

American Water Response to Shareholder Proposal Withdrawal

Following the withdrawal of a shareholder proposal submitted by Trillium Asset Management, LLC, with respect to the 2024 annual meeting of shareholders of American Water Works Company, Inc. (“American Water” or the “Company”) American Water engaged an independent third party firm with expertise in environmental justice to assess the Company’s efforts to account for environmental justice. As part of this engagement, the third party firm reviewed documents and data related to the Company’s policies and procedures; interviewed 25 internal subject matter experts; used GIS and demographic tools; and conducted listening sessions with community members and non-governmental organizations. The resulting assessment relies on that work to present an objective, thorough evaluation of American Water’s current policies and processes as it relates to environmental justice in its business operations and community engagement, as well as actionable recommendations for American Water to consider.

At a high-level, this assessment is an objective review of the Company’s efforts to account for environmental justice in its operations and decision making and identify, analyze, and mitigate any associated risks. Environmental justice generally refers to the just treatment and meaningful involvement of all people, regardless of income, race, color, national origin, Tribal affiliation, or disability in decision making that affects human health and the environment in order to protect against disproportionate and adverse human health and environmental effects. The assessment views the concept of environmental justice through a practical lens and examined the Company’s existing operations and policies with the goal of identifying possible improvements in the Company’s operations including in overburdened or disadvantaged communities.

In general, the assessment found that American Water has a strong, service-oriented culture that seeks to provide high-quality water service and operations in every community it serves, in alignment with the U.S. regulated utility framework. The Company’s overarching goal is to deliver safe, clean, reliable and affordable water and wastewater services to all customers. The assessment found that the Company has a well-developed internal infrastructure that includes expert teams focused on a range of topics, including environmental compliance, capital planning, community engagement, and government affairs, among others.

The assessment further found that many of American Water’s existing operations and priorities indirectly support environmental justice. For example, the Company’s growth strategy includes expanding access to safe, clean, reliable and affordable service including through acquisition of failing or distressed water and/or wastewater systems in need of infrastructure and operational improvements. Further, the Company has specific programs focused on affordability for customers and is making significant, long-term capital investments in key areas such as removing all lead service lines, which is important to protecting public health including in disadvantaged communities. The assessment also included analysis using GIS-based tools and relevant datasets to better understand the

company's operational context and assist in developing recommendations. As the company seeks to provide the same, high quality service to all customers, American Water has opportunities to more fully account for environmental justice in its operations and strategic planning.

The assessment's high-level recommendations include the following:

- American Water should consider incorporating available data regarding the communities in which it serves as part of its regular analysis of environmental compliance and capital planning in order to identify any potential blind spots and advance balanced outcomes.
- American Water should seek to expand its internal expertise regarding environmental justice and community engagement and consider offering expanded trainings on these topics.
- American Water should examine its community engagement activities, and where possible, invest additional resources into proactive, two-way community engagement.
- American Water should continue to build relationships with outside stakeholders focused on environmental protection and environmental justice.

While the report highlights areas of potential opportunity and provides detailed recommendations that touch on a wide range of the Company's operations, the assessment does not frame every recommendation as essential, and some are more resource dependent than others. The assessment states that American Water should consider and prioritize the assessment's recommendations in alignment with its goals and resources.