in 2023.

Change in methodology

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not change its physical operating conditions in 2023.

Change in boundary

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not change its physical operating conditions in 2023.

Change in physical operating conditions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not change its physical operating conditions in 2023.

Unidentified

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

American Water did not change its physical operating conditions in 2023.

Other

(7.10.1.1) Change in emissions (metric tons CO2e)

22063

(7.10.1.2) Direction of change in emissions

Select from:

☑ Decreased

(7.10.1.3) Emissions value (percentage)

4

(7.10.1.4) Please explain calculation

American Water's Scope 1 & 2 emissions for the reporting year were 534,773 MT CO2e. This equates to a year-over-year decrease of 22,718 MT CO2e (557,491-534,773). In addition to the reductions experienced through our emission reduction activities described above, American Water decreased its emissions by another

*22,063 MT CO2e (22,718 – 655), which when compared to last year's total Scope 1 & 2 emissions of 557,491 MT CO2e represents 4% of its overall GHG emissions as (22,063/557,491) * 100 4.0% This reduction was due to resiliency efforts, conservation, and infrastructure improvements.*
[Fixed row]

(7.10.2) Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Select from:
☑ Location-based

(7.12) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

Select from:
☑ No

(7.15) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Select from:
☑ Yes

(7.15.1) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used global warming potential (GWP).

Row 1

(7.15.1.1) Greenhouse gas

Select from:
☑ CO2

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

72921

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Fifth Assessment Report (AR5 – 100 year)

Row 2

(7.15.1.1) Greenhouse gas

Select from:

☑ CH4

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

113

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Fifth Assessment Report (AR5 – 100 year)

Row 3

(7.15.1.1) Greenhouse gas

Select from:

☑ N2O

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

425

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Fifth Assessment Report (AR5 – 100 year)

Row 4

(7.15.1.1) Greenhouse gas

Select from:
☑ HFCs

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

1418

(7.15.1.3) GWP Reference

Select from:
☑ IPCC Fifth Assessment Report (AR5 – 100 year)
[Add row]

(7.16) Break down your total gross global Scope 1 and 2 emissions by country/area.

	Scope 1 emissions (metric tons CO2e)	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America	*74877*	*459896*	*0*

[Fixed row]

(7.17) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

Select all that apply
☑ By activity

(7.17.3) Break down your total gross global Scope 1 emissions by business activity.

	Activity	Scope 1 emissions (metric tons CO2e)
Row 1	*Stationary Combustion*	*37844*
Row 2	*Mobile Sources*	*35615*
Row 3	*Refrigerant*	*1418*

[Add row]

(7.20) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

Select all that apply

☑ By activity

(7.20.3) Break down your total gross global Scope 2 emissions by business activity.

	Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Row 1	*Electricity Usage*	*459896*	*0*

[Add row]

(7.22) Break down your gross Scope 1 and Scope 2 emissions between your consolidated accounting group and other entities included in your response.

Consolidated accounting group

(7.22.1) Scope 1 emissions (metric tons CO2e)

74877

(7.22.2) Scope 2, location-based emissions (metric tons CO2e)

459896

(7.22.4) Please explain

American Water's Consolidated Accounting Group, as defined by CDP, encompasses its Regulated Businesses whose greenhouse gas emissions data are reported within this CDP response.

All other entities

(7.22.1) Scope 1 emissions (metric tons CO2e)

0

(7.22.2) Scope 2, location-based emissions (metric tons CO2e)

0

(7.22.4) Please explain

American Water has not included any Scope 1 and Scope 2 greenhouse gas emissions data for entities outside the Consolidated Accounting Group within this CDP response.
[Fixed row]

(7.23) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Select from:
☑ No

(7.29) What percentage of your total operational spend in the reporting year was on energy?

Select from:

☑ More than 0% but less than or equal to 5%

(7.30) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	*Select from:* ☑ Yes
Consumption of purchased or acquired electricity	*Select from:* ☑ Yes
Consumption of purchased or acquired heat	*Select from:* ☑ No
Consumption of purchased or acquired steam	*Select from:* ☑ No
Consumption of purchased or acquired cooling	*Select from:* ☑ No
Generation of electricity, heat, steam, or cooling	*Select from:* ☑ Yes

[Fixed row]

(7.30.1) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

Consumption of fuel (excluding feedstock)

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

339665

(7.30.1.4) Total (renewable and non-renewable) MWh

339665

Consumption of purchased or acquired electricity

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

1072577

(7.30.1.4) Total (renewable and non-renewable) MWh

1072577

Consumption of self-generated non-fuel renewable energy

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

0

(7.30.1.4) Total (renewable and non-renewable) MWh

0

Total energy consumption

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

1412242

(7.30.1.4) Total (renewable and non-renewable) MWh

1412242
[Fixed row]

(7.30.6) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	*Select from:* ☑ Yes
Consumption of fuel for the generation of heat	*Select from:* ☑ Yes
Consumption of fuel for the generation of steam	*Select from:* ☑ No
Consumption of fuel for the generation of cooling	*Select from:* ☑ No
Consumption of fuel for co-generation or tri-generation	*Select from:* ☑ No

[Fixed row]

(7.30.7) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

(7.30.7.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water did not consume any sustainable biomass in 2023

Other biomass

(7.30.7.1) Heating value

Select from:
☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water did not consume any other biomass in 2023

Other renewable fuels (e.g. renewable hydrogen)

(7.30.7.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water did not consume any other renewable fuels in 2023.

Coal

(7.30.7.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water did not consume any other coal in 2023.

Oil

(7.30.7.1) Heating value

Select from:
☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

148471

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water consumed a total of 148,471 MWh between Gasoline, Diesel, and Ethanol 100 in 2023.

Gas

(7.30.7.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

191193

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water consumed a total of 191,193 MWh between CNG, Natural Gas, and Propane in 2023.

Other non-renewable fuels (e.g. non-renewable hydrogen)

(7.30.7.1) Heating value

Select from:
☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water did not consume any other non-renewable fuels in 2023

Total fuel

(7.30.7.1) Heating value

Select from:
☑ Unable to confirm heating value

(7.30.7.2) Total fuel MWh consumed by the organization

339665

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.8) Comment

American Water consumed a total of 339,665 MWh in 2023. Data for fuel types consumed shown above (Diesel, Motor Gasoline, Ethanol 100, Natural Gas, CNG, and Propane) are reported above within this response.
[Fixed row]

(7.30.9) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

Electricity

(7.30.9.1) Total Gross generation (MWh)

2825

(7.30.9.2) Generation that is consumed by the organization (MWh)

0

(7.30.9.3) Gross generation from renewable sources (MWh)

2825

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Heat

(7.30.9.1) Total Gross generation (MWh)

0

(7.30.9.2) Generation that is consumed by the organization (MWh)

0

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Steam

(7.30.9.1) Total Gross generation (MWh)

0

(7.30.9.2) Generation that is consumed by the organization (MWh)

0

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Cooling

(7.30.9.1) Total Gross generation (MWh)

0

(7.30.9.2) Generation that is consumed by the organization (MWh)

0

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0
[Fixed row]

(7.30.16) Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

United States of America

(7.30.16.1) Consumption of purchased electricity (MWh)

1072577

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

1072577.00
[Fixed row]

(7.45) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Row 1

(7.45.1) Intensity figure

0.000136

(7.45.2) Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

534773

(7.45.3) Metric denominator

Select from:

☑ unit total revenue

(7.45.4) Metric denominator: Unit total

3920000000

(7.45.5) Scope 2 figure used

Select from:

☑ Location-based

(7.45.6) % change from previous year

14

(7.45.7) Direction of change

Select from:

☑ Decreased

(7.45.8) Reasons for change

Select all that apply

☑ Change in revenue

(7.45.9) Please explain

The 2023 intensity figure decreased 14% from 2022 due mainly to increased revenues and decreased emissions.

[Add row]

(7.53) Did you have an emissions target that was active in the reporting year?

Select all that apply
☑ Absolute target

(7.53.1) Provide details of your absolute emissions targets and progress made against those targets.

Row 1

(7.53.1.1) Target reference number

Select from:
☑ Abs 1

(7.53.1.2) Is this a science-based target?

Select from:
☑ Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

(7.53.1.4) Target ambition

Select from:
☑ Well-below 2°C aligned

(7.53.1.5) Date target was set

10/31/2022

(7.53.1.6) Target coverage

Select from:

☑ Business activity

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

☑ Carbon dioxide (CO2)

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Hydrofluorocarbons (HFCs)

(7.53.1.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

(7.53.1.9) Scope 2 accounting method

Select from:

☑ Location-based

(7.53.1.11) End date of base year

12/31/2020

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO2e)

64429

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO2e)

482201

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

546630.000

(7.53.1.33) Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

(7.53.1.34) Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

(7.53.1.54) End date of target

12/31/2035

(7.53.1.55) Targeted reduction from base year (%)

50

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

273315.000

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO2e)

74877

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO2e)

459896

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

534773.000

(7.53.1.78) Land-related emissions covered by target

Select from:

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

4.34

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

The Company's Regulated Business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service, and sale for resale customers. Additionally, the Company provides water and wastewater services to municipalities and the U.S. government on military installations that own their utility systems. American Water tracks greenhouse gas (GHG) emissions (GHGe) related to its Regulated Business.

(7.53.1.83) Target objective

Our mission to provide safe, clean, reliable and affordable water and wastewater services to our customers and communities aligns with and reinforces our commitment to environmental, social and governance principles. Our ESG commitments are based on our deep experience and expertise of how our operations impact the environment and society. As stewards of the most precious and vital resource - water - we're committed to protecting it today and for generations to come.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

American Water has committed to reducing our Scope 1 and Scope 2 GHG emissions by 50% from our base year of 2020 by 2035.

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

Row 3

(7.53.1.1) Target reference number

Select from:

☑ Abs 2

(7.53.1.2) Is this a science-based target?

Select from:

☑ No, but we are reporting another target that is science-based

(7.53.1.5) Date target was set

01/01/2017

(7.53.1.6) Target coverage

Select from:

☑ Business activity

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

☑ Carbon dioxide (CO2)

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Hydrofluorocarbons (HFCs)

(7.53.1.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

(7.53.1.9) Scope 2 accounting method

Select from:

☑ Location-based

(7.53.1.11) End date of base year

12/31/2007

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO2e)

63977

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO2e)

789669

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

853646.000

(7.53.1.33) Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100.0

(7.53.1.34) Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100.0

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100.0

(7.53.1.54) End date of target

12/31/2025

(7.53.1.55) Targeted reduction from base year (%)

40

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

512187.600

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO2e)

74877

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO2e)

459896

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

534773.000

(7.53.1.78) Land-related emissions covered by target

Select from:

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

93.39

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

The Company's Regulated Business involves the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service, and sale for resale customers. Additionally, the Company provides water and wastewater services to municipalities and the U.S. government on military installations that own their utility systems. American Water tracks greenhouse gas (GHG) emissions (GHGe) related to its Regulated Business.

(7.53.1.83) Target objective

Our mission to provide safe, clean, reliable and affordable water and wastewater services to our customers and communities aligns with and reinforces our commitment to environmental, social and governance principles. Our ESG commitments are based on our deep experience and expertise of how our operations impact the environment and society. As stewards of the most precious and vital resource - water - we're committed to protecting it today and for generations to come.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

American Water has committed to reducing our GHG emissions by 40% from our base year of 2007 by 2025. Our GHG emissions as of 2023 were 534,773 MT CO2e meaning we achieved approximately a 37% reduction from our base year and are 93% of the way toward our goal.

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

[Add row]

(7.54) Did you have any other climate-related targets that were active in the reporting year?

Select all that apply

☑ Net-zero targets

☑ Other climate-related targets

(7.54.2) Provide details of any other climate-related targets, including methane reduction targets.

Row 1

(7.54.2.1) Target reference number

Select from:

☑ Oth 1

(7.54.2.2) Date target was set

01/01/2021

(7.54.2.3) Target coverage

Select from:

☑ Business activity

(7.54.2.4) Target type: absolute or intensity

Select from:

☑ Intensity

(7.54.2.5) Target type: category & Metric (target numerator if reporting an intensity target)

Resource consumption or efficiency

☑ Other resource consumption or efficiency, please specify **:**System delivery

(7.54.2.6) Target denominator (intensity targets only)

Select from:

☑ Other, please specify :Unit customer

(7.54.2.7) End date of base year

12/31/2015

(7.54.2.8) Figure or percentage in base year

0

(7.54.2.9) End date of target

12/31/2035

(7.54.2.10) Figure or percentage at end of date of target

15

(7.54.2.11) Figure or percentage in reporting year

6.6

(7.54.2.12) % of target achieved relative to base year

44.0000000000

(7.54.2.13) Target status in reporting year

Select from:

☑ Underway

(7.54.2.15) Is this target part of an emissions target?

No

(7.54.2.16) Is this target part of an overarching initiative?

Select all that apply

☑ Other, please specify **:**Increased Water Efficiency

(7.54.2.18) Please explain target coverage and identify any exclusions

American Water is committed to meeting customers' water needs while simultaneously saving 15 percent in water delivered per customer, by 2035, compared to a 2015 baseline. This target applies to the Regulated Businesses only. This target applies to drinking water customers only, not wastewater. This goal is company wide, but contributions of savings vary by state.

(7.54.2.19) Target objective

American Water is committed to meeting customers' water needs while simultaneously saving 15 percent in water delivered per customer, by 2035, compared to a 2015 baseline. The objective of this target is to reduce operational expenses and emissions while minimizing customer rate impacts.

(7.54.2.20) Plan for achieving target, and progress made to the end of the reporting year

As of year-end 2023, American Water has already accomplished a 6.6 percent reduction in water delivered per customer. In the future, expanding best practices from existing efficiency programs, utilization of innovative technologies like AMI and leak detection, leveraging the transparency that is gained through these programs to identify and eliminate sources of water loss faster, and benefitting from ongoing national trends of declining residential water use related to fixtures and appliances will continue to drive progress. By investing capital to improve system performance, water loss and non-revenue water can both be reduced, while additionally minimizing customer rate impacts.
[Add row]

(7.54.3) Provide details of your net-zero target(s).

Row 1

(7.54.3.1) Target reference number

Select from:

☑ NZ1

(7.54.3.2) Date target was set

10/31/2022

(7.54.3.3) Target Coverage

Select from:

☑ Business activity

(7.54.3.4) Targets linked to this net zero target

Select all that apply

☑ Abs1

(7.54.3.5) End date of target for achieving net zero

12/31/2050

(7.54.3.6) Is this a science-based target?

Select from:

☑ Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

(7.54.3.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

(7.54.3.9) Greenhouse gases covered by target

Select all that apply

☑ Carbon dioxide (CO2)

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Hydrofluorocarbons (HFCs)

(7.54.3.10) Explain target coverage and identify any exclusions

The Company's Regulated Businesses involve the ownership of utilities that provide water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers. Additionally, the Company provides water and wastewater services to municipalities and the U.S. government on military installations that own their utility systems. American Water tracks greenhouse gas (GHG) emissions (GHGe) related to its Regulated Businesses.

(7.54.3.11) Target objective

Reduce emissions through improved operational efficiency and the strategic procurement and deployment of renewable energy.

(7.54.3.12) Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?

Select from:

☑ Unsure

(7.54.3.13) Do you plan to mitigate emissions beyond your value chain?

Select from:

☑ No, we do not plan to mitigate emissions beyond our value chain

(7.54.3.17) Target status in reporting year

Select from:

☑ Underway

(7.54.3.19) Process for reviewing target

American Water calculates emissions relevant to its net-zero goal on an annual basis. The calculation methodology has been independently reviewed through a third-party emissions verification process.
[Add row]

(7.55) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Select from:
☑ Yes

(7.55.1) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	*0*	*`Numeric input*
To be implemented	*0*	*0*
Implementation commenced	*0*	*0*
Implemented	*11*	*22055*
Not to be implemented	*0*	*`Numeric input*

[Fixed row]

(7.55.2) Provide details on the initiatives implemented in the reporting year in the table below.

Row 1

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in production processes
☑ Product or service design

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

75

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

9540

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

7714000

(7.55.2.7) Payback period

Select from:

☑ >25 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ >30 years

(7.55.2.9) Comment

In 2023, American Water completed approximately 2.6 billion in regulated system investments. Included within this investment are 4 projects within the Alton (IL) wastewater system. Upon acquiring Alton wastewater in 2019, American Water assumed the responsibility of executing the system's Long Term Control Plan (LTCP) which aims to reduce the amount of untreated sewage discharged into the Mississippi River. The purpose of this investment is to separate the combined sewer. Minimizing stormwater inflow and infiltration into the sewer system not only reduces the occurrence of sewer overflows but also increases the reliability and efficiency of wastewater treatment plant operations. Investment required is based on calendar year 2023 investment only, note that this may underrepresent investment related to multiyear projects. Estimated annual CO2e savings are based on historical data. Annual monetary savings are based solely on estimated electricity usage reduction at present rate (/kWh) and does not include savings related to improved collection and treatment operations. Actual monetary and CO2e savings will vary. This project was undertaken to comply with Alton wastewater's LTCP whose execution is enforced by the Illinois Environmental Protection Agency and United States Environmental Protection Agency. eGRID emission factors were used to convert estimated energy reduction to CO2e reduction. The 75 MT CO2e is included in the 22,055 MT CO2e avoided through implemented projects.

Row 2

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in production processes

☑ Machine/equipment replacement

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

190

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

93100

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

2025500

(7.55.2.7) Payback period

Select from:

☑ 21-25 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ >30 years

(7.55.2.9) Comment

In 2023, American Water completed approximately 2.6 billion in regulated system investments. These investments include pump and generator replacements or refurbishments, water sewer main replacement, construction of new water storage tanks, and water efficiency programs. Aged generators are replaced with more efficient units. Water main replacement results in improved hydraulic efficiency and reduced leakage. Replacement of sewer mains reduces stormwater inflow and infiltration thereby reducing treatment volume. The construction of new water storage tanks reduces peak hourly pump volume. The investment required, estimated GHGe savings, and estimated annual monetary savings listed above are based on one pump project, one building system improvement, and two well replacements. These values are likely to be higher than noted when including all projects. Investment required is based on calendar year 2023 investment only. Note that this may underrepresent investment related multiyear projects that were completed in 2023. Annual monetary savings is based solely on estimated electricity usage reduction at present rate (/kWh) and does not include other potential operational savings. United States Environmental Protection Agency EPA eGRID emission factors were used to convert estimated energy reduction to CO2e reduction. The 190 MT is included in the 22,055 MT CO2e avoided through implemented projects.

Row 3

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in production processes

☑ Other, please specify **:**Water use and efficiency

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

125

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

3400000

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

10900000

(7.55.2.7) Payback period

Select from:

☑ 1-3 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ 6-10 years

(7.55.2.9) Comment

In 2015, American Water implemented a water loss management program within one operating area in New Jersey. The program has resulted in an 1,800 Mgal reduction in recorded water loss in 2023 compared to a 2015 baseline. Based on New Jersey American Waters average energy use intensity the 1,800 Mgal reduction in recorded water loss equates to an estimated 1,000 MTCO2e savings from the program 2015 baseline. The EPA eGRID regional emission factor was used to convert estimated energy reduction to CO2e reduction. Water loss savings and greenhouse gas emissions reductions vary from year to year. Total program

benefit since program implementation provides a more meaningful and complete picture than an annual summary. As such, the average annual emissions savings of 125 MT CO2e was presented above. The 125 MT is included in the 22,055 MT CO2e avoided through implemented projects. Acoustic leak monitoring equipment has a life cycle of approximately 10 years. The program requires annual investment to maintain the existing equipment and expand the program footprint. For this particular case study, operational savings exceeded capital investments after approximately 3 years. The investment required includes capital investment since project initiation (10,900,000) and the annual monetary savings is the average annual operational expense cost avoidance since project initiation (3,400,000).

Row 4

(7.55.2.1) Initiative category & Initiative type

Low-carbon energy generation

☑ Solar PV

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

21400

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

0

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

0

(7.55.2.7) Payback period

Select from:

☑ 11-15 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ 21-30 years

(7.55.2.9) Comment

Pennsylvania American Water entered into a 15-year power purchase agreement with BE Pine 1 LLC to support the development of the BE Pine solar facility. Pennsylvania American Water is expected to purchase 47,000 MWhs of power from BE Pine annually equating to roughly 21,400 MT of CO2e avoided. The 21,400 MT is included in the 22,055 MT CO2e avoided through implemented projects. Note: American Water's renewable energy generation and PPA partnerships do not directly reduce its GHG emissions due to solar renewable energy credit activity; however, American Water's efforts to build solar infrastructure and procure solar production where economically feasible helps contribute to global GHG emission reduction efforts.

Row 5

(7.55.2.1) Initiative category & Initiative type

Company policy or behavioral change

☑ Site consolidation/closure

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

265

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

74400

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

0

(7.55.2.7) Payback period

Select from:

☑ 11-15 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ >30 years

(7.55.2.9) Comment

American Water's Integrated Operations Center finalized the closure of the Haddon Heights Technology Innovation Services Center in 2023. Since 2018, the site had been used as a secondary computer site and full failover site for the Contact Center. Employees had been working remotely since American Water made the adjustment for employees during the COVID-19 pandemic. Considering this, the Company decided to vacate the space in Haddon Heights (NJ) and transition workloads running out of this data center to the headquarters office building. The annual monetary savings and estimated annual CO2e savings are based on electricity and natural gas costs and related emissions for calendar year 2023. The realized monetary and CO2e savings will vary. 30 years was selected as the estimated lifetime of the initiative; however, this assumption is subject to change as American Water routinely evaluates its operations strategy. United States Environmental Protection Agency eGRID emission factors were used to convert estimated energy reduction to CO2e reduction. The 265 MT is included in the 22,055 MT CO2e avoided through implemented projects.
[Add row]

(7.55.3) What methods do you use to drive investment in emissions reduction activities?

Row 1

(7.55.3.1) Method

Select from:

☑ Internal incentives/recognition programs

(7.55.3.2) Comment

All non-union American Water employees must complete an annual performance review, consisting of a goals section with specific performance measures as well as a section where they describe how they demonstrated American Water's values during the review period. One of these five core values is "Environmental Leadership." One approach employees can use to demonstrate their Environmental Leadership is by describing how they participated in a variety of efforts that contribute to the management of climate variability. The employee's combined performance measures aligned to our goals as well as the overall values performance rating can impact a non-union employee's Annual Performance Plan (APP) pay-out. The APP is designed to promote all employees, from executive leadership to our front-line represented employees, in achieving annual business objectives by providing an opportunity to earn performance-based compensation tied to Company APP goal performance.

Row 2

(7.55.3.1) Method

Select from:

☑ Internal finance mechanisms

(7.55.3.2) Comment

Upgrades to newer equipment and facilities provide an opportunity to improve efficiency in energy use and drive emissions reductions. Aged pipelines are often replaced with larger diameter pipes, improving hydraulic capacity of the piping grid and reducing energy loss due to friction within the pipe. New pumps, motors, building systems, and mechanical equipment are generally more efficient and the new design is better suited for current and future operating conditions.

Row 3

(7.55.3.1) Method

Select from:

☑ Internal finance mechanisms

(7.55.3.2) Comment

Capital projects that target reducing emissions (e.g., solar installations, etc.) and those that can leverage state or federal incentive programs are considered as they align with American Water's value of Environmental Leadership. Electrical supply agreements and net metering rules are evaluated during project scope development.
[Add row]

(7.74) Do you classify any of your existing goods and/or services as low-carbon products?

Select from:

☑ No

(7.79) Has your organization canceled any project-based carbon credits within the reporting year?

Select from:

☑ No

C13. Further information & sign off

(13.1) Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

	Other environmental information included in your CDP response is verified and/or assured by a third party
	Select from: ☑ Yes

[Fixed row]

(13.1.1) Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Row 1

(13.1.1.1) Environmental issue for which data has been verified and/or assured

Select all that apply

☑ Climate change

(13.1.1.2) Disclosure module and data verified and/or assured

Environmental performance – Climate change

☑ Electricity/Steam/Heat/Cooling consumption

☑ Fuel consumption

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

(13.1.1.4) Further details of the third-party verification/assurance process

Total Energy consumption was included within the scope of our verification process. See the attached ERM CVS Assurance Report for American Water Questionnaire (ISSUED24JUL23).pdf

(13.1.1.5) Attach verification/assurance evidence/report (optional)

ERM CVS Assurance Report for American Water Questionnaire (ISSUED-24-JUL-23).pdf
[Add row]

(13.2) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

(13.2.1) Additional information

Supplementary information to question 4.11.1, sub-question "Focus area of policy, law, or regulation that may impact the environment". The online reporting system indicates "Select all that apply" but only one option could be selected. The following option was selected in 4.11.1: Financial mechanisms - Other financial mechanisms, please specify - Cost recovery of certain investments under the Resiliency and Environmental Investment Charge Program. Two other focus areas should be selected as well: 1) Environmental protection management procedures - Other environmental protection and management procedures, please specify - Environmental protection requirements; 2) Social issues - Public health.
[Fixed row]

(13.3) Provide the following information for the person that has signed off (approved) your CDP response.

(13.3.1) Job title

President

(13.3.2) Corresponding job category

Select from:

☑ President

[Fixed row]