

American Water Sustainability Report

2025



AMERICAN WATER

WE KEEP LIFE FLOWING®

Contents

Forward-Looking Statements	3
About This Report	4
Greetings From Our Executive Vice President & COO	5
About American Water	6
CORPORATE GOVERNANCE	13
Governance Structure	13
Business Ethics	16
Stakeholder Engagement	18
Association Memberships	26
Public Policy.....	27
TECHNOLOGY, DATA & CYBER	29
EMPLOYEE HEALTH, SAFETY & WELL-BEING	32
TALENT ATTRACTION, DEVELOPMENT & RETENTION	37
Organizational Culture.....	37
Talent Acquisition	40
Workforce Strategy & Talent Retention	41
Performance Management	41
WATER ACCESS & AFFORDABILITY	44
Customer Affordability	44
WATER QUALITY & EMERGING CONTAMINANTS	48
INFRASTRUCTURE & OPERATIONAL RESILIENCY	57
Effective Capital Deployment.....	57
Critical Asset Management	59
Climate Variability.....	61
Event Planning & Response	63
Source Water Protection	65
Water Loss Management	67
Biodiversity.....	72
Emissions.....	75
CONTENT INDICES	79

Forward-Looking Statements

Safe Harbor

Certain statements made, referred to or relied upon in this report are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. These forward-looking statements can be identified by words with prospective meanings such as "intend," "plan," "estimate," "believe," "anticipate," "expect," "predict," "project," "propose," "assume," "forecast," "outlook," "likely," "uncertain," "future," "pending," "goal," "objective," "potential," "continue," "seek to," "may," "can," "will," "should" and "could", and/or the negative of such terms or other variations or similar expressions. These forward-looking statements are predictions based on American Water's current expectations and assumptions regarding future events. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates, assumptions, known and unknown risks, uncertainties and other factors. The Company's actual results may vary materially from those discussed in the forward-looking statements included in this report as a result of the estimates, assumptions, risks, uncertainties and factors discussed in this report, in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, and in American Water's subsequent filings with the U.S. Securities and Exchange Commission. These forward-looking statements are qualified by, and should be read together with, such estimates, assumptions, risks, uncertainties and other factors, and the risk factors included in American Water's annual and quarterly reports and other SEC filings, and readers should refer to all of the foregoing in evaluating such forward-looking statements. Any forward-looking statements American Water makes shall speak only as of the date that this report was initially published. Except as required by the federal securities laws, American Water does not have any obligation, and it specifically disclaims any undertaking or intention, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or otherwise.

New factors emerge from time to time, and it is not possible for American Water to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on American Water's businesses, either viewed independently or together, or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

About This Report

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This report, published in July 2026, covers our sustainable operations for calendar year 2025 across American Water and its operating subsidiaries' (Company) operations, and generally applies to both water and wastewater.

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

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

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

For more information on our sustainability efforts prior to 2025, please see our [2024 Sustainability Report](#), published in July 2025.



Greetings From Our Executive Vice President & COO

American Water is pleased to share its 2025 Sustainability Report.

Our commitment to serving our customers and supporting our communities is evident as we continue to provide safe, clean, reliable and affordable water and wastewater services to approximately 14 million people across the United States. This report also reinforces American Water's core values of Safety First; Trust, Dignity, and Respect; One Team; Environmental Leadership; and High Performance.

American Water is committed to sustainable operations, recognizing that this approach benefits all stakeholders, including our customers, the communities we serve, and our shareholders—and we will continue to invest in our share of the nation's water and wastewater infrastructure.

Additionally, American Water achieved its resilience goal in 2025, well ahead of schedule and marking a milestone in the company's overall efforts to strengthen its ability to respond to emergencies and extreme weather events. Reaching this goal, which uses the American Water Works Association's (AWWA) Utility Resilience Index (URI) as a metric, shows our deep commitment to resilience and preparedness. It means our people are ready, our systems are strong, and our communities are better protected when disruptive events occur.

Our ongoing efforts reflect this dedication and have received many third-party recognitions. Among others, these include: *Newsweek's* America's Most Responsible Companies 2025 and 2026 lists; *Newsweek's* World's Most Trustworthy Companies 2025; *Forbes'* America's Best Large Employers 2025; *Forbes'* America's Best Employers for Company Culture 2025; and *TIME's* World's Most Sustainable Companies 2026 list.

As we reflect on our progress in 2025 and set our sights on reaching new milestones in the years ahead, this report confirms that our dedication to sustainability is delivering meaningful benefits for all stakeholders.

Thank you for your interest in American Water and our sustainability initiatives.



Cheryl Norton,
Executive Vice President and Chief Operating Officer

About American Water

2-1, 2-6

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

American Water’s approximately 7,000 talented professionals leverage their significant expertise and the Company’s national size and scale to achieve excellent outcomes for our customers, employees, investors and other stakeholders.

On October 26, 2025, American Water entered into a merger agreement with Essential Utilities, Inc., or Essential, to combine the two companies in a stock-for-stock transaction. Upon completion of the proposed merger, Essential will be a wholly owned subsidiary of American Water, and American Water will retain its existing name and remain headquartered in Camden, New Jersey.

The completion of the proposed merger is subject to certain customary conditions, including obtaining required regulatory approvals. We currently estimate that the closing of the proposed merger will occur by the end of the first quarter of 2027.

Regulated Businesses

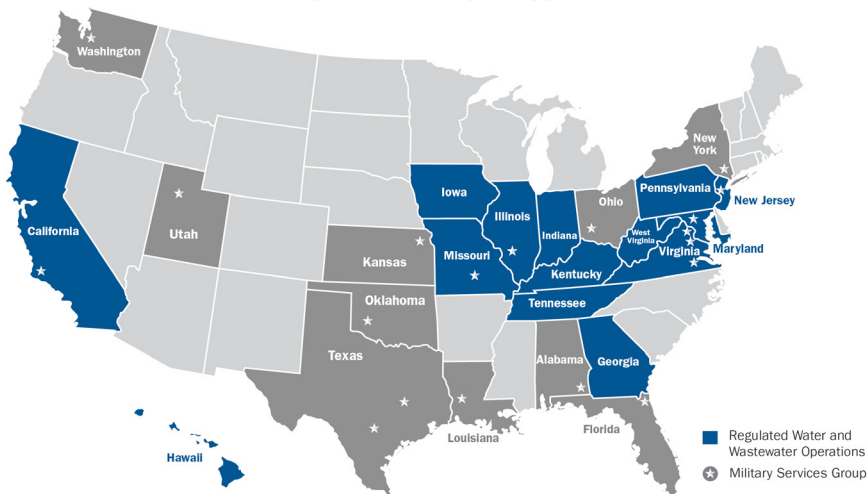
Our regulated utility segment is our primary business, which represented substantially all of our operating income for the year ended December 31, 2025 and involves providing water and wastewater services to residential, commercial, industrial and public authority customers. Our national footprint consists of regulated operations across 14 states, with approximately 3.6 million active customers.

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

Military Services Group

In addition to our regulated operations, we also provide water and wastewater services to military installations across the country through our Military Services Group (MSG). We currently operate on 19 military installations under 50-year contracts with the U.S. government as part of its Utilities Privatization Program.

AMERICAN WATER NATIONAL FOOTPRINT



Our Values

2-23

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



Our Strategy

2-24

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



Sustainability Overview

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

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

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

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

Our values and actions have achieved various recognitions for demonstrating leadership in several areas related to trust, responsibility, sustainability and support of our communities, customers and employees. American Water was recognized on *Newsweek's* America's Most Responsible Companies 2025 and 2026 lists, and *Newsweek's* World's Most Trustworthy Companies 2025 list. In addition, the Company was recognized as one of *Forbes'* America's Best Large Employers list for 2025 and *Forbes'* America's Best Employers for Company Culture 2025. American Water was also included on *TIME's* World's Most Sustainable Companies 2026 list, among others.

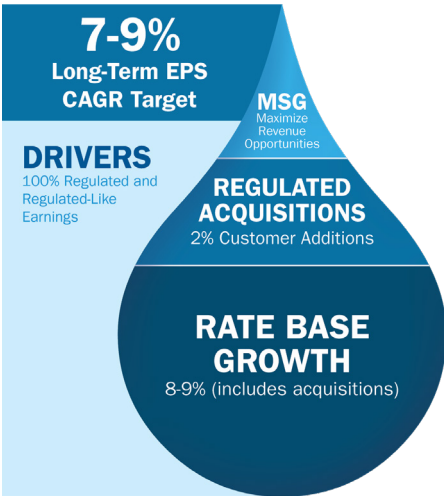


A scenic view of Winters Run Impoundment in Bel Air, Maryland.

Financial Sustainability

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

EPS GROWTH OUTLOOK



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

In 2025, our capital investment in regulated operations totaled \$3.2 billion. American Water is making these critical water and wastewater infrastructure investments as we stay keenly focused on customer affordability. Key to that focus is our culture of continuous improvement and delivering on better, more efficient ways to work.

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

We have achieved a ten-year TSR of 165 percent. Though certain macro-economic issues have impacted our near-term relative TSR performance, we are certain that our earnings growth and dividend growth expectations, coupled with the low-risk nature of our capital program, continue to offer exceptional value for our shareholders. Consistent with our expectations for earnings growth, we have had 17 consecutive years of dividend increases, with a compounded annual growth rate of 8.6 percent over the last five years. These results are an outcome of our commitment and adherence to our company values and sound execution by our dedicated employees of our business strategy.

In June 2026, S&P affirmed our solid “A” investment grade credit rating and stable outlook, which followed Moody’s affirmation of its rating and outlook for us in January 2026. Both agencies note our trend of credit-supportive regulatory outcomes and expected sustained FFO to debt ratios that are well within the current ratings thresholds.

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

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

Our Environmental Goals

Water System Resilience Goal

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

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



ACHIEVED RESILIENCY GOAL IN 2025 WITH 14% INCREASE

Water Use & Efficiency Goal

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

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

Paris Agreement aligned and science-based goals.

GHG Emissions Medium-Term Goal

Reduce our absolute scope 1 and scope 2 emissions by 50% by 2035 from a 2020 baseline¹.

GHG Emissions Long-Term Goal

Achieve net zero absolute scope 1 and scope 2 emissions by 2050¹.

Achievement of these targets is significantly dependent on the pace of U.S. electric grid decarbonization and the regulatory framework governing cost recovery and affordability for water utilities and customers.

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

Sustainability Alignment with Annual Performance Plan

Our Annual Performance Plan (APP) provides for at-risk cash compensation to be paid to Company employees upon the achievement of stated annual performance goals that are aligned with our commitment to sustainability. Performance measures and other mandatory training requirements related to the 2025 APP included the following:

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

See the APP and summary sections of our [2026 Proxy Statement](#) for general information on the 2025 APP.

United Nations Sustainable Development Goals (UN SDGs)

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



UN SDG 6 Clean Water and Sanitation

- [Local Communities](#)
- [Water Quality & Emerging Contaminants](#)
- [Infrastructure & Operational Resiliency](#)



UN SDG 9 Industry, Innovation and Infrastructure

- [Infrastructure & Operational Resiliency](#)



UN SDG 11 Sustainable Cities and Communities

- [Infrastructure & Operational Resiliency](#)
- [Water Supply Resilience](#)
- [Emissions](#)



UN SDG 13 Climate Action

- [Emissions](#)
- [Local Communities](#)
- [Infrastructure & Operational Resiliency](#)



UN SDG 3 Good Health and Well-Being

- [Employee Health, Safety & Well-Being](#)
- [Water Quality & Emerging Contaminants](#)
- [Infrastructure & Operational Resiliency](#)



UN SDG 4 Good Education

- [Local Communities](#)
- [Talent Attraction, Development & Retention](#)



UN SDG 5 Gender Equality

- [Organizational Culture](#)
- [Local Communities](#)



UN SDG 12 Responsible Consumption and Production

- [Water Supply Resilience](#)
- [Water Loss Management](#)

Adherence to International Organization for Standardization

ISO standards establish globally recognized guidelines to promote the safety, reliability, and quality of products, services, and systems.

As a U.S. regulated utility, American Water operates under comprehensive federal and state requirements governing health and safety, quality management, information security, and environmental performance, among others. These existing regulatory frameworks provide robust and enforceable standards. Formal ISO certification would, in many cases, introduce incremental costs and be less stringent than the requirements we currently follow.

Materiality Assessment

3-1, 3-2

Alignment of Sustainability Reporting with Enterprise Risk Management

American Water utilizes an Enterprise Risk Management (ERM) framework to drive a consistent and holistic approach to identify, assess, prioritize, and manage Enterprise-level risks across the organization. Periodically, through our ERM process, strategic, operational, financial, regulatory, and other related risks are evaluated for consideration with input from the Board of Directors, senior leadership team, and select employees/subject matter experts.

In 2026, we worked to align key sustainability topics with ERM priorities. Our coordination efforts support a unified approach to risk oversight, strategic decision-making, and transparent stakeholder reporting. This approach enhances Board and management oversight, reinforces the connection between Strategy, Enterprise Risk Management, and transparent reporting for investors and other stakeholders. This approach also carries the added benefit of greater efficiency by using existing ERM processes to support external disclosures.

This integrated approach provides greater transparency into the management of sustainability-related risks and opportunities, enhances decision quality across the enterprise, and reinforces a consistent framework for executing our Strategy – with a focus on sustainable long-term performance.

Corporate Governance

- Governance Structure
- Business Ethics
- Public Policy
- Stakeholder Engagement

Technology, Data & Cyber

- Cyber Security
- Data Security
- Technological Innovation

Employee Health, Safety & Well-Being

- Health & Safety

Talent Attraction, Development & Retention

- Organizational Culture
- Workforce Strategy & Talent Retention
- Talent Acquisition
- Performance Management

Water Access & Affordability

- Customer Affordability

Water Quality & Emerging Contaminants

- Emerging Contaminants
- Key Chemicals

Infrastructure & Operational Resiliency

- Effective Capital Deployment
- Critical Asset Management
- Climate Variability
- Event Planning & Response
- Source Water Protection
- Water Loss Management
- Biodiversity
- Emissions

Corporate Governance

OUR APPROACH

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

- Having a Board of Directors ("Board") that demonstrates high ethical standards;
- Implementing policies and procedures that support effective corporate governance practices and align with the standards of integrity expressed in our Code of Ethics;
- Promoting integrity in our corporate governance, such as by having a substantial majority of independent directors and an independent Board Chair, separate from the CEO;
- Having the Board and its committees hold executive sessions as needed without management present;
- Helping provide clear lines of accountability for material environmental, corporate compliance, and operational matters, including Board engagement on these topics; and
- Demonstrating transparency and accountability to stakeholders through clear and timely public disclosure.

RELATED RESOURCES

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

GOVERNANCE STRUCTURE

2-9

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

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

Board Leadership and Representation

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

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

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

The following matrix¹ highlights the key skills, qualifications, backgrounds and experiences, as well as director representation characteristics, of our directors. All information is based upon voluntary self-identification.

¹ Reflects the members of the Board as of May 13, 2026.

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

 Technical Expertise
  Managerial Knowledge
  Working Knowledge
  Representation

Sustainability Governance and Oversight

2-9, 2-12, 2-13, 2-14, 2-24

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

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

American Water has adopted a cross-functional approach for developing and implementing its sustainability strategy, principles and reporting. The Company's management function around sustainability involves the direct involvement and participation of a number of its business units, including its executive leadership team (ELT),¹ as well as engineering, operational excellence, health and safety, human resources, legal, finance, accounting and investor relations professionals, among others.

Sustainability Steering Committee

In addition, the Company has developed a sustainability steering committee that reports to the Chief Operating Officer and is led by the Director of Sustainability. The committee is designed to foster sustainability governance, strategic planning, performance management and increased visibility of key goals and metrics disclosed through various channels.

¹ The ELT is comprised of the President and Chief Executive Officer (CEO); Executive Vice President (EVP) and Chief Financial Officer (CFO); EVP and Chief Operating Officer (COO); EVP and General Counsel; EVP, Communications and External Affairs; and the EVP, Chief Human Resources Officer (CHRO).



BUSINESS ETHICS

Policies

2-15, 2-23, 2-24

At American Water, how we conduct business is just as important as achieving our goals. We are deeply committed to a safe and ethical workplace where all individuals are treated with mutual respect and dignity. We have zero tolerance for discrimination, harassment or retaliation by or toward any employee, supplier, customer or other person in our workplace. One of the pillars of our culture of high integrity is our Code of Ethics (Code), which was most recently updated in 2025.

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

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

Ethics Helpline

2-16, 2-25, 2-26

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

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

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

The Chief Compliance Officer (or equivalent) is responsible for overseeing all concerns raised about conduct that might violate the Code or related policies. The AFRC oversees the operations of the Compliance and Ethics Department.

Supply Chain

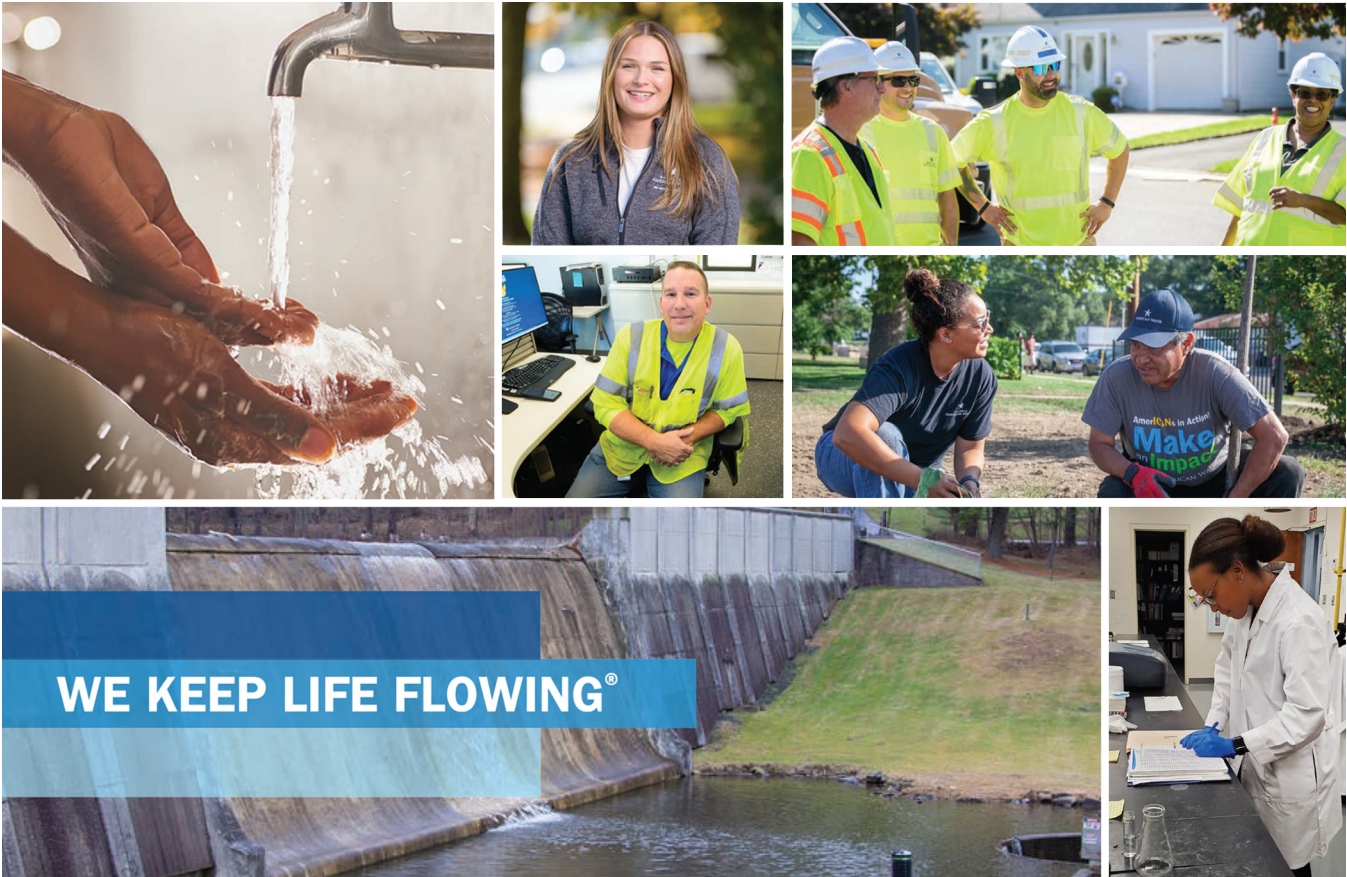
We hold our business partners to the same standards of integrity to which we hold ourselves. We seek to establish strong partnerships with U.S.-based companies to source products made in the United States and to further invest in our communities by working with various suppliers in the areas we serve. We abide by our “Buy U.S.” practice, which requires U.S.-based procurement for federal or state-funded projects. We maintain a Supplier Code of Conduct, which was most recently updated in 2026, to govern these relationships, focusing on ethical business conduct, health and safety, environmental standards, human rights and fair treatment and management procedures, by which we expect all suppliers to abide.

Human Rights

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

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

- [Anti-Corruption & Anti-Bribery Policy](#)
- [Code of Ethics](#)
- [Equal Employment Opportunities Statement](#)
- [Supplier Code of Conduct](#)



STAKEHOLDER ENGAGEMENT

2-25, 2-29; 3-3

OUR APPROACH

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

Stakeholder Engagement by Group

3-1

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

Stakeholder Group	Engagement Frequency & Mechanism	Priority Topics
Communities	<i>Monthly:</i> Community surveys, volunteering, open houses/plant tours, community events, townhalls	Water Access & Affordability; Water Loss Management; Infrastructure & Operational Resiliency; Local Communities
Customers	<i>Daily and On-Demand:</i> Customer service orders, bills, direct mail, emails, texts, social media, reliable access to call center agents, website, portal, surveys, regulatory forums (rate cases, etc.)	Customers; Water Access & Affordability; Emissions; Technology, Data & Cyber; Water Loss Management
Employees	<i>Daily:</i> Employee engagement / Employee experience surveys, town hall meetings, webcasts, intranet, labor management meetings, job fairs	Talent Attraction, Development & Retention; Engaging Employees; Employee Health, Safety & Well-Being; Water Quality & Emerging Contaminants
Industry Associations	<i>Quarterly:</i> Conferences, memberships, meetings	Infrastructure & Operational Resiliency; Water Quality & Emerging Contaminants; Water Access & Affordability; Local Communities
Investors	<i>Weekly:</i> Conferences, on and off-season engagement meetings, earnings calls, investor presentations	Infrastructure & Operational Resiliency; Water Quality & Emerging Contaminants; Water Supply Resilience; Corporate Governance; Emissions
Legislators (Federal)	<i>Varies (depending on legislative schedule):</i> In person meetings, virtual meetings, legislative hearings and forums, open meetings, calls, events	Water Access & Affordability; Infrastructure & Operational Resiliency; Water Quality & Emerging Contaminants; Technology, Data & Cyber
Legislators (State)	<i>Varies (depending on legislative schedule):</i> In person meetings, virtual meetings, Legislative hearings and forums, open meetings, calls, events	Infrastructure & Operational Resiliency; Water Loss Management; Water Quality & Emerging Contaminants; Water Access & Affordability; Water Supply Resilience; Employee Health, Safety & Well-Being
Non-Governmental Organizations (NGOs)	<i>Monthly:</i> Meetings, conferences	Infrastructure & Operational Resiliency; Water Access & Affordability; Emissions
Regulators	<i>Varies (depending on topic):</i> Conferences, meetings, tours, regulatory associations, proceedings	Technology, Data & Cyber; Emissions; Infrastructure & Operational Resiliency; Water Quality & Emerging Contaminants; Water Access & Affordability
Suppliers	<i>Varies (depending on topic):</i> Select Supplier Audits, Supplier Business Reviews	Employee Health, Safety & Well-Being; Infrastructure & Operational Resiliency; Emissions; Water Quality & Emerging Contaminants; Water Access & Affordability; Technology, Data & Cyber; Organizational Culture
Sustainability Raters	<i>Annually:</i> Surveys, meetings	All Priority Topics
Unions	<i>Varies (depending on topic):</i> Local Labor Management Committees, National Joint Health Care Committee	Infrastructure & Operational Resiliency; Water Quality & Emerging Contaminants; Water Access & Affordability; Organizational Culture; Employee Health, Safety & Well-Being; Talent Attraction, Development & Retention

Please see the [Investors](#), [Customers](#), [Local Communities](#), [Public Policy](#), and [Talent Attraction, Development & Retention](#) sections in this report for further detail about how we engage with specific stakeholder groups.

Investors

During 2025, our Investor Relations team, together with key executives and management, engaged with over 300 investors. In addition, our Corporate Secretary and Investor Relations teams jointly led a shareholder outreach program focused on corporate governance, executive compensation, sustainability, customer affordability, environmental stewardship, shareholder disclosure and related topics.

Through this outreach program, now in its twelfth consecutive year and held both during and after proxy season, shareholders who beneficially owned, in the aggregate, approximately 53 percent of our common stock, as well as leading proxy advisory firms, were contacted.

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

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

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

Shareholders also encouraged us to continue to make voluntary disclosures that will help them better understand our policies, procedures and how we run the business. The input and insight gleaned from our shareholder outreach program is shared with management and our Board and influenced our decision to include Water Security disclosures in our response to the CDP Questionnaire for the first time in 2025.

Customers

WHY IT MATTERS

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

OUR APPROACH

We leverage technology that allows us to quickly receive, respond to and implement ongoing feedback. Our customers' needs continue to evolve, and we look for opportunities to meet them where they are and exceed their expectations. Customers receive important service and educational messaging on a consistent basis, more than 40 times throughout the year. In addition to the customer bills (print or e-bill), we offer customers multiple communication channels, including email, text, direct mail, online, social media channels, phone and in-person, so that they may communicate, engage and transact with us in a manner that is convenient and cost-effective.

Policies

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

Governance

The SETO Committee is responsible for oversight of customer experience. Our customer experience and customer service organizations report to our Chief Customer Officer (CCO). Our CCO periodically reports on progress, new customer initiatives and fostering a customer-focused culture at SETO Committee meetings. Additionally, our Board members collectively bring significant customer experience knowledge and contribute their skills and perspectives to shape our customer experience strategy.

Dedicated Customer & Community Support

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

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

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

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

Accessibility

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

MyWater Customer Portal

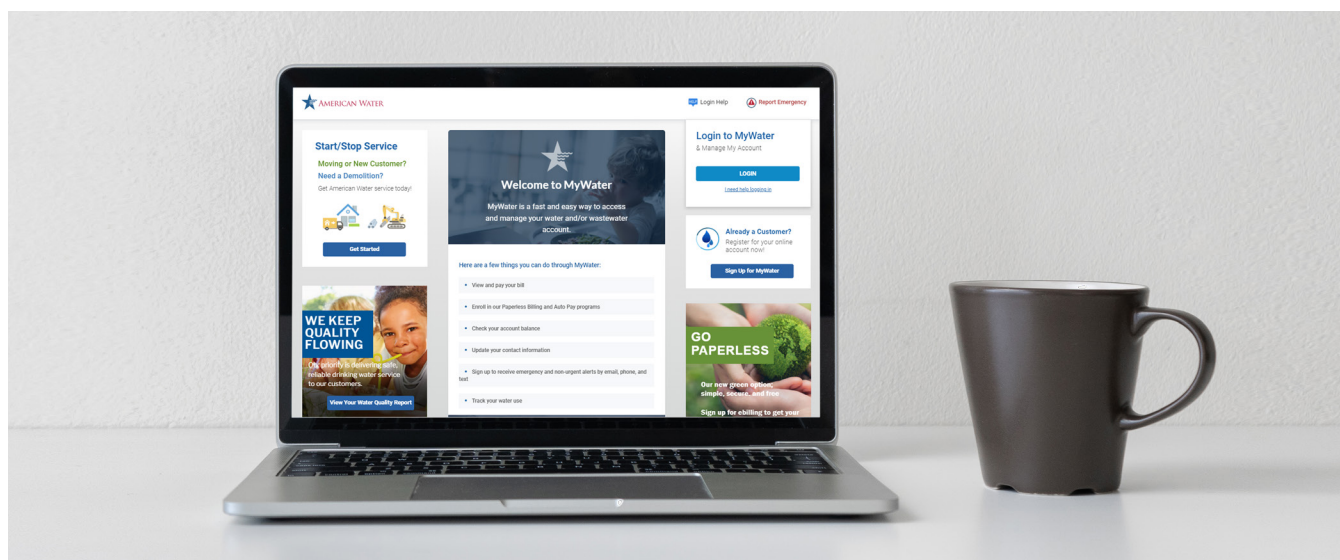
The [MyWater customer portal](#) offers customers an electronic way to interact with American Water and manage their water and wastewater services. Through MyWater, customers can turn service on and off, apply for customer assistance programs, track water use, manage their billing preferences, utilize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

Customers can also enroll in paperless billing through their MyWater portal. Paperless billing provides customers with a more sustainable option by offering electronic access to the same information included in a printed bill.

We encourage existing customers to enroll through a variety of communication channels. During the self-service sign-up process and through customer service agents, new customers are defaulted to paperless billing in all states except where prohibited by regulation (WV, TN, MO). Approximately 50% of our customers are currently enrolled in paperless billing.

Intelligent Virtual Assistant System

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



Enhanced Payment Options

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

Customer Education

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

Customer Feedback

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

OUR PERFORMANCE

To guide our customer experience strategy, we set and evaluate overall customer satisfaction goals each year and disclose our performance against them in our Proxy Statement and other reporting. For 2025, we tied 15% of our cash incentive compensation to our performance in customer experience.

Our 2025 APP target was based on the number of our utility subsidiaries being in the top quartile in overall customer satisfaction, as measured by the J.D. Power U.S. Water Utility Residential Customer Satisfaction Study. The study measures the satisfaction of residential water customers of more than 90 of the largest water utilities in the United States and considers eight factors to score companies on a 1,000-point scale: information provided; quality and reliability; level of trust; ease of doing business; total monthly costs; people; resolving problems or complaints; and digital channels. In the 2025 study, several American Water utility subsidiaries claimed top spots in their respective categories:

- 1st Place in Northeast Large – New Jersey American Water
- 2nd Place in Midwest Large – Missouri American Water
- 3rd Place in Midwest Large – Indiana American Water
- 6th Place in Midwest Large – Illinois American Water



Pennsylvania American Water hosted a series of utility assistance and resource fairs across its operations.

Local Communities

WHY IT MATTERS

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

OUR APPROACH

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

Policies

Our Communications and External Affairs policy guides how employees and business partners engage with customers and communities. We recognize that each community has unique needs and expectations, and we work constructively with stakeholders to understand and address them.

Governance

Our EVP, Communications and External Affairs, oversees our community engagement strategy. Across American Water's national footprint, our External Affairs teams guide local interactions and work directly with the communities we serve.



American Water's Water Quality and Environmental Compliance Lead educating Camden Youth about the water filtration process.

Community Engagement

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

Community members and customers can reach us through multiple channels, including our customer portal, MyWater, social media, town hall meetings, community meetings and surveys, to voice concerns, ask questions or provide feedback. We encourage our local community members to better understand who we are and what we do through plant tours, open houses and other events.

We also engage with our local communities through educational campaigns and volunteerism at local schools to help build our talent pipeline and encourage careers in water. In addition, American Water hosts its annual AmeriCANS in Action! Month of Service every September.

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



Students from Rutgers University-Camden School of Business attend a full day career exploration workshop, learning about the water and wastewater industry.

Local Economic Benefits

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

In addition, as a private business we also pay local property taxes each year that support schools and other local services.

We offer highly competitive wages and benefits to employees, many of whom live in the communities we serve and therefore contribute directly to economic activity there.

Lastly, many cities face numerous priorities that can place a constraint on financial resources. The sale of water and wastewater systems can generate new revenue while eliminating future costs and liabilities of the systems. Net proceeds of the sale can be reinvested in the community to provide parks, streets and sidewalks, public safety, economic development, and fund pension liabilities.

In 2025, AWCF awarded over 350 grants and \$4.8 million in communities served by American Water through the Keep Communities Flowing Grant Program. These efforts were in addition to over \$1.4 million donated by Company employees and matching contributions by AWCF, totaling more than \$6.2 million combined.

American Water Charitable Foundation

American Water believes in the power of giving to support and uplift the communities we serve. The primary focus of the American Water Charitable Foundation (AWCF) is to support employees in their own charitable endeavors, provide stronger support for disaster relief efforts and provide funding for higher level initiatives related to clean water, conservation, education and community sustainability. Since inception, AWCF has invested over \$25 million in funding through grants and matching gifts that are important to our employees and our communities. Our charitable focus to Keep Communities Flowing empowers our employees to get involved and our communities to learn how every drop counts.

AWCF focuses on three pillars of giving: Water, People and Communities. In 2025, AWCF awarded over 350 grants and \$4.8 million in communities served by American Water through the Keep Communities Flowing Grant Program. Additionally, over 4,700 employees participated in the Foundation's Employee Matching Gift and Rewards Programs, with Company employees and AWCF together donating over \$1.4 million to 2,600 public charities.

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

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

Employee Volunteering and Giving

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

RELATED RESOURCES

- [American Water Charitable Foundation Overview](#) ↓
- [Keep Communities Flowing: 2025 Community Impact Report](#) ↓



The American Water Charitable Foundation continues its national partnership with the American Red Cross through a \$250,000 donation and renewed membership in the Disaster Responder Program.

ASSOCIATION MEMBERSHIPS

2-28

Industry association memberships allow American Water to share best practices, support constructive legislation and collaborate to provide high-quality services to customers. We belong to and engage with many organizations at the local, state and national level, and in many instances, our employees take on leadership roles through serving on organizational committees and boards. Below are several of the organizations that we engaged with in 2025.

National Industry Organizations:

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

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



Nicole Wiley, Director, Water Process Engineering, American Water, presents at the AWWA 2025 Annual Conference & Exposition (ACE25) in Denver, Colorado.

PUBLIC POLICY

WHY IT MATTERS

Our goal as a regulated utility is to support laws and policies that enhance our ability to provide our customers with safe, clean, reliable and affordable water and wastewater services. We engage with every level of government to voice our support for effective policies that align with our business values, while helping lawmakers and other stakeholders better understand our industry, priorities, and the potential impacts policy decisions may have on customers.

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

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

OUR APPROACH

In 2025, the Company strengthened its federal advocacy as well as expanded its engagement with key regulatory and industry stakeholders while also advancing our state legislative planning and political engagement aligned with business priorities. These efforts focused on affordability as well as constructive policies and programs to address the needs of the business and to help manage customer costs.

Industry Legislation

American Water continues to advocate for constructive policies at the federal level that align with the Company's strategic priorities and would be beneficial to its customers. These include, among others, bi-partisan, bi-cameral legislation to establish a permanent,

RELATED RESOURCES

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

nationwide, low-income water assistance program, given the expiration of the previous program in 2023 and granting investor-owned wastewater utilities the opportunity to access state revolving loan funds.

Additional constructive legislative efforts include H.R. 2872, which would allow utilities to deduct repair costs from their adjusted financial statement income calculation for corporate alternative minimum tax, and H.R. 2594, legislation to establish a Water Risk and Resilience Organization to develop cybersecurity requirements for water systems.

State Highlights

In 2025, we supported legislative efforts in several states that meaningfully enhanced the regulatory framework for water and wastewater utilities, with a focus on timely recovery and accelerating infrastructure investment to strengthen system reliability/resiliency for customers.

For more information about our 2025 legislative updates, please refer to our [Annual Report on Form 10-K](#).

Policies

Our Code and related policies govern our interactions with government officials and regulators, including lobbying, political contributions, meals, gifts and business entertainment. Our Code is updated biannually and is reviewed and approved by our Board of Directors. Through our Political Contribution Policy, our Board of Directors oversees the processes and disclosures related to our political contributions, and we publicly disclose on our website annually our political contributions and the amount of our overall lobbying

contributions and the amount of our overall lobbying expenditures. Additionally, our Anti-Corruption & Anti-Bribery Policy underscores our commitment to engaging with government officials in compliance with applicable anti-corruption laws and regulations in the areas where we operate.

Governance

2-13

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

Our EVP, Communications and External Affairs, oversees our legislative, policy and advocacy engagements across our entire business and works with the VP, Chief Legislative and External Affairs Officer, our regulatory policy team and Presidents of our state utilities regarding our overall legislative and external affairs efforts.

Collaboration & Engagement

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

We tailor our engagement strategy depending on the geographic location, operational challenges and regulatory and legislative landscape of each state where we operate.

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

Political Contributions

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

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

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

Technology, Data & Cyber

OUR APPROACH

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

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

- Technology that includes, among other things, encryption, threat management, monitoring, investigation support and backups for physical devices, such as mobile phones and computers, connected to the Company network;
- Identity and access management controls that include, among other things, multi-factor authentication and safeguards associated with granting elevated privileges;
- Proactive cybersecurity processes, including vulnerability scanning, penetration testing and periodic program assessments by outside security consultants and assessors; Reactive cybersecurity processes that are regularly evaluated using various incident response and disaster recovery exercises;
- Employee cyber risk awareness and training, including regular simulation exercises with employees, that covers cybersecurity threats and actions to prevent and report attacks; and

- Third-party risk management and security standards, including due diligence, continuous monitoring, cyber risk scoring and contractual obligations, and periodic review of third-party control environments to align the Company's risk exposure with its business requirements and risk tolerances. Cybersecurity Risk Management and Strategy

Cybersecurity Risk Management and Strategy

Cybersecurity threats are constantly evolving and have and will continue to become more frequent and sophisticated. Although American Water has implemented measures that it believes are reasonable to safeguard its operational and information technology systems and has sought to establish a culture of continuous monitoring and improvement, the evolving and increasingly complex nature of cybersecurity attacks and vulnerabilities means that these protections may not always be effective. To oversee cybersecurity risk management, American Water employs a dedicated unit, led by the Company's Chief Information Security Officer ("CISO"), to implement cybersecurity controls, assess and report on cybersecurity risks and consult with the Company's internal Enterprise Risk Management Committee, a decision-making body which supports and oversees the identification, assessment, prioritization, and mitigation strategies for enterprise-level risks, including cybersecurity risks.

The Company's cybersecurity unit conducts annual and ongoing cybersecurity awareness training and education for the Company's employees. In 2025, 100% of the Company's active workforce completed mandatory cybersecurity training. By equipping employees with knowledge and skills, the Company strives to cultivate and maintain a cybersecurity-conscious culture within its workforce.

More recently, the adoption and availability of artificial intelligence (AI) is also contributing to an evolving cybersecurity threat landscape across all utilities by enabling threat actors to conduct more sophisticated phishing, social engineering, vulnerability discovery and other malicious activity at greater speed and scale.

In response, the Company implemented an AI policy to provide employees and its business partners with best practices and written guidelines for the appropriate and responsible use of AI in furtherance of the Company's business. American Water continues to assess and manage AI-related cybersecurity risks as part of its broader cybersecurity risk management processes, through governance, oversight and the implementation of appropriate safeguards as technologies, threats and regulatory expectations continue to evolve. American Water continues to explore the use of AI to enhance productivity and improve customer experience, responsibly and effectively.

Incident Response

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

When a cybersecurity incident occurs, the Company establishes a cross-functional incident response team to respond to the specific cybersecurity incident. The incident response team consists of a subset of members from the standing crisis response team, including personnel with the most relevant experience related to the specific incident.

Partnerships & Leadership

Fostering effective partnerships is key to our success and to supporting security and resiliency across the water and wastewater sector.

We partner with environmental organizations, public service commissions, state fusion centers¹, the Department of Homeland Security and the Federal

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

Bureau of Investigation to share information and promote security best practices. We take a leadership role in advancing security and resiliency of the water and wastewater sector through participation in key working groups.

American Water personnel have roles on the American Water Works Association's (AWWA) Water Utility Council and on the Water Sector Coordinating Council, a public-private partnership in which we collaborate with other utilities and the EPA to plan and implement sector-specific programs, policies and activities.

In 2025, the Company increased its engagement with the Water Information Sharing and Analysis Center (WaterISAC) by joining the Threat Intelligence Steering Committee and a new member steering committee. WaterISAC serves as the communications and information-sharing organization for the water sector, uniting utilities, security experts, and government partners to deliver actionable intelligence, strengthen resilience, and protect critical water infrastructure nationwide.

Governance

2-13

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

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

Policies

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

Data Privacy

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



American Water's cybersecurity program is vital to the Company's operational and technological sustainability.

Employee Health, Safety & Well-Being

3-3

WHY IT MATTERS

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

OUR APPROACH

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

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

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

Contractors interested in working for American Water and who will be performing medium- to high-risk work, as determined by the Health & Safety Team, are vetted by a third-party and are evaluated through a comprehensive grading system during the pre-qualification process. We require that business partners maintain a minimum grade to continue working with us. Employees also conduct job site evaluations each year to monitor the safety and security of operations. In the event of an

incident during our contractual relationship or a drop in a contractor's safety grade, a committee conducts a holistic review to determine whether we will permit them to continue working for us.

Our goal is zero injuries.

Policies

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

Governance

2-13

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

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

Our COO, Deputy COO and Chief Health and Safety Officer, and VP, Safety, Security & Facilities manage Occupational Health and Safety (OHS) leadership and oversight.

We conduct regular reviews to examine our performance and compliance on various health and safety topics, and our safety team manages compliance with health and safety policies, procedures, laws, and regulations. The team focuses on the results of risk assessments and topics identified by the business. Our State Presidents and Vice Presidents of Operations implement and manage our OHS in each state where we operate.

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

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

National Safety Council

403-4

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

Occupational Health & Safety Management System

403-1, 403-9

The journey to zero injuries begins with strong leadership, programs and procedures, employee engagement and a robust culture of safety. We utilize an integrated data management system that standardizes safety reporting. This system provides a framework for safe operations across our employee and operational footprint and helps

us record safety incidents, assign corrective actions and take preventative measures, including site-specific checklists and safety briefings. As part of our incident investigation process, local teams conduct site investigations and implement corrective actions to prevent future incidents. The OHS data management system monitors the submissions and corrective actions taken and allows us to track the time it takes to put corrective measures in place. We compile these metrics and report them quarterly to the SETO Committee.

We expect the entire workforce—from executives to business partners and frontline workers—to actively drive OHS progress by reporting hazards and participating in safety training. American Water achieves ongoing health and safety improvement by conducting regular reviews and updates to our management system. We record OHS data aligned with Occupational Safety and Health Administration (OSHA) methodology, including OSHA Recordable Incident Rate (ORIR) and Days Away, Restricted or Transferred (DART) Rate. In addition to tracking general injuries, American Water has adopted a proactive approach to preventing Serious Injuries and Fatalities (SIFs). The Company targets preventing precursors to high-energy, life-altering incidents rather than relying solely on overall accident frequency or recordable injury incident rates.

Hazard Identification

403-2, 403-7, 403-9

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

In 2025, over 6,000 hazards were proactively identified by employees and resolved, demonstrating our shared commitment to protecting one another and ensuring a safer workplace for everyone.

Stop Work Authority

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

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

Life Saving Rules

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

Occupational Health Services

403-3, 403-6

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

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

We strive to provide adequate resources and proper treatment promptly.



NEVER FORGET THE LIFE-SAVING RULES



1. Always wear required Personal Protective Equipment (PPE).



2. Always work free from the effects of drugs and alcohol.



3. Always establish work zone safety prior to working in traffic areas.



4. Always protect excavations from cave in – with no exceptions – at depths of 5 feet or greater.



5. Always use approved tools and equipment in the manner intended or required.



6. Always Lock Out/Tag Out when the potential for unexpected release of energy is present.



7. Always use fall protection at heights above 4 feet as required.



8. Never enter confined space without all safeguards in place and a completed permit as required.



9. Always identify and establish safeguards to prevent contact with utility lines.



10. All employees are required to stop work to address safety concerns.

Occupational Health & Safety Training

403-5

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

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

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

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

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

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

Employee Well-Being

403-6

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

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

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

American Water offers an Employee Assistance Program (EAP) through AllOne Health for employees and their eligible dependents. AllOne Health provides free and confidential support for a variety of challenges including financial, legal, family and emotional needs.

Please see the [Compensation & Benefits](#) section for more information on health benefits.



Communication

403-4

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

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

OUR PERFORMANCE

403-7

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

In 2025, to reinforce its focus on the reduction and prevention of serious injuries and incidents, the Company began to track its serious injuries or incidents using the Serious Injury Incidence Rate (“SIIR”), which measures the number of such incidents during the calendar year multiplied by 200,000 and divided by total hours worked. The target SIIR for 2025 was 0.04 and the Company recorded no such incidents for 2025.

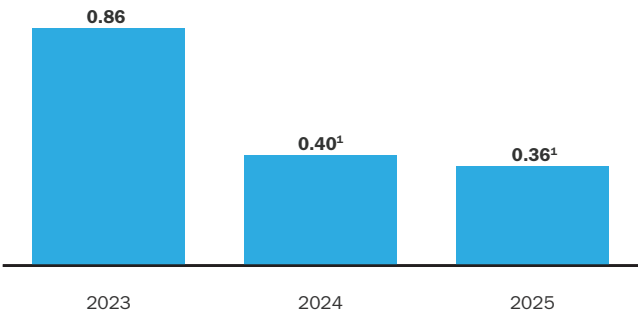
During 2025, we sought to perform the following:

- Achieve top quartile status for SIIR and DART against industry peers;
- Identify, report and mitigate 99% of reported safety hazards within 30 days of their occurrence;
- Adhere to our Contractor Safety Qualification Practice;
- Complete all specific Serious Injury or Fatality (SIF) incident corrective actions within 30 days in accordance with our procedures; and
- Review 100% of all American Water and Contractor serious injuries and fatalities, communicate events and initial findings across the business and implement appropriate corrective actions within 30 days.

At the close of 2025, our SIIR was 0.00 and our DART rate was 0.19.¹

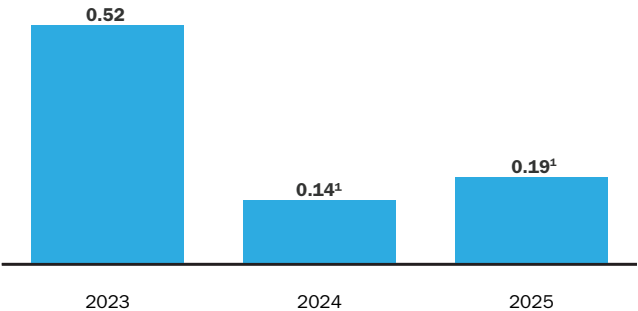
OSHA Recordable Incident Rate (ORIR)

EMPLOYEES



Days Away, Restricted & Transfer (DART) Rate

EMPLOYEES



¹ Metrics do not include a non-preventable employee fatality that occurred.

Talent Attraction, Development & Retention

3-3

WHY IT MATTERS

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

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

Our strategy for talent acquisition focuses on three key areas: recruitment, selection, and conversion. We also believe that having employees with different ideas, viewpoints, experiences, and backgrounds improves our ability to serve our customers. To this end, we are committed to attracting and retaining a workforce that understands the needs of the communities in which we serve.



Investing in our talent pipeline helps sustain a skilled workforce across our footprint.

RELATED RESOURCES

[Careers at American Water](#)



ORGANIZATIONAL CULTURE

3-3

OUR APPROACH

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

In 2025, American Water continued its focus on its Catalyst for Change framework in support of our values of trust, dignity, and respect. The pillars of Commitment, Consistency, Clarity, Courage and Conviction allow employees to work collectively to build the desired culture. At all levels, the Company strives to understand, value, and provide opportunities to each employee, and to foster an environment where all employees are celebrated regardless of their background or life experiences. To achieve the desired state, all employees are expected to model behaviors consistent with the Catalyst for Change framework.

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

Engaging Employees

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

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

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

More recently, American Water introduced three additional EBRGs to the business:

- **Men for Inclusion** seeks to cultivate an inclusive culture where men's personal and professional growth contributes to the success of our company and the communities we serve.
- **RISE Emerging Talent** (Reach, Inspire, Support, Elevate) exists to reach across generations to create access to opportunities, resources, and pathways for growth.
- **UNIDOS Hispanic & Latine** is dedicated to cultivating a vibrant and inclusive community rooted in belonging, culture, and empowerment.

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

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

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

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

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



The **emotional response** people have to what they perceive is the value they get from working here.

Policies

We expect our leaders and employees to embody our core values by maintaining a work environment that respects the dignity and worth of each individual, as outlined in American Water's [Code of Ethics](#) and Respect and Dignity in the Workplace Policy. We have zero tolerance for discrimination, harassment or retaliation by or toward any employee, business partner, customer or other person in our workplace. Inappropriate workplace behavior and unlawful harassment are wholly inconsistent with this commitment. We believe they negatively impact employees and create the potential to damage the Company's reputation.

We believe our stance on harassment and discrimination allows for a work environment that encourages inclusivity and reduces discrimination or harassment. We are committed to ensuring equal employment opportunity for all employees. As outlined in American Water's Equal Employment Opportunity (EEO) Statement, we strictly prohibit and do not tolerate discrimination or harassment against employees, applicants, or any other covered persons based on race; ethnicity; color; religion; creed; sex, including pregnancy, childbirth, breastfeeding, and related medical conditions; gender, including gender identity or expression and transgender status; sexual orientation; genetic information; national origin or ancestry; citizenship status; age; marital status; disability or disability status; veteran or military service status; or any other characteristic protected by applicable federal, state, or local law ("Protected Characteristic(s)").

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

Governance

2-13

American Water manages talent primarily through three functions: talent acquisition, talent development, and employee experience. The talent acquisition team focuses on identifying and recruiting top talent to build a strong workforce of committed and skilled individuals who can serve the business, each other, and our customers effectively. The talent development team develops and implements company-wide talent strategies and processes. The team members also create professional development opportunities and help to clearly communicate our employee value proposition through a variety of messaging and deliverables. These efforts are complemented by our focus on employee experience, which helps foster an inclusive and engaging culture where employees can be at their best every day.

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

TALENT ACQUISITION

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

American Water has created and implemented programs aimed at attracting, motivating, developing and retaining talent. Through the workforce planning process, American Water evaluates key positions across the organization, identifies potential talent risks, and develops action plans to mitigate those risks. Additionally, American Water promotes a culture of learning where employees are encouraged to continuously enhance their skills and knowledge through on-the-job experiences, social learning, and formal learning opportunities.

Investing in Our Talent Pipeline

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

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

In addition, each year we offer paid internships across several functional areas within the Company, through our Future Wavemakers Internship Program, a cornerstone initiative designed to cultivate the next generation of water and wastewater industry leaders.

Future Wavemakers is built on a foundation of mentorship, professional development, and real-world projects that align with both students' academic backgrounds and American Water's organizational goals. Interns will participate in capstone projects, networking events, and skill-building workshops, all while contributing fresh perspectives and innovative ideas to the company.

Additionally, American Water's Flow Forward Summer Camps offer high school sophomores, juniors and seniors a multi-day program featuring skill-building workshops, resume and interview preparation, and networking with industry professionals.

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

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

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

Participants earn a weekly stipend, and they are awarded six college technical elective credits after completing the program. They will also attend a Career Fair with American Water recruiters and hiring managers, as well as invited business partners from other utility companies, contractors and suppliers. After graduating from the program, participants are eligible for career placement at American Water and are successfully prepared for career opportunities beyond American Water.

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

WORKFORCE STRATEGY & TALENT RETENTION

404-2

We offer a wide range of development opportunities designed to help employees reach their full potential and perform their work safely and effectively. Throughout the year, we provide learning sessions during work hours on various topics, including leadership, trust, dignity and respect and safety. The Company believes that personal growth is a valuable component of weCARE and is committed to supporting strategies to help its employees develop both personally and professionally. In 2025, our employees completed an average of approximately 44 hours of learning, resulting in over 300,000 hours of total learning company-wide.

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

aspirations, as well as to support identification of developing and key talent.

We work closely with labor unions to learn how we can collaborate and improve our training effectiveness, especially around safety.

Please see our [Employee Health, Safety & Well-Being](#) section for more information on Company- and union-led safety training.

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

PERFORMANCE MANAGEMENT

404-3

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

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

These more frequent conversations support more fair and equitable decisions on compensation. In 2025, 100% of eligible non-union employees (representing approximately 56% of our total employees) received a formal year-end annual performance review.

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

Tuition Reimbursement

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

Leadership Development

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

Front Line Supervisor Training Program: FSLT empowers supervisors and managers of frontline employees/individual contributors with actionable skills and practical tools to inspire teams to deliver measurable results, accelerating leadership growth and driving operational excellence.

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

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

Workforce Planning

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

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

Succession Planning

Developing talent to provide a pathway to executive leadership is a critical priority for the Company. The Company's succession planning process supports our business continuity plans and goals, through the identification and development of current and future leaders, and promote employee retention, as well as the Company's employee culture and talent development priorities.

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

In addition to succession planning for executive and senior leadership roles, the Company conducts local and enterprise-wide talent reviews, identifying top and emerging talent with a focus on strengths, gaps and development needs against the critical skills needed for certain roles.

Through these talent review processes, business leaders can identify a pool of high-potential employees to allow the Company to support their career goals and aspirations, and to promote more effective employee experience and talent retention efforts.

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

Compensation & Benefits

401-2

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

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

- 13 holidays for non-union employees (including floating holidays and the ability to swap one holiday according to personal beliefs and practices). Our unionized workforce has employment benefits in line with their collective bargaining agreements, ranging from 12-17 holidays.
- A minimum of 10 and a maximum of 30 vacation days based on years of service;
- 10 sick days;
- Six weeks of paid family leave that can be used to bond with a new child following birth, adoption or foster placement, take care of a sick family member or make arrangements for a family member deploying for military duty; and
- A family building benefit that offers financial support for eligible fertility and family-forming services, along with access to support resources.

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

OUR PERFORMANCE

We measure key employment metrics such as employee turnover to gauge our management performance over time. For 2025, the Company's employee turnover rate, which the Company defines as the ratio of the number of separated employees to the 12-month average headcount during 2025, was 11%. This figure includes voluntary, involuntary and retirement separation from the Company.

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

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

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



Water Access & Affordability

3-3

WHY IT MATTERS

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

OUR APPROACH

303-1

Our approach to water access is to provide affordable, reliable service to customers regardless of economic status or geographic location. We address affordability by improving both supply-side and demand-side efficiency, while recognizing that terrain, population density, income levels, inflation, and the rising cost of capital can all affect the cost of service. Please see our [Infrastructure & Operational Resiliency](#) and [Water Loss Management](#) sections for more information.

CUSTOMER AFFORDABILITY

We work to balance infrastructure investment with affordability and aim to keep consolidated enterprise-wide residential customers' monthly water bills to 1% or less of median household income. We can also maintain affordability by promoting efficiency of our operation and maintenance expenditures.

In 2025, average residential bills across our footprint were approximately \$70 to \$75 per month, typically making water the lowest household utility bill.

At American Water, we understand stakeholders' concerns about affordability and believe utilities must be transparent, accountable, and responsive to customer needs.

Our focus is on balancing necessary upgrades under regulatory oversight while managing costs and expanding customer assistance programs.

We constantly look for ways to maintain affordability. Our strategies include securing low-interest loans at the state level, achieving cost mitigations using our scale for leverage through supply chain and procurement activities, and growth through acquisitions to help spread fixed costs to serve. We can also maintain affordability by promoting efficiency of our operation and maintenance expenditures.

Proactive Customer Outreach and Support

American Water takes a proactive, multi-channel approach to drive customer awareness and access to available assistance programs.

Integrated, Multi-Channel Customer Communications

American Water promotes customer assistance programs through a broad range of customer-facing communication channels, including billing statements, email, direct mail, digital platforms, and social media. This approach delivers consistent, accessible messaging and reinforces awareness at key customer touchpoints. These efforts align with the Company's broader customer engagement strategy to effectively reach customers across its service areas.

Community-Based Outreach and Enrollment Support

The Company regularly organizes and participates in local resource fairs and community events to educate customers about available assistance programs and provide hands-on enrollment support.

These in-person engagements create opportunities for direct interaction, enabling customers to better understand eligibility requirements and complete enrollment with guidance from trained representatives.

This community-centered approach reflects American Water’s commitment to meeting customers where they are and addressing local needs through tailored outreach.

Strategic Partnerships to Expand Reach

American Water also collaborates with national and local third-party organizations to amplify awareness of customer assistance programs. These partnerships enhance program accessibility by leveraging community networks to reach customers who may benefit from available support.

Local Advocacy

To further strengthen outreach, American Water fosters a network of local leaders and stakeholders who help American Water communicate within our communities. This approach complements broader communications efforts and supports a more personalized, community-informed engagement model.

Customer Assistance Programs

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

Low-Income Tariffs & Grant Programs

Low-income tariff programs provide eligible customers with a discount on their monthly water and wastewater charges, which varies depending on the state. In most states, the costs of these programs are recovered through customer rates.

Grant programs provide financial assistance to low-income customers for help in paying utility bills on a case-by-case basis. Customers apply for assistance through these programs, which can be funded by donations from customers, the utility, or through a combination of both.

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

Governance

2-13

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

.....

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

.....

American Water Charitable Foundation Funds Pilot Program Providing Utility Assistance

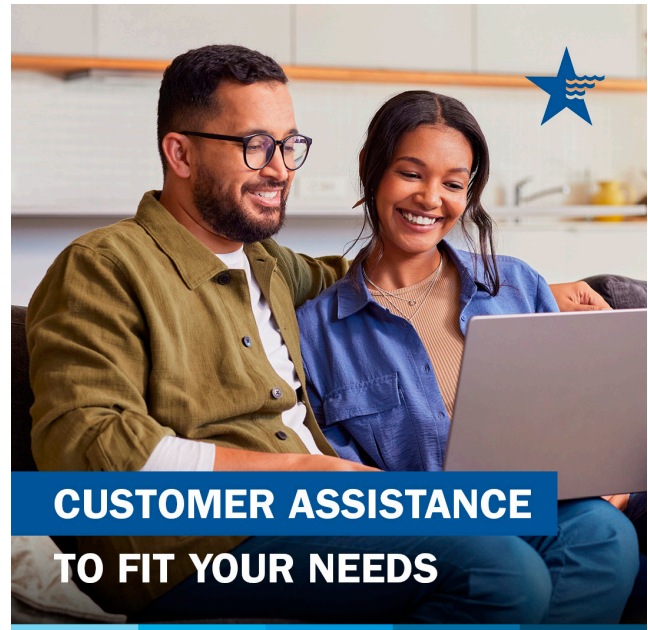
In 2026, the American Water Charitable Foundation supported the distribution of \$250,000 to 1,250 eligible New Jersey households through its Keep Communities Flowing® Fund—one of the first utility assistance pilot programs of its kind to help pay utility bills. The initiative was designed to reduce barriers for families experiencing financial hardship by offering a streamlined and accessible process. Participants were able to select the utility provider—electric, gas, or water—that best meets their needs, helping to promote both convenience and choice.

The Foundation provided \$250,000 to Dream Machine Innovation Lab, a 501(c)(3) nonprofit that independently exercised full control over the grant funds, with program administration supported by Promise, a technology company specializing in the efficient delivery of assistance to low-income populations. The pilot was rolled out in phases across select New Jersey counties to help support thoughtful and effective implementation. Plans for future expansion into Pennsylvania are underway.

Federal Low-Income Household Water Assistance Program

Congress created the Low-Income Household Water Assistance Program (LIHWAP) in 2021 as a temporary, pandemic-era initiative to assist customers struggling to pay their water and wastewater bills. Under this first federal program to exclusively assist low-income families with their water and wastewater bills, American Water customers were able to take advantage of these funds to pay their monthly bills. When the program ended, many Americans lost an important source of federal assistance, even though affordability challenges remained unresolved.

American Water continues to advocate for permanent federal affordability support and the reestablishment of LIHWAP, which would provide long-term, practical assistance to water and wastewater utility customers in need.



While American Water implements ongoing customer education and robust programs that provide assistance to households, these programs need to be supported by other legislative and regulatory avenues to help address affordability.

Low Interest Financing

Programs like State Revolving Funds (SRF) and Water Infrastructure Finance and Innovation Act (WIFIA) remain critical to supporting necessary investment while helping maintain affordability for our customers. In 2025, American Water subsidiaries leveraged approximately \$182 million in low interest SRF and Principal Forgiveness funding.

Buying Power

To help support customer affordability, American Water applies a center-led procurement strategy to standardize sourcing and leverage scale in vendor negotiations. Supplier diversification and proactive relationship management help mitigate supply chain constraints, reducing the risk of cost escalation.

In addition, targeted sourcing, inventory management, and vendor engagement support cost discipline and help offset inflationary pressures on critical materials, including pipes, chemicals, and equipment.

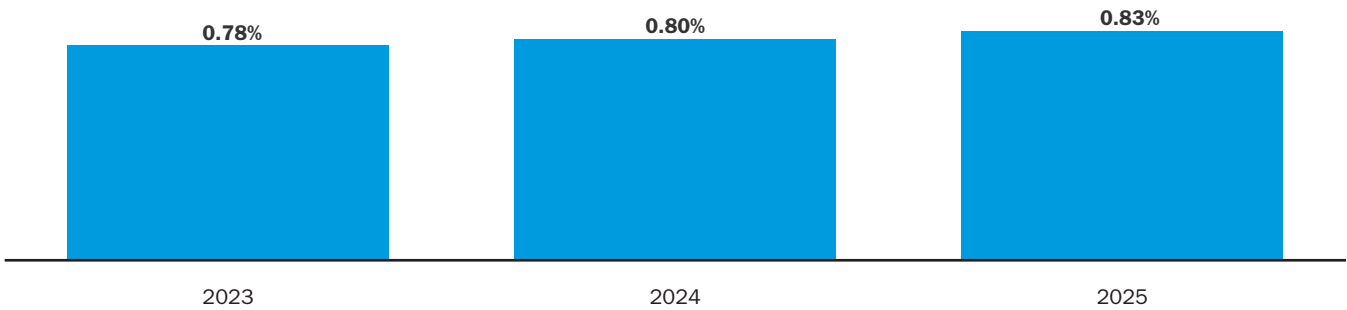
OUR PERFORMANCE

We believe the water industry is in a favorable relative position compared to other utilities in terms of affordability, or wallet share, and American Water seeks to operate, on average, in alignment with this overall position. In 2025, our system-wide average monthly water bill for residential customers was approximately \$73 per month, representing 0.83% of Median Household Income (MHI)¹. The cost of water service falls below the EPA suggested affordability guidance.

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

Average Monthly Residential Water Bills as % of Median Household Income¹

AMERICAN WATER CUSTOMERS



¹ Chart is reflective of average monthly residential water bills as a percentage of estimated MHI. Income is estimated using data from the US Census Bureau American Community Survey and is calculated based on zip codes served by American Water. American Water does not collect household income data from its customers.

Water Quality & Emerging Contaminants

3-3

WHY IT MATTERS

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

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

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

We aim to create positive impacts by continuing to provide high quality drinking water to all our customers and improve the water quality of the systems we acquire.



Water sample testing at the Central Lab in Belleville, IL.

RELATED RESOURCES

[PFAS](#)



[Lead](#)



[Legionella](#)



[2025 Annual Report \(Contaminants of Emerging Concern\)](#)



OUR APPROACH

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

Water

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

Wastewater

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

Policies

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

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

Governance

2-13

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

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

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

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

Lead Service Line Replacement

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

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

In 2024, the U.S. EPA announced the final Lead and Copper Rule Improvements (LCRI). American Water had submitted oral and written comments to the EPA on its proposed LCRI regulation in early 2024.

In 2025, American Water replaced nearly 15,000 lead/galvanized service lines across our footprint, nearly doubling replacement efforts year over year. Annually, we invest hundreds of millions of dollars in upgrading our water systems to support our continued provision of safe and reliable water service to our customers.

American Water consistently meets water quality standards related to the lead and copper rules across our footprint and believes removing the risk of lead

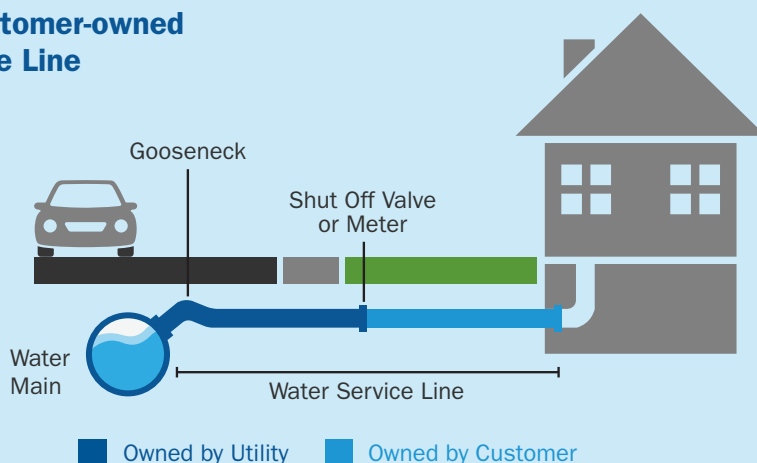
service lines over time is the right thing to do for the health and safety of our customers. Developing an accurate, comprehensive inventory, including identifying the material of service lines where the material is currently unknown, is an important next step in eliminating lead service lines.

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

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

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

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



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

EMERGING CONTAMINANTS

Per- and Polyfluoroalkyl Substances (PFAS)

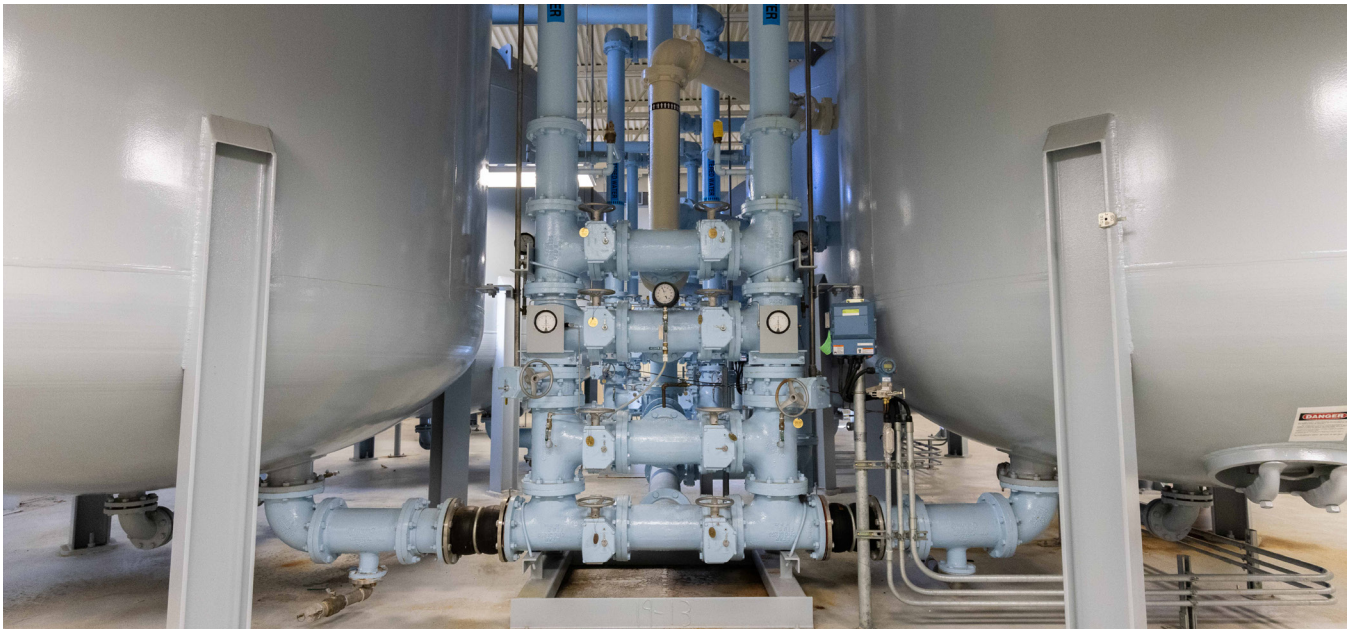
American Water collaborates with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. The Company's engagement with the EPA, states and other organizations provides it with early insight into emerging regulatory issues and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

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

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

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

Our 2026-2030 five-year capital plan includes approximately \$2 billion for PFAS-related improvements, and that plan anticipates that we will incur up to \$50 million of annual operating expenses associated with initial and ongoing compliance with the applicable PFAS regulation.



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

PFAS Treatment

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

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

Lifecycle of Granular Activated Carbon (GAC)

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

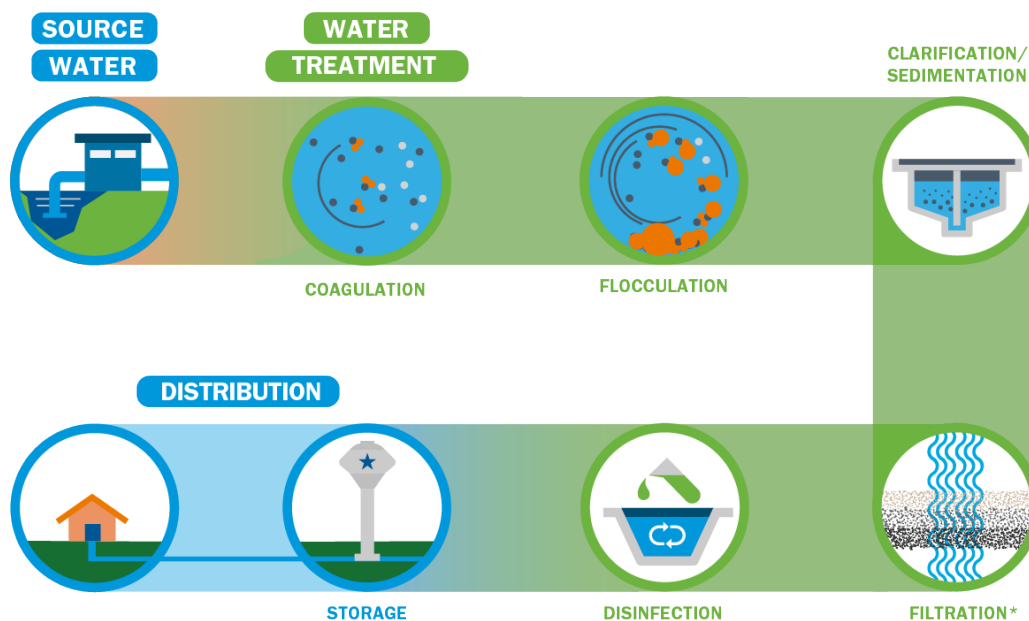
Once received, GAC is carefully integrated into the filtration systems to remove contaminants, including organic chemicals, odors, and various harmful substances, from the water supply. The initial activation

of GAC involves exposing it to high temperatures and steam, which creates a network of pores that effectively traps impurities.

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

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

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



*Includes PFAS Treatment

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

American Water continues to advance PFAS-related research through its ongoing collaboration with the Water Research Foundation (WRF), including efforts focused on extending and improving the lifecycle management of treatment media ([WRF Project #5275: Characterization and Pilot Testing of Microwave Reactivation for PFAS-laden Granular Activated Carbons](#)). This work reflects a broader commitment to identifying more sustainable, cost-effective approaches to treatment and residuals management.

Additionally, the company actively participates in industry forums, panels, and events, and proactively develops partnerships that connect academic research with utility operations, helping to turn emerging science into practical solutions for water systems and the customers and communities they serve.

Supplier Agreement

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

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

Additional information on PFAS may be found [here](#).

Engagements for Safe Drinking Water

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

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

Environmental Near Miss Program

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

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

Research & Development

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

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

Microplastics

Microplastics present the EPA and states with substantial challenges. These include how to identify microplastics of concern, reduce the introduction of microplastics into drinking water, how to sample its presence, the need of an EPA-approved method for the testing of microplastics in drinking water, and assurance that adequate lab capacity to support nationwide sampling exists.

American Water remains steadfast in its commitment to be a leader in the U.S. water and wastewater industry and a provider of solutions to the challenges related to microplastics and other contaminants of emerging concern.

How to best address microplastics in drinking water is an emerging area of research. As a leader in the water industry, American Water partners and collaborates with industry and research organizations on this and other water research topics.

In March 2025, American Water and The Water Research Foundation (WRF) held a two-day [Collaborative Forum on Microplastics Research](#) (WRF Project 5318) at American Water's corporate headquarters in Camden, N.J. The forum brought together experts in microplastics, water and wastewater utilities, universities, state regulatory agencies and more, to build knowledge, strengthen collaboration, and identify research needs related to microplastics in water and wastewater.

The forum included six sessions covering occurrence, sampling, human and ecological health, analysis, treatment, and the regulatory environment. Each session featured speaker presentations followed by group discussion. Forum participants agreed that additional research is needed on microplastics. They noted that in some areas, the science is still emerging and that considerably more data is needed before monitoring requirements or broader treatment regulations for water and wastewater utilities should be considered.

More recently, American Water has helped elevate the utility perspective on microplastics science, feasibility, and research priorities. The company actively supports and advances collaboration opportunities, including:

- Coordinating utility-to-utility and utility-to-researcher occurrence studies;
- Developing guidance and reporting checklists to strengthen reproducibility and comparability;
- Exploring shared platforms for occurrence data; and
- Establishing consistent reporting metrics for size, mass, and morphology.

In 2026, American Water contributed to WRF Project 5185, *Fate of Microplastics in Drinking Water Treatment Plants* customized program, titled *Microplastics Sampling: Pioneering Practices, Experiences, and Lessons Learned*. Key takeaways included:

- Microplastics sampling presents challenges unlike those associated with other drinking water contaminants.
- Recommended drinking water sampling practices include using a closed-system, in-line field filtration apparatus.
- Additional utility experience and institutional knowledge are needed to advance microplastics sampling practices.

Cyanotoxins & Harmful Algal Blooms

“Cyanotoxin” is a generic term for a number of toxic compounds that are naturally produced by a group of microorganisms called cyanobacteria.

Concerns can arise if the concentration of cyanotoxin compounds reaches a high enough level where the compounds can harm fish, animals or even humans. High concentrations of cyanotoxins can occur when conditions—such as an abundance of nutrients and warm water—make it easy for cyanobacteria to thrive. When this occurs, they may form “harmful” algal blooms (HABs). Although cyanobacteria look like algae, bloom like algae, and occur naturally like algae, they are not really algae at all. Cyanobacteria produce cyanotoxins which can, if a cyanobacteria bloom is large enough, pose health risks to humans and animals. HABs can have negative impacts on the ecosystem, human and animal health, recreational activities and the economy.

Compliance

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



A HAB event at the Raritan-Millstone Water Treatment Plant, located at the confluence of the Raritan and Millstone Rivers in New Jersey. The event required 45 days of response support, including two on-site drone pilots seven days a week. The following year, a docked drone was installed to enhance coverage of this critical confluence.

OUR PERFORMANCE

American Water was in compliance with drinking water quality permits, standards and regulation on 99.8% of days in 2025. We focus on various leading and lagging indicators used to drive and evaluate our environmental performance, including:

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

We are committed to high water quality standards and maintaining our history of complying with, and in many cases, achieving results beyond standards required by applicable laws and regulations. As part of our 2025 APP, we have included annual targets and performance measures for drinking water program compliance.

Despite our strong risk prevention and management procedures and programs, upstream pollution sources such as industrial discharges, chemical spills, urban storm water runoff and algal blooms can increase the



Aerial view of the Citico Water Treatment Plant in Chattanooga, Tennessee.

risk of contamination, which can affect public health and the environment. We regularly test water samples across our footprint and use sensors to monitor our source waters for changes in water quality. Please visit the [Water Supply Resilience](#) section for additional information on our source water management efforts.

Annual Performance Plan Water Quality Measures

		Target Performance	Actual Performance
2025	Environmental Leadership: Drinking Water Program Compliance ¹	6	5
	Environmental Leadership: Drinking Water Quality ²	2	0

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

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

Infrastructure & Operational Resiliency

3-3

EFFECTIVE CAPITAL DEPLOYMENT

WHY IT MATTERS

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

Safe and reliable water is foundational to quality of life in the communities we serve. By making prudent investments that support water and wastewater infrastructure reliability and resiliency, American Water contributes to the economic security and viability of the communities in which we operate.

OUR APPROACH

IF-WU-450a.4

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

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

Our comprehensive planning process is a long-term, risk-based approach that evaluates the capacity, condition and performance of our water and wastewater systems.

We conduct numerous comprehensive planning studies (CPS) and asset management plans annually, and we evaluate systems on a rotating basis by priority, resulting in a targeted capital improvement plan for each system.

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

We invested \$3.2 billion to upgrade and expand our asset base as part of our capital investments in 2025. Our investments typically increase annually as we work to fix leaks, improve water quality, safeguard consistent water supply and maintain regulatory compliance across our water and wastewater systems. We expect the need for significant infrastructure investment to grow; over the next 10 years, we expect to invest approximately \$46–48 billion in our regulated business, with approximately \$42–43 billion dedicated to investments including infrastructure renewal, resiliency and water quality.

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

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

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

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

Policies

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

Governance

2-13

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

Our Capital Program Management Procedure guides our infrastructure investments. These business practices call for an assessment of specific risks relating to climate variability and other key environmental issues and the implementation of appropriate mitigation and adaptation strategies within the engineering asset planning process.

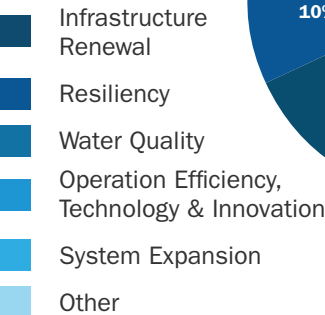
Economic Impact

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

We closely monitor the number of jobs created as a result of our capital expenditures. In 2026, the U.S. Water Alliance issued an updated Value of Water Campaign, outlining that every \$1 million in water infrastructure investment generates \$2.6 million in economic output and 10 jobs.¹ With our current regulated system investment of approximately \$42-43 billion planned over the next 10 years, we have the potential to create hundreds of thousands of indirect jobs in the communities we serve.

Capital Investment by Purpose

(2026-2035)



¹ Based on a [study](#) conducted by the Value of Water Campaign: The Economic Benefits of Investing in Water Infrastructure

CRITICAL ASSET MANAGEMENT

Assessing Infrastructure Risks

We use standardized risk-based prioritization models to categorize infrastructure investments across our systems. We consider several factors to determine the priority of our infrastructure investment decisions, including regulatory requirements, employee and public health and safety, likelihood of asset failure, maintenance and operations costs.

We also leverage current climate science and global models related to temperature, precipitation and sea level rise on an ongoing basis. Where actionable forecasts are available, American Water uses the information in our engineering CPS and Master Plans, which assess the risk and resiliency of our water and wastewater systems over short-, medium- and long-term time horizons (0–25+ years).

Our engineering planning process enables us to evaluate and predict how water supplies, water quality and water demands may change over time. We also consider how increasing intensity and frequency of extreme weather events may affect our infrastructure and assets, which helps determine updates or changes to our design standards.

America's Water Infrastructure Act (AWIA) of 2018 requires us to complete detailed Risk and Resiliency Assessments (RRAs) and mitigation plans across all our public water systems serving populations over 3,300. In accordance with the AWIA, we will update our risk assessments every five years. 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, source water contamination and malevolent threats.

We also evaluate the self-generating power capacity at our facilities and increase that capacity where needed. We install standby power generators, both stationary and mobile, throughout our operations. These power redundancy measures allow our critical facilities to operate on self-generated power for an extended period, if needed.

Although our above ground and buried infrastructure require different approaches to risk assessment, we routinely evaluate our infrastructure based on capacity, condition, performance, threats, and the consequences of failure.

For water pipelines, we consider specific factors, such as the age and material of pipe, performance (breakage rates and water quality), other failure risk criteria (soil type, distribution system pressure, condition assessments, monitoring data), and failure consequence. These risk ratings help inform our future infrastructure investment decisions and secure the proper level of maintenance for our assets.

One example of risk mitigation is Missouri American Water's recent investment in its South Plant Intake Pump Station and Chemical Feed Building in St. Louis County, replacing infrastructure dating back to the 1950s.

Located near the Meramec River's edge, the pump station and building extend below grade to safely draw raw water from the source. Missouri American Water's \$22 million investment involved the construction of a new raw water pump station on the river. The project also reduced flood risk by relocating critical equipment to higher elevations after recent flooding brought water levels close to pump motors and electrical systems essential to supplying raw water to the South Water Treatment Plant. Standby power generation was also added.

Through this investment, Missouri American Water replaced aging infrastructure with high-efficiency equipment, improving system resilience and continued compliance with drinking water standards.

Connecting With Customers

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

OUR PERFORMANCE

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

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

Our current rolling 3 year average replacement rate is 0.69%, which equates to 146 years and is significantly better than the industry average replacement rate of nearly 200 years.

We continue to focus on replacement of our oldest and highest risk pipelines in our distribution systems as a key element to make our systems more resilient and reliable.



CLIMATE VARIABILITY

WHY IT MATTERS

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

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

OUR APPROACH

201-2

We view climate variability as the increasing frequency and severity of extreme weather events, as well as longer-term shifts in climate patterns. These changes have the potential to impact our infrastructure, operations, customers, suppliers, and long-term strategic priorities.

We recognize climate variability as a cross-cutting enterprise risk that interacts with a wide range of operational, financial, and strategic risk areas. These interdependencies include potential impacts on asset performance and reliability, emergency preparedness and response, key chemicals, and customer affordability, among others.

We continue to integrate climate-related considerations into our enterprise risk management framework to enhance resilience, inform decision-making, and support the reliable delivery of essential water and wastewater

services. More on our approach to climate variability and resiliency can be found throughout the [Infrastructure & Operational Resiliency](#) section.

Governance

2-13

Our VP, Chief Engineering Officer, who reports to our COO, has ultimate accountability for American Water's approach to adaptation and mitigation strategies associated with climate variability. Our SVP, Chief Operational Excellence Officer who reports to our COO as well, is responsible for supporting our approach to climate variability through the oversight of American Water's environmental compliance, emergency response planning, source water protection and emissions, among other environmental matters. Our COO reports such data and performance to the Board on a regular basis.

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

Climate variability is a global issue with local implications; therefore, our utility Presidents also are responsible for our performance. We also expect our employees to promote environmental stewardship and help strengthen our resiliency. Suppliers are encouraged to align with our Environmental Policy and reduce their own environmental impact, including emissions reductions.

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

Water System Resilience

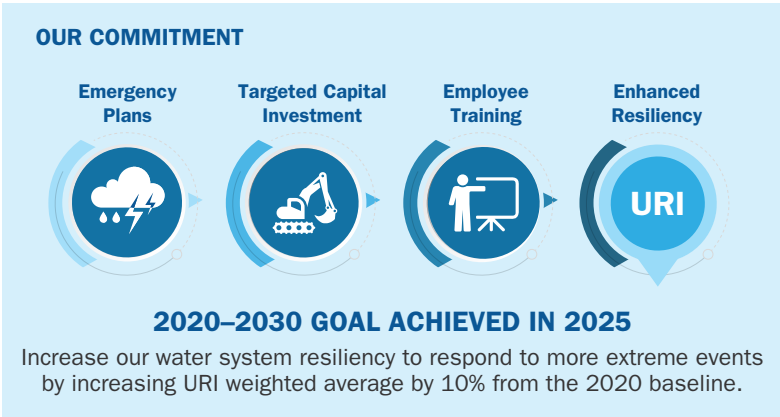
IF-WU-450a.4

We assess our resilience and preparedness through our average Utility Resilience Index (URI) score, which is a measure of a utility's ability to respond to and recover from the impacts of extreme weather, environmental incidents, supply chain disruptions and other extreme events that would disrupt our services.

The URI is part of the industry-recognized AWWA J-100 standard and assesses a community's ability to absorb and cope with an incident and return to normal operations as quickly as possible. The index is scored on a scale of 0 to 100, with scores between 60 and 70 considered relatively resilient.

In 2020, American Water completed a baseline assessment across its facilities and recorded an average score of approximately 66 and set a goal to increase its weighted average URI score by 10 percent by 2030. Through proactive targeted infrastructure investments, enhanced emergency planning, and ongoing employee training, American Water reached its URI resilience goal, five years ahead of schedule.

The URI goal is one part of the company's overall commitment to resilience. We are also maintaining an inventory of critical parts and increasing emergency power capacity and available water storage. We continue to expand current programs, including emergency response exercises and participation in utility community cooperatives such as Water and Wastewater Agency Response Network (WARN). To learn more about our resiliency goal, please visit our [website](#).



Utility Resilience Index Indicators	
Operational	Emergency Response Plan
	National Incident Management System
	Mutual Aid & Assistance
	Emergency Power for Critical Operations
	Ability to Meet Minimum Daily Demand (water) or Treatment (wastewater)
	Critical Parts and Equipment
Financial	Critical Staff Resilience
	Business Continuity Plan
	Utility Bond Rating
	Governmental Accounting Standards Board Assessment
	Unemployment
	Median Household Income

EVENT PLANNING & RESPONSE

Emergency Response Plans

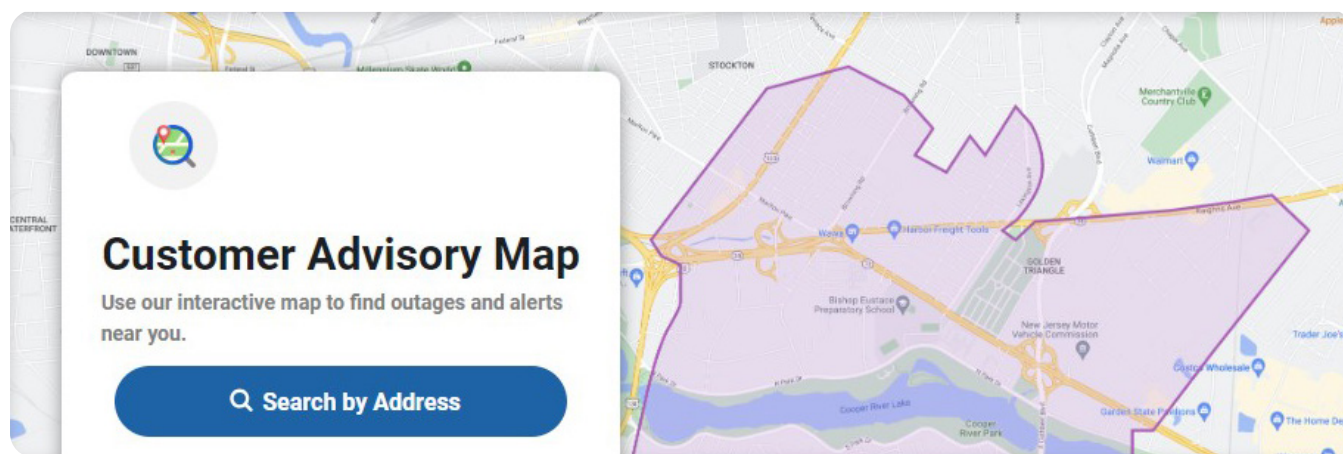
Each water and wastewater system maintains an Emergency Response Plan (ERP) to respond to a wide variety of potential emergencies, such as power outages or natural disasters. Our ERPs also address the potential impacts of extreme weather. In accordance with bioterrorism laws and for the safety and security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

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

Our operations across the enterprise use an approach based on EPA and Federal Emergency Management Agency guidance

for ERPs. The Operational Excellence Business Continuity team works with our Operations teams to conduct emergency response exercises, test and enhance ERPs and conduct on-site staff training to support proper execution of the ERPs, if needed.

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



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

Water Supply Resilience

3-3

WHY IT MATTERS

Water is a finite resource and we must manage water supplies in a sustainable manner that safeguards the long-term needs of customers. We want to inform and educate our stakeholders about our actions to protect water supplies and maintain access to safe and reliable water—now and in the future.

OUR APPROACH

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

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

Policies

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

RELATED RESOURCES

[Environmental Policy](#)



[Utility Resilience Index One-Pager](#)



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

Governance

2-13

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

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

SOURCE WATER PROTECTION

3-3

WHY IT MATTERS

To conserve our water supply and support the quality of our drinking water, it is crucial that we protect water at the source. Third-party business and residential development activities upstream can amplify the impacts to our source of water supply in our communities, leading to pollution. When land is developed, water-resistant surfaces, such as sidewalks or parking lots, generate more runoff, leading to increased risk of flooding and potential contaminants in water supplies.

OUR APPROACH

American Water’s service area spans diverse geographies, from urban centers to rural communities, and across a wide range of watersheds.

At the core of our operations is American Water’s Source Water Protection Program, which was strengthened in 2025 to proactively identify risks to drinking water across our national footprint.

Protecting our water sources is critical to provide safe drinking water service to the public. Tailored to the unique conditions of each watershed, these efforts identify risks from industrial, agricultural, and residential sources and deploy targeted strategies to mitigate them and enhance system resilience.

We advocate for responsible state and local planning and zoning policies that prioritize the protection of water supplies. For more information about the policies that we support, please see [Public Policy](#).

Program Element	Key Actions
Risk Characterization	• Intake and Zones of Critical Concern Identification • Review and Update Potential Sources of Contamination
Emergency Preparedness	• NIMS Training for Source Water Program Managers • Emergency Management relationships established
Source Water Monitoring	• Cyanotoxin Management Plan • Source Water Monitoring Panel Improvements
Stakeholder Leadership	• Community Partnership Engagement Program • Customer/Employee Engagement Program



Partnerships to Protect Watersheds

At American Water, we work closely with a broad network of partners, including river basin commissions, academic institutions, emergency planning groups, and national water policy and research groups, such as the national Source Water Collaborative and ORSANCO (Ohio River Valley Water Sanitation Commission). Through this collaboration, we promote source water protection through education, policy engagement, research, and cross-sector coordination. Source water protection is the first step in our multi-barrier approach to providing safe, clean and reliable water service.

AWCF's Water and Environment Grant Program also supports eligible public charities that focus on innovative, community-based environmental projects that improve, restore or protect watersheds, surface water and groundwater supplies in our local communities

Water Availability

Water Stress Management

Beginning in 2025, American Water enhanced its methodology for identifying water-stressed systems to better align with its operational definition of water stress. Under the revised approach, systems are included in our water stress classification when demand exceeds 90

percent of available supply, or when they are located in areas with known source water constraints, such as New Jersey Critical Areas. Under this revised methodology, approximately seven percent of our water is sourced from water stressed areas.

To safeguard our long-term water supply, we leverage global models related to temperature, precipitation and sea level rise on an ongoing basis to analyze our impacts on source water supply and identify future water supply needs.

Where actionable forecasts are available, American Water uses the information in our engineering CPS and Master Plans, which assess the risk and resiliency of our water and wastewater systems over short-, medium- and long-term time horizons (0–25+ years). Our engineering planning process enables us to evaluate and predict how water supplies, water quality and water demands may change over time. We also consider how increasing intensity and frequency of extreme weather events may affect our infrastructure and assets, which helps determine updates or changes to our design standards.

In addition, America's Water Infrastructure Act (AWIA) of 2018 requires us to complete detailed Risk and Resiliency Assessments (RRAs) and mitigation plans across all our public water systems serving populations over 3,300, an effort that covers more than 95 percent of our water customers. 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, including drought, flooding, hurricanes, tornadoes, cyber threats, source water contamination and more. This approach incorporates risk scenarios into our assessments, such as extreme weather, source water contamination and malevolent threats. In accordance with the AWIA, we update our risk assessments every five years.

WATER LOSS MANAGEMENT

3-3

WHY IT MATTERS

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

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



American Water strives to reduce water loss and improve customer value by balancing affordability, system reliability, and operational efficiency.

OUR APPROACH

American Water is developing a comprehensive Water Loss Management (WLM) strategy designed to support regulator-aligned, stakeholder-focused water stewardship. The strategy is intended to reduce water loss and improve customer value by balancing affordability, system reliability, and operational efficiency. Through this work, we aim to voluntarily report more meaningful water loss data in place of Non-Revenue Water, which represents leakage (real losses) and apparent losses (meter inaccuracies, theft, etc.) as well as unbilled authorized consumption (intentional water main flushing to maintain water quality standards, firefighting, etc.)

As part of these efforts, the Company established a consistent framework to evaluate system-level performance and prioritize investments and operational actions across its footprint. This framework is grounded in three core principles:

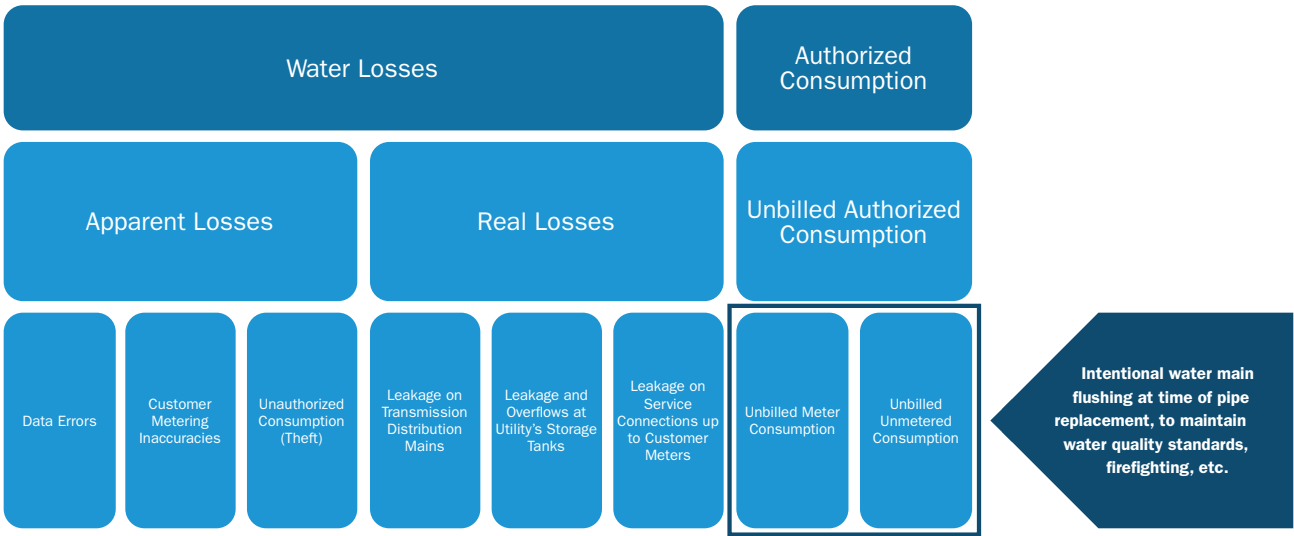
- **Customer Affordability** – helping to promote the implementation of water loss reduction efforts in a cost-effective manner that minimizes customer bill impacts
- **Operational Efficiency** – improving system performance through targeted investments and data-driven decision-making
- **Regulatory Alignment** – supporting compliance with evolving state requirements and alignment with regulatory expectations

To operationalize this approach, the Company developed a structured framework to assess and prioritize water loss reduction initiatives across systems. The model enables:

- **Data-driven investment decisions**, using consistent criteria to identify and advance the highest-impact opportunities
- **Targeted deployment of capital and operational resources** to areas with the greatest potential to improve system performance
- **Transparent and repeatable planning processes** that can be applied consistently across states and regulatory jurisdictions

In addition, American Water is working on an approach to recognize the distinct profile of newly acquired systems, with a defined period to assess baseline conditions prior to full integration into the WLM prioritization framework.

We'll include updates on the impact of this strategy as we progress.



Policies

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

Our Water Loss Reporting Practice also recommends annual water audits for our state subsidiaries, the results of which we can use to identify and prioritize investments that prevent and mitigate water loss.

Governance

2-13

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

We recognize that environmental leadership is a core value of our business and serves to protect water as a critical resource. Improving water efficiency helps us to reduce our operating expenses and allocate more resources toward capital investments that benefit our customers.

Technology & Efficiency

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

By implementing digital tools, we efficiently gather and leverage information to better understand our infrastructure and make proactive and effective investments. For example, acoustic monitoring equipment helps our teams identify and locate leaks in

water distribution pipelines before they become potentially significant breaks. We use hydraulic models of our pipeline networks in scenario planning to identify and address potential problems in our systems related to pressure, flow, and storage. We use thousands of sensors and instruments to monitor the condition and performance of equipment at our treatment plants. These instruments alert facility personnel of necessary operational adjustments, maintenance, rehabilitation or replacement needs

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

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

Use of Artificial Intelligence

American Water leverages AI to enhance operational efficiency, inform data-driven decision making, and improve customer experience, in adherence to the Company's AI policy.

Below are several examples:

- **AI and Predictive Maintenance:** We use advanced data analytics and AI-enabled risk-modeling tools to assess the likelihood and potential impact of failures across pipes, pumps and treatment facilities, helping identify aging assets, prioritize proactive maintenance and replacement investments, strengthen system resiliency, reduce risk and maintain reliable service for customers.
- **AI and Water Loss Management:** New Jersey American Water, as one example, partners with Echologics (a Mueller division) to deploy acoustic monitoring sensors across portions of the distribution system to detect leaks in metallic water mains. AI and machine learning analyze large volumes of acoustic sensor data to spot patterns that indicate leaks faster and more accurately than traditional methods. These systems learn what "normal" operations sound like, automatically flag anomalies, and pinpoint likely leak locations. New Jersey American Water's operations and leak detection teams are then dispatched to verify and locate leaks using specialized acoustic tools, improving accuracy and reducing water loss and operational costs.

Advanced Metering

As we continue to increase the number of customers with AMI, we can best leverage this technology across our business to:

- Proactively notify customers of potential leaks;
- Turn water services on and off from our offices (and reduce vehicle mileage);
- Assist customers with high bill inquiries from our offices;
- Respond with more detail to customer usage requests;
- Improve customer experience and usage;

- Improve accuracy of meter reading;
- Encourage water and resource conservation; and
- Increase employee safety.

Meter reads are transmitted at least hourly and available in 15-minute increments, allowing for quicker identification of inconsistent usage and follow-up of meter alerts. All collected data is secure and integrated into applications that track customer-metering data, billing and customers' MyWater accounts.

Currently, AMI is installed in approximately 50% of our footprint. Generally, analog or older Automated Meter Reading (AMR) meters will be replaced with AMI at the end of their useful life.

Customer Conservation & Efficiency

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

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

We also provide rebates for other conservation tools such as rain barrels, leak detection kits and smart home monitoring to promote sustainable customer behavior.

We also share water-saving tips, offer incentives for efficiency upgrades and conduct conservation surveys.

Rate Structures to Incentivize Conservation

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

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

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

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

OUR PERFORMANCE

303-1

We have a goal to continue to meet customer needs while saving 15% in water delivered per customer by 2035, compared to a 2014/2015 averaged baseline. Since setting this goal, we have realized a 6.7% reduction in water delivered per customer.

Water Use & Efficiency Goal

15% by 2035

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

Data Centers

As a leader in the water and wastewater industry and a recognized solutions provider, American Water is committed to supporting the evolving needs of communities, collaborating with public officials and supporting economic drivers, including data centers, in a way that is fair, sustainable, and protects existing customers.

Through a disciplined approach grounded in affordability, resilience and environmental stewardship, American Water is well positioned to support responsible growth while safeguarding customers, preserving community water supplies and supporting prudent investments that do not significantly burden customers, businesses or the communities we're proud to serve.

American Water's approach to serving data centers is grounded in disciplined planning, fair cost allocation and a clear commitment to protecting customers and communities. By emphasizing collaboration, transparency, long-term resiliency and environmental stewardship, American Water can help support responsible economic growth while maintaining affordability, reliability and the public trust. When these projects are structured appropriately, they can strengthen infrastructure and benefit communities without shifting risk or cost to existing customers.

BIODIVERSITY

3-3

WHY IT MATTERS

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

OUR APPROACH

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

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

- **Capital Planning:** We utilize the EPA rating of a waterway's ability to support its designated uses (good, impaired, unknown) to understand the ecosystems where we operate and identify the condition of aquatic life, drinking water, fish and shellfish consumption and recreation. Our engineering processes assess impacts to wildlife and plant species when considering upgrades to or construction of new infrastructure, such as water intakes, dams, and other critical assets. Water withdrawals for drinking water supplies and water discharges from wastewater treatment plants are regulated by Federal and state environmental regulators. Working with regulators through these permitting processes protects biodiversity as they set required limits to prevent ecosystem degradation. For wastewater, limits are set through the National Pollutant Discharge Elimination System (NPDES) program. For drinking water source withdrawals, the state regulators will look at water quantities, water quality and ecosystem impacts, and factors like intake screen size and location.

- **Water Loss Management:** Managing customer demand and reducing leakage preserves water supplies over the long-term, which supports local habitats of wildlife and native plant species. Where we have a water diversion permit to take water from a stream, river, lake, or other drinking water supply source, the state regulatory agency considers the health of the water body in the permitting process and we adhere to those requirements.
- **Wastewater Treatment:** Our operating policies guide us to effectively manage effluent quality, which helps protect local ecosystems within the communities we serve through discharging clean water back to the receiving stream.
- **The American Water Charitable Foundation's Water and Environment Grant Program:** AWCF provides funding for eligible projects that improve, restore or protect watersheds, surface water and groundwater supplies in our local communities.



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

Policies

The Company’s water and wastewater operations are subject to extensive federal, state and local laws and regulations governing the protection of the environment and public health including the federal Safe Drinking Water Act and the federal Clean Water Act, and a variety of applicable federal and state laws and regulations. We also maintain several key internal policies that support our efforts to promote biodiversity. American Water’s Environmental Policy guides our commitment to complying with relevant environmental laws, regulations and standards, sustaining the environment through responsible business practices.

Federal Regulations Supporting Local Biodiversity Protection:

Federal Regulation	Primary Protection Mechanism(s)	Impact on Local Biodiversity
Clean Water Act (CWA)	NPDES permitting; Effluent Limitations Guidelines (ELGs)	Regulates point source discharges to maintain the biological integrity of surface waters for fish and wildlife.
CWA Section 316(b)	Best Technology Available (BTA) standards	Reduces aquatic life mortality by minimizing entrainment and impingement at cooling water intake structures.
CWA Section 404	Dredge and Fill Permits	Regulates discharge into wetlands and “waters of the United States” to protect natural filtration and habitats.
Endangered Species Act (ESA)	Section 7 Consultations; Incidental Take Permits (ITPs)	Prohibits activities that “take” protected species or degrade their critical habitats during water project construction or operation.
Safe Drinking Water Act (SDWA)	Maximum Contaminant Levels (MCLs); (UIC) Program	Regulates underground injection of wastewater and sets standards for contaminants like PFAS to protect water quality.
National Environmental Policy Act (NEPA)	Environmental Impact Statements (EIS)	Requires federal agencies to assess the environmental and biodiversity impacts of major water-related infrastructure projects.
Oil Pollution Act (OPA)	Spill Prevention and Liability	Imposes strict liability for oil spills that damage natural resources and aquatic ecosystems.
Migratory Bird Treaty Act (MBTA)	Incidental Take Protections	Restricts activities in wetlands and waterways that could harm protected migratory bird species.

Hazardous Waste

Hazardous Waste Regulation

American Water manages hazardous waste in accordance with applicable federal, state, and local regulations, including the Resource Conservation and Recovery Act (RCRA), the Toxic Substances Control Act (TSCA), the Clean Water Act (CWA), and similar state laws, which are overseen by the U.S. EPA and state regulators.

Operational Management

Each facility is accountable for ensuring that hazardous waste is properly collected, processed, and disposed of. To meet these obligations, American Water implements a structured internal oversight and compliance approach, combining corporate guidelines, facility-level accountability, and standardized operating procedures into a Hazardous Waste Disposal Guidance document. The guidance document establishes clear roles, including facility management, designated employees, and environmental compliance leads, each responsible for adherence to applicable regulations, proper waste classification, and execution of disposal procedures. Facilities are responsible for maintaining internal controls such as labeling, containment, emergency preparedness, and coordination with approved disposal vendors, while corporate and regional teams provide oversight through guidance, audits, and reporting frameworks. Collectively, this approach aligns operational practices with regulatory requirements and helps mitigate environmental and safety risks associated with hazardous waste management.

Reporting

Federal hazardous waste regulations require generators to track waste shipments using a manifest system and maintain documentation to verify proper treatment and disposal. Generators must receive a completed copy of the hazardous waste manifest from the designated water facility—typically within 35 days—and if it is not received within 45 days, an exception report must be submitted to the EPA.

In addition, generators must retain manifests and supporting records (including exception reports and waste determinations) for at least three years and, for larger generators, submit periodic reports (e.g., biennial reports) summarizing hazardous waste activities each even-numbered year from the previous year. Each state often has its own hazardous waste requirements, managed by the department of environmental protection.

Training, Oversight, and Accountability

American Water reinforces compliance through structured training and clearly defined roles and responsibilities. Personnel designated to manage hazardous waste are required to complete training aligned with RCRA and U.S. Department of Transportation (DOT) requirements, including initial and recurrent training according to regulatory timelines.

Only trained and authorized employees may execute hazardous waste documentation, specifically manifests. Facility management is responsible for maintaining compliance with company guidelines, conducting periodic reviews, and ensuring personnel are appropriately trained.

This governance model is supported by environmental compliance teams that provide oversight, guidance, and verification of compliance activities, helping to consistently implement regulatory requirements across operations.

EMISSIONS

As a water and wastewater utility, American Water has a comparatively low-emissions operating profile compared to electric and gas utilities. The Company's Scope 1 and Scope 2 greenhouse gas emissions are measured in the hundreds of thousands of metric tons of CO₂e, significantly lower than the multi-million metric ton emissions typically associated with gas and electric utilities due to their generation and fuel use.

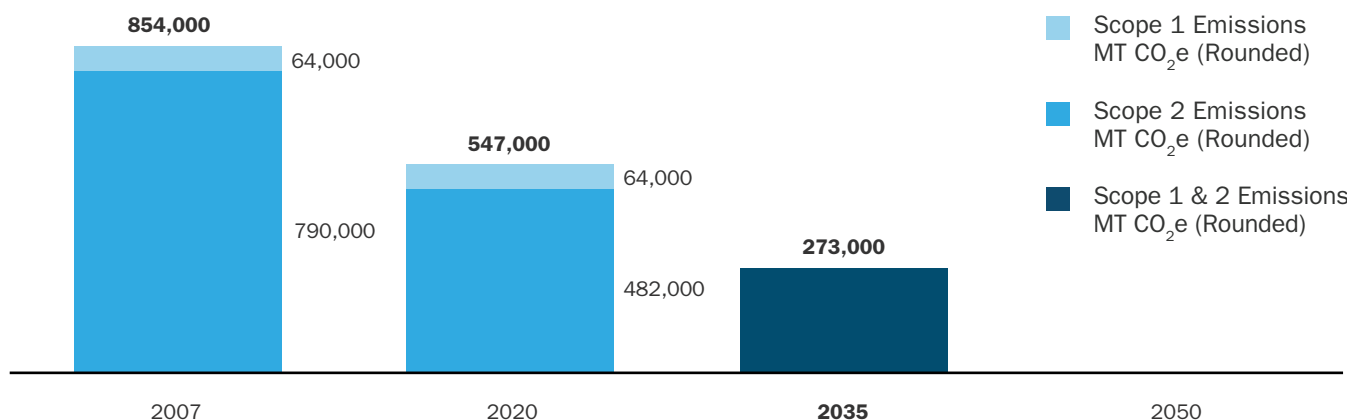
American Water tracks and reports greenhouse gas (GHG) emissions and set its emissions reduction targets for its regulated business segment. Emissions are calculated and reported using GHG Protocol guidance and the Financial Control consolidation approach.

American Water's Path to GHG Emissions Reduction

OUR APPROACH

In 2022, American Water announced medium- and long-term greenhouse gas (GHG) reduction targets: a 50% reduction in absolute Scope 1 and Scope 2 emissions by 2035 from a 2020 baseline, and net-zero absolute Scope 1 and Scope 2 emissions by 2050.

Our latest review of the pathway to these targets indicates that achievement is increasingly challenged by several factors. Specifically, our progress toward the targets is significantly dependent on the pace of U.S. electric grid decarbonization and the regulatory framework governing cost recovery and affordability for water utilities and their customers.



With Scope 2 emissions accounting for roughly 90% of our emissions profile, American Water's emissions trajectory is highly dependent on the U.S. policy and electric grid environment. Recent shifts in climate policy, clean energy incentives, and electrification policy—along with higher reliance on fossil generation and delays in retiring certain coal-fired assets—have contributed to a slower pace of grid decarbonization. This creates a challenge, as considerable incremental investment would be required to close the gap created by these recent shifts.

- While renewable energy procurement could help offset slower grid progress, our ability to pursue premium-priced options is shaped by the regulatory construct applicable to a regulated water and wastewater utility. American Water must demonstrate that operating and capital decisions are prudent, in customers' best interests, and must be balanced with other investment needs. In practice, this can limit the company's ability to procure or construct higher-cost renewable energy or retain renewable energy certificates when incremental costs for energy are a direct pass through to customer bills and generally will not be supported through the regulatory process.

- Regulators generally expect electric and gas utilities to lead clean-energy transition efforts, as they are the experts in energy procurement and generation and are much better positioned to do so at scale and affordably. Regulators look to water utilities to prioritize safe, clean, reliable, and affordable water and wastewater services. Consistent with that view, we pursue renewable-energy projects when they **advance customer interests in a cost-effective manner** and deliver customer benefits, such as the initiatives discussed below in Illinois and Pennsylvania.
- These considerations are further influenced by significant capital investment needs across the water sector, including aging infrastructure renewal, system upgrades, and the rising cost of operating expenses needed to meet or exceed drinking and wastewater treatment standards. Balancing economic feasibility, resilience, and long-term investment needs can limit the extent to which additional premium-priced energy solutions can be incorporated.
- Lastly, consistent with our growth strategy, mergers and acquisitions will influence our overall greenhouse gas (GHG) emissions profile. Accordingly, emissions associated with recent and pending acquisitions will be evaluated as part of our ongoing GHG assessment and approach.

American Water remains focused on identifying and advancing emissions-reduction initiatives where operationally and economically feasible. Recent and ongoing efforts include:

- In 2025, our engineering teams conducted two feasibility studies to evaluate opportunities to advance the Company's greenhouse gas emissions reduction objectives. The studies assessed onsite renewable energy opportunities and the electrification of the Company's vehicle fleet. Based on the findings, we identified and advanced multiple cost-effective renewable energy opportunities, while deferring additional incremental investments that would support a clean energy transition but were not economically justified at this time.
- In Illinois, our teams partnered with the local electric utility to participate in a community solar program expected to generate operating expense savings over the term of the agreement. The project is offered pursuant to Illinois' Future Energy Jobs Act and Climate and Equitable Jobs Act. Under the program, a community solar facility delivers electricity to the local utility through the electric grid, and the utility purchases the solar energy output by issuing bill credits to subscribed customers.
- In Pennsylvania, our teams partnered with a solar developer to execute a 15 year agreement that will supply approximately 20% of Pennsylvania American Water's total annual energy consumption. While renewable energy credits were not purchased for this project and therefore do not contribute to American Water's GHG reduction targets, the agreement delivers meaningful environmental and economic benefits, including:
 - Generating and delivering clean, renewable energy to the regional grid
 - Supporting hundreds of construction related jobs
 - Repurposing previously unproductive brownfield sites for beneficial use

Where feasible, we will continue to pursue cost-neutral or cost-favorable projects such as these that support prudent cost management, and clean energy objectives.

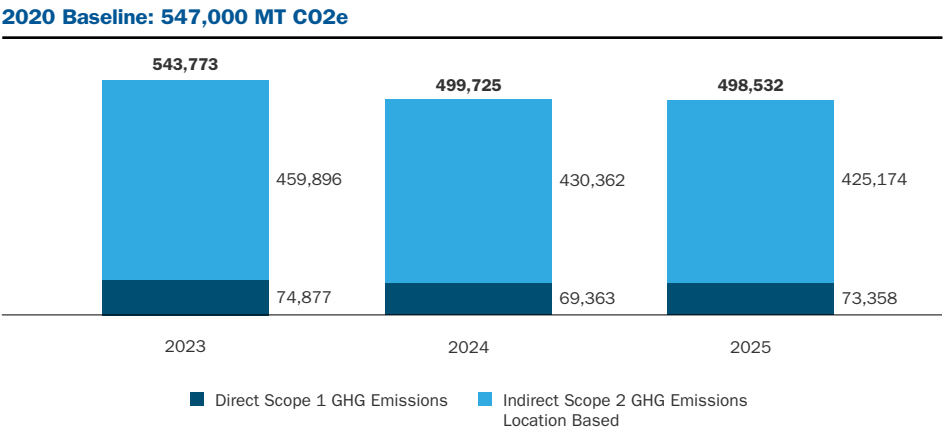
Aside from the procurement of renewable energy, American Water works to implement a variety of initiatives at our facilities to promote efficiency across our business, including operational audits. We work to maintain or lower our energy intensity while expanding our business and improving the facilities in acquired systems that may be less efficient. These initiatives include:

- **Water Loss Management:** Controllable water losses are managed through a variety of interventions to address real and apparent water loss. These interventions include distribution system acoustic monitoring and district metering for proactive leak detection, as well as investigations into potential metering anomalies with the potential to result in appropriate revenue capture.
- **Pump Replacement:** Aging pumps and motors can require more energy to move the same amount of water due to decreased efficiency over time, thereby increasing our production costs. Pumping water constitutes a significant amount of our GHG emissions, so we work to increase the efficiency of our pumps to reduce electricity consumption and, in turn, GHG emissions.
- **Pressure Management:** Pressure management is another way we can increase energy and operational efficiency. By reducing water pressure to match customer demand and minimizing rapid fluctuations in pressure, we can reduce energy consumption and stress on buried and aging infrastructure that could otherwise lead to leakage. We develop and test new tools, strategies and technologies that can help mitigate rapid fluctuations and optimize system pressure without compromising our ability to meet peak demands. For more information about our efforts to reduce leakage and increase efficiency through technology, please see Water Loss Management.

We also continue to assess physical risks and adapt our capital investment program to improve the reliability and resiliency of our system in an environment of increasing frequency and severity of weather events. You can find more on our approach to climate variability [here](#).

OUR PERFORMANCE

Scope 1 & 2 GHG Emissions^{1,2,3,4}



¹ The 2023, 2024 and 2025 Scope 1 and Scope 2 GHG emissions data has been independently assured by ERM Certification and Verification Services Incorporated (ERM CVS) in accordance with the International Standard for Assurance Engagements ISAE 3000 (Revised). Please see their assurance reports in our [2025 Sustainability Data Summary](#) for more details.

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

³ Please note that we exclude the following items from our emissions calculations: refrigerant losses at operations from HVAC units and fugitive emissions from wastewater operations. We do not track or disclose market based emissions.

⁴ 2025 Scope 1 emissions were calculated using The Climate Registry (February 2025) default emission factors. Given the delay in Emissions & Generation Resource Integrated Database (eGRID) data from the United States EPA, 2025 Scope 2 emissions were calculated using emissions factors made available by the Cornerstone Sustainability Data Initiative. For more information on their methodology, please visit their website: <https://cornerstonedata.org>.

Scope 3 Emissions

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

Approach to Determining and Estimating Relevant Scope 3 Categories

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

Scope 3 Landscape

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

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

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

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

Scope 3 Category Study | Relevance to American Water

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

LEGEND

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

CONTENT INDICES

GRI Standards

GRI Standard	Disclosure	Location or Direct Response
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational Details	American Water Works Company, Inc. 1 Water Street Camden, New Jersey 08102 About American Water; 2025 Annual Report, Item 1. Business 
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	All restatements of information are included in footnotes throughout the report.
	2-5 External assurance	Some selected 2023, 2024 and 2025 GHG emissions data were subject to external independent limited assurance by ERM Certification and Verification Services Incorporated (ERM CVS). However, ERM CVS was not engaged to provide assurance in accordance with GRI standards. For the full assurance report and the reporting criteria used, please refer ERM CVS' report in our Sustainability Data Summary .  We did not seek external assurance for the balance of this report. We have no policy regarding external assurance for this report.
	2-6 Activities, value chain and other business relationships	About American Water; 2024 Annual Report, Item 1. Business;  Sustainability Data Summary  Primary suppliers include engineering services, construction and paving materials for pipelines, sewer lines, linings, road repair, plants, facilities and corporate buildings; chemicals used for water treatment; energy; and technology.
	2-7 Employees	Sustainability Data Summary  There were no significant fluctuations in data during or between reporting periods.
	2-8 Workers who are not employees	Sustainability Data Summary 

GRI Standard	Disclosure	Location or Direct Response
GRI 2: General Disclosures 2021	2-9 Governance structure and composition	Corporate Governance: Governance Structure ; Corporate Governance: Sustainability Governance and Oversight ; 2026 Proxy Statement, Board Committees ; ↗ 2026 Proxy Statement, Director Nominees ↗
	2-10 Nomination and selection of the highest governance body	Nominating/Corporate Governance Committee Charter: Board Selection, Composition, Evaluation and Continued Service ↗
	2-11 Chair of the highest governance body	The chair of our Board of Directors is Karl F. Kurz, who is independent, as determined by the Board of Directors under the listing standards of the New York Stock Exchange.
	2-12 Role of the highest governance body	Corporate Governance: Sustainability Governance and Oversight ; 2026 Proxy Statement, Board of Directors and Corporate Governance ↗
	2-13 Delegation of responsibility for managing impacts	Corporate Governance: Sustainability Governance and Oversight ; Public Policy: Governance ; Technology, Data & Cyber: Governance ; Employee Health, Safety & Well-Being: Governance ; Talent Attraction, Development & Retention: Governance ; Water Access & Affordability: Governance ; Water Quality & Emerging Contaminants: Governance ; Infrastructure & Operational Resiliency: Governance ; Climate Variability: Governance ; Water Supply Resilience: Governance ; Water Loss Management: Governance
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance: Sustainability Governance and Oversight
	2-15 Conflicts of interest	2026 Proxy Statement: Limitations on Additional Board Service and Changes in Job Responsibilities ; ↗ 2026 Proxy Statement: Director Nominees ; ↗ Related Person Transaction Policy ↗
	2-16 Communication of critical concerns	Corporate Governance: Business Ethics: Ethics Helpline
	2-17 Collective knowledge of the highest governance body	Corporate Governance Guidelines: Continuing Education ↗
	2-18 Evaluation of the performance of the highest governance body	2026 Proxy Statement: Director Evaluations and Assessments ↗ American Water considers the evaluations when making decisions about Board composition and organizational practices.

GRI Standard	Disclosure	Location or Direct Response
GRI 2: General Disclosures 2021	2-19 Remuneration policies	Executive Development and Compensation Committee Charter: Responsibilities and Duties ; 2026 Proxy Statement: American Water Executive Compensation Highlights ; 2026 Proxy Statement: Compensation Discussion and Analysis
	2-20 Process to determine remuneration	Executive Development and Compensation Committee Charter: Responsibilities and Duties ; 2026 Proxy Statement: American Water Executive Compensation Highlights ; 2026 Proxy Statement: Compensation Discussion and Analysis
	2-21 Annual total compensation ratio	2026 Proxy Statement, CEO Pay Ratio
	2-22 Statement on sustainable development	Greetings From Our Executive Vice President & COO
	2-23 Policy commitments	About American Water, Our Values ; Corporate Governance: Business Ethics ; Code of Ethics American Water does not apply the precautionary principle as outlined by GRI and the United Nations but has a comprehensive enterprise risk management program in place. American Water does not have a formal Human Rights policy at this time. American Water respects and protects the human rights of all workers throughout our value chain, including those in particularly vulnerable groups.
	2-24 Embedding policy commitments	About American Water: Our Strategy ; Corporate Governance: Business Ethics ; Corporate Governance: Sustainability Governance and Oversight ; Public Policy: Policies ; Technology, Data & Cyber: Policies ; Employee Health, Safety & Well-Being: Policies ; Talent Attraction, Development & Retention: Policies ; Water Quality & Emerging Contaminants: Policies ; Infrastructure & Operational Resiliency: Policies ; Water Supply Resilience: Policies ; Water Loss Management: Policies ; Biodiversity: Policies

GRI Standard	Disclosure	Location or Direct Response
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	Dedicated Customer & Community Support; Customer Feedback; Business Ethics: Ethics Helpline; Code of Ethics 
	2-26 Mechanisms for seeking advice and raising concerns	Business Ethics: Ethics Helpline; Code of Ethics 
	2-28 Membership associations	Association Memberships
	2-29 Approach to stakeholder engagement	Stakeholder Engagement
	2-30 Collective bargaining agreements	2025 Annual Report: Workforce Data  For employees not covered by collective bargaining agreements, American Water does not determine their working conditions and terms of employment based on other collective bargaining agreements.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	About American Water: Materiality Assessment
	3-2 List of material topics	About American Water: Materiality Assessment
Topic-Specific Disclosures		
Corporate Governance: Business Ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	Business Ethics
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics: Policies; Anti-Bribery & Anti-Corruption Policy;  Code of Ethics: Anti-Corruption and Anti-Bribery 
Corporate Governance: Public Policy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Public Policy
GRI 415: Public Policy 2016	415-1 Political contributions	Public Policy: Political Contributions

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

GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Data Summary 
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Attraction, Development & Retention: Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent Attraction, Development & Retention: Performance Reviews
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Data Summary ;  2025 Proxy Statement: Director Nominees 
	405-2 Ratio of basic salary and remuneration of women to men	American Water does not disclose this information due to confidentiality constraints.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	American Water does not disclose this information due to confidentiality constraints. All Ethics Helpline complaints are investigated and addressed according to American Water policies.
Water Access & Affordability		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Access & Affordability
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Access & Affordability: Our Approach
Water Quality & Emerging Contaminants		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Quality & Emerging Contaminants
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Quality & Emerging Contaminants: Our Approach
GRI 303: Water and Effluents 2018	303-1 Management of water discharge-related impacts	Water Quality & Emerging Contaminants: Our Approach
Infrastructure & Operational Resiliency: Climate Variability		
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate Variability
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Climate Variability: Our Approach
GRI 201: Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	2025 CDP Corporate Questionnaire (see responses to 3.1.1 and 3.6.1) ;  Climate Variability: Our Approach

Infrastructure & Operational Resiliency: Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Emissions
GRI 102: Climate Change 2025	102-4 GHG emissions reduction targets and progress	Sustainability Data Summary ; Emissions: Our Performance
	102-5 Scope 1 GHG emissions	Sustainability Data Summary ; Emissions: Our Performance
GRI 102: Climate Change 2025	102-6 Scope 2 GHG emissions	Sustainability Data Summary ; Emissions: Our Performance
	102-7 Scope 3 GHG emissions	Sustainability Data Summary
	102-8 GHG emissions intensity	Sustainability Data Summary
GRI 103: Energy 2025	103-2 Energy consumption and self-generation within the organization	Sustainability Data Summary ; 2025 CDP Corporate Questionnaire (see response to 7.30.1)
	103-4 Energy intensity	Sustainability Data Summary
Infrastructure & Operational Resiliency: Source Water Protection		
GRI 3: Material Topics 2021	3-3 Management of material topics	Source Water Protection
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Source Water Protection: Our Approach
Infrastructure & Operational Resiliency: Water Loss Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Water Loss Management
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Loss Management: Our Approach
	303-3 Water withdrawal	Sustainability Data Summary

Infrastructure & Operational Resiliency: Biodiversity

GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Biodiversity: Our Approach
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	Biodiversity: Policies
	101-2 Management of biodiversity impacts	Biodiversity: 2025 CDP Corporate Questionnaire (11.2.1) 
	101-4 Identification of biodiversity impacts	2025 CDP Corporate Questionnaire (see questions 2.3 and 11.4.1) 
	101-5 Locations with biodiversity impacts	2025 CDP Corporate Questionnaire (see questions 2.3 and 11.4.1) 

SASB Index

SASB Code	Metric	Location or Direct Response
Energy Management		
IF-WU-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Sustainability Data Summary 
Distribution Network Efficiency		
IF-WU-140a.1	Water main replacement rate	Sustainability Data Summary 
IF-WU-140a.2	Volume of non-revenue real water losses	Sustainability Data Summary 
Effluent Quality Management		
IF-WU-140b.1	Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	Sustainability Data Summary 
IF-WU-140b.2	Discussion of strategies to manage effluents of emerging concern	Water Quality & Emerging Contaminants: Our Approach
Water Affordability & Access		
IF-WU-240a.1	Average retail water rate for (1) residential, (2) commercial, and (3) industrial customer	Sustainability Data Summary 
IF-WU-240a.4	Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	Water Access & Affordability
Drinking Water Quality		
IF-WU-250a.1	Number of incidents of non-compliance associated with drinking water quality standards and regulations	Sustainability Data Summary 
IF-WU-250a.2	Discussion of strategies to manage drinking water contaminants of emerging concern	Water Quality & Emerging Contaminants: Our Approach
End-Use Efficiency		
IF-WU-420a.1	Percentage of water utility revenue from rate structures designed to promote conservation and revenue resilience	Sustainability Data Summary 
Water Supply Resilience		
IF-WU-440a.1	Total water sourced from regions with High or Extremely High Baseline Water Stress, percentage purchased from a third party	Sustainability Data Summary 
IF-WU-440a.2	Volume of recycled water delivered to customers	Sustainability Data Summary 

SASB Code	Metric	Location or Direct Response
IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	Water Quality & Emerging Contaminants: Our Approach ; Water Supply Resilience: Our Approach
Network Resiliency & Impacts of Climate Change		
IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	Infrastructure & Operational Resiliency: Our Approach ; Climate Variability: Why It Matters & Our Approach
Activity Metrics		
IF-WU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided	Sustainability Data Summary 
IF-WU-000.B	Total water sourced in Cubic meters and percentage by source type	Sustainability Data Summary 
IF-WU-000.C	Total water delivered in Cubic meters to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers	Sustainability Data Summary 
IF-WU-000.E	Length in Kilometers of (1) water mains and (2) sewer pipe	Sustainability Data Summary 

TCFD Index

Recommended Disclosure

Governance

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

[Climate Variability: Governance](#); [Water Supply Resilience: Governance](#); [Water Loss Management: Governance](#);
[2025 CDP Corporate Questionnaire \(4.1.2\)](#) 

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

[Climate Variability: Governance](#); [Water Supply Resilience: Governance](#); [Water Loss Management: Governance](#);
[2025 CDP Corporate Questionnaire \(4.3.1\)](#) 

Strategy

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

[Climate Variability: Why it Matters & Our Approach](#); [Water Supply Resilience: Why it Matters & Our Approach](#); [Water Loss Management: Why it Matters & Our Approach](#); [Biodiversity: Why it Matters & Our Approach](#);
[2025 CDP Corporate Questionnaire \(2.1\)](#);  [2025 CDP Corporate Questionnaire \(3.1.1\)](#);  [2025 CDP Corporate Questionnaire \(3.6.1\)](#) 

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

[Climate Variability: Why it Matters & Our Approach](#); [Water Supply Resilience: Why it Matters & Our Approach](#); [Water Loss Management: Why it Matters & Our Approach](#); [Biodiversity: Why it Matters & Our Approach](#);
[2025 CDP Corporate Questionnaire \(3.1.1\)](#);  [2025 CDP Corporate Questionnaire \(3.6.1\)](#);  [2025 CDP Corporate Questionnaire \(5.1 and 5.1.2\)](#);  [2025 CDP Corporate Questionnaire \(5.2\)](#);  [2025 CDP Corporate Questionnaire \(5.3.1 and 5.3.2\)](#);  [2025 CDP Corporate Questionnaire \(5.14 and 5.14.1\)](#) 

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

[Critical Asset Management: Assessing Infrastructure Risks](#);
[2025 CDP Corporate Questionnaire \(5.1, 5.1.1 and 5.1.2\)](#) 

Risk Management

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

[Climate Variability: Why it Matters & Our Approach](#); [Water Supply Resilience: Why it Matters & Our Approach](#); [Water Loss Management: Why it Matters & Our Approach](#); [Biodiversity: Why it Matters & Our Approach](#);
[2025 CDP Corporate Questionnaire \(2.1\)](#);  [2025 CDP Corporate Questionnaire \(2.2.1, 2.2.2, 2.2.5, 2.2.6, 2.2.8 and 2.2.9\)](#) 

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

[Climate Variability: Why it Matters & Our Approach](#); [Water Supply Resilience: Why it Matters & Our Approach](#); [Water Loss Management: Why it Matters & Our Approach](#); [Biodiversity: Why it Matters & Our Approach](#);
[2025 CDP Corporate Questionnaire \(2.1\)](#);  [2025 CDP Corporate Questionnaire \(2.2.1, 2.2.8, and 2.2.9\)](#) 

Recommended Disclosure

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

[Climate Variability: Why it Matters & Our Approach](#); [Water Supply Resilience: Why it Matters & Our Approach](#); [Water Loss Management: Why it Matters & Our Approach](#); [Biodiversity: Why it Matters & Our Approach](#);

[2025 CDP Corporate Questionnaire \(2.1\)](#); [2025 CDP Corporate Questionnaire \(2.2.1\)](#) [↗](#)

Metrics and Targets

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

[About American Water: Our Environmental Goals](#); [Emissions: Our Performance](#);

[2025 Sustainability Data Summary: Emissions](#); [2025 Sustainability Data Summary: Energy](#) [↗](#)

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

[Emissions: Our Performance](#);

[Sustainability Data Summary: Emissions](#) [↗](#)

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

[About American Water: Our Environmental Goals](#); [Emissions: Our Performance](#)



AMERICAN WATER

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