



AMERICAN WATER

Code of Ethics

SUSTAINING A CULTURE OF INTEGRITY AND TRUST



THE IMPORTANCE OF DOING THE RIGHT THING

At American Water, how we execute our strategies is just as important as achieving our goals themselves. Our customers, regulators, and shareholders trust us to provide clean, safe, and reliable water and wastewater services. It is essential that we do so with the highest integrity, using our Code of Ethics as a guide.

Our Code is supported by our values of safety, trust, teamwork, high performance, and environmental leadership. Together, our values and our Code emphasize the importance of doing the right thing and treating each other with dignity and respect. Our Code explains the company's expectations for your behavior, provides guidance for making good decisions and serves as a foundation for our company policies and practices.

We hold ourselves to the highest ethical standards and expect the same from our colleagues and anyone with whom we do business. If you have a question or concern or believe you have observed misconduct, please speak up. You can talk to your manager, your Human Resources business partner, the Legal Department, the Compliance & Ethics Department, or the Ethics Helpline at 1-877-207-4888. We will not tolerate retaliation against any employee who, in good faith, reports a potential Code of Ethics violation.

It is our pleasure to share American Water's Code of Ethics with you. Read our Code and use it to guide the decisions you make every day. It is critical to your success and the continued success of American Water. Thank you for your commitment to our customers, communities, and each other.

M. Susan Hardwick, President & CEO
Karl Kurz, Chairman of the Board



M. Susan Hardwick



Karl Kurz

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OUR VALUES

Our core values help explain who we are as a company and what we represent to our stakeholders. They are the principles that guide the decisions of everyone at American Water every day, and they form the cornerstones of our business culture.



SAFETY

Safety underpins everything we do. Every day, our employees should return home in the same, or better, condition as they were when they came to work. Our commitment to safety extends to our customers and the communities we serve. Our target is—and must be—zero incidents and injuries.

TRUST

Our customers and all our stakeholders trust in our ability to operate in accordance with federal, state and local regulations. We don't take that trust for granted, and will continue working to bring together all stakeholders to ensure we have safe, reliable and affordable water and wastewater services. We have a long and rich history of serving customers and providing trusted solutions for the communities we serve, and we will continue to do so.

ENVIRONMENTAL LEADERSHIP

We are responsible for delivering water and wastewater services that meet state and federal standards, but that doesn't happen without environmental leadership. At American Water, we all play a role, from the water quality at our plants to conserving energy and to being an environmental policy leader.

TEAMWORK

We continue to build an environment where every employee feels included and knows how he or she contributes to the company's strategies and goals. We promote and support an inclusive and diverse culture, and work together to meet common goals. We hold each other accountable and challenge each other to reach the best decisions, to help meet our commitments to the communities we serve.

HIGH PERFORMANCE

Consistent high performance is the key to being the best water and wastewater utility in the country. When it comes to complying with strict federal regulations for delivering clean, quality drinking water, we consistently score among the highest of all water providers. We are also recognized as a leader in providing communities with reliable wastewater service. Our licensed professionals and management staff bring a broad range of experience in the effective operation of wastewater systems, knowledge of various treatment technologies and meeting wastewater regulatory compliance. High performance means aiming higher than just "compliance" to real leaders.



DOING BUSINESS THE RIGHT WAY

At American Water, how we execute on our strategies is just as important as achieving our goals themselves. We are deeply committed to an open, transparent and high integrity workplace. Our ethical culture is centered on doing the right thing and empowering all employees to speak up when they see behavior that doesn't fit with our culture of integrity and our company values.

Our Code of Ethics is the basis of American Water's culture of integrity. It establishes the company's expectations for how you behave when interacting with other employees and external parties like our customers, temporary employees, vendors and regulators.

Our Code of Ethics also serves as your guide to ethical decision making at American Water. Our reputation for acting ethically and responsibly is built each day, one decision at a time. Our Code, together with our company policies and practices will help guide you to make ethical decisions in the workplace. You are responsible for knowing and complying with the policies, practices and laws that apply to the work you do and the decisions you make. You can find more information about our company policies and practices on American Water's intranet.

Even though we generally know the difference between right and wrong, sometimes making the right choice can be difficult. Each of us is expected to use sound judgment when making decisions on behalf of American Water. Before making decisions and taking a course of action, consider whether it is consistent with the law, regulatory requirements, our Code of Ethics and company policies.

HOW TO MAKE THE RIGHT DECISION

If you are faced with a difficult decision, ask yourself these questions:



If you answered "no" or "maybe" to any of these questions, stop and seek additional advice.



EVERYONE'S RESPONSIBILITY

Every employee is responsible for complying with our Code of Ethics and helping to maintain a culture of integrity. Our Code applies wherever and whenever we conduct company business. As a result, our Code also applies to some of our behavior when we are not at work.

All employees, temporary employees, directors and board of directors must read and understand our Code. Compliance with our Code of Ethics is a condition of employment at American Water. You are responsible for reporting actual or suspected violations of our Code, company policies or law. By asking questions and reporting concerns, you are doing the right thing and helping American Water stop or prevent misconduct.

Each year, all employees and directors must complete training on our Code. Directors and designated employees will be asked to certify that they have read and complied with our Code and that they do not have personal knowledge of violations by others.

Failure to abide by our Code may lead to disciplinary action, up to and including termination of employment.

IMPORTANT GUIDELINES FOR MANAGERS

- ➔ Model and encourage ethical decision making.
- ➔ Demonstrate and encourage others to raise questions when they think a decision may not be consistent with our values and the Code.
- ➔ Create an open work environment where employees feel comfortable expressing ideas and raising concerns.
- ➔ Ensure employees understand our code of ethics and all company policies and practices.
- ➔ Take concerns seriously, treat the employee respectfully and take the time to listen and understand if the issue should be escalated. If so, escalate the matter as soon as possible to the Compliance and Ethics Department.
- ➔ Fully support any Code of Ethics investigations in your group and encourage cooperation from members of your team.
- ➔ Do not tolerate any type of conduct that is disrespectful, derogatory or in retaliation against employees who report concerns or participate in an investigation.
- ➔ Recognize and reward ethical behavior.

MANAGER'S RESPONSIBILITY:



If you manage other employees, American Water expects you to lead by example. By demonstrating and discussing ethical behavior, you will help ensure all employees live our values, comply with our Code and speak up without fear of retaliation.



WHERE TO SEEK GUIDANCE AND RAISE CONCERNS

Our Code can't address every circumstance you may face in your daily work. If you have questions about whether behavior or a situation you face is consistent with our Code, ask – before any action is taken.

You can raise concerns by contacting:



USING THE ETHICS HELPLINE

You may contact the Ethics Helpline 24 hours a day, 7 days a week by phone or web. It is independent, secure and confidential. If you raise a concern through the Ethics Helpline, please do so promptly and honestly. Provide as many details as possible to help us address your concern or question.

When you make a report, we encourage you to identify yourself, but you will remain anonymous unless you provide your identity when making a report. If you choose to remain anonymous, please keep your report number in a safe place so you can follow up on your concern or question.

24 HOUR CONFIDENTIAL
Ethics Helpline:
(877-207-4888)
www.amwater.ethicspoint.com



If you have a concern that does not involve a violation of law, the Code or Company policies or practices please address it first with your local Human Resources business partner.

Below are examples of employee concerns that should be addressed with Human Resources:

- ➔ Employee relations issues or interpersonal conflict
- ➔ Complaints about personal hygiene or attire being worn to work
- ➔ Minor violations of the Respect and Dignity in the Workplace policy, such as the use of common swear words (this does not include use of racial slurs or other derogatory phrases)
- ➔ Minor errors on timesheets (unless the employee describes a long-term or systemic issue)
- ➔ Conflicts around work assignments or work effort of others
- ➔ Violations of employee personal space or privacy

INVESTIGATIONS

The Compliance and Ethics Department will review all concerns raised through the Ethics Helpline.

When we become aware of a potential violation of our Code, we will investigate and management will take corrective action as necessary. As an employee, you are expected to fully cooperate in investigations and keep them confidential. Provide honest and complete information – doing so helps us gather the facts to help protect you, your team and American Water. If you don't cooperate or you provide false or misleading information, you may be subject to disciplinary action up to and including termination.

American Water will make sure that those who report concerns or participate in an investigation are treated fairly.

AMERICAN WATER'S POLICY AGAINST RETALIATION

American Water values an environment where employees feel empowered to raise questions and concerns without fear of retaliation. As a result, we do not tolerate retaliation against employees who make good faith reports of suspected wrongdoing or who participate in the investigation of a concern. Good faith does not mean you are right about your concern, but it does mean you honestly believe it to be true. Knowingly making a false accusation is a violation of our Code.

We take claims of retaliation seriously. If you believe you are a victim of retaliation or suspect that someone else is a victim, immediately report it to the Compliance and Ethics Department or the Ethics Helpline. Anyone who engages in retaliation will face disciplinary action up to and including termination of employment.

OVERSIGHT AND WAIVERS

Our company's Board of Directors is responsible for approving our Code and any changes to it.

Any waivers of the Code must be approved by the Board of Directors or the Board's designees. A waiver of any provision of our Code may be granted in exceptional circumstances, but only for substantial cause. If required by applicable law, waivers will be promptly disclosed.

WHAT IS RETALIATION?

Retaliation is action taken against someone for raising a complaint, and it takes many forms. It can be a demotion, exclusion from team meeting or important projects, or even termination without a legitimate business reason.





As an American Water Employee, I WILL NOT:



- ➔ Engage in verbal or nonverbal threats, insults, abuse or ridicule (racial, sexual or otherwise) or any other form of bullying or disrespect.
- ➔ Possess, display or distribute offensive materials in any form such as cartoons, pictures or social media.
- ➔ Make offensive remarks or slurs, including inappropriate jokes.
- ➔ Make or attempt to make intimate, unwelcome or offensive physical contact including blocking normal movements.
- ➔ Request or demand romantic or sexual favors, explicitly or implicitly, as a condition of employment, promotion, transfer or any other personnel decision.

MAINTAINING TRUST WITH EACH OTHER AND THE COMPANY

RESPECT AND DIGNITY IN OUR WORKPLACE

At American Water, we encourage and celebrate differences in our employees. By valuing diversity and treating one another with respect, we attract, develop and retain a workforce as diverse as the customers and communities we serve. Different thoughts, abilities, experiences and individual characteristics make our work environment richer and lead to better business decisions.

You play an important role in creating an inclusive environment where all employees feel valued and respected for their contributions. You promote diversity and inclusion when you:

- ➔ Respect others' talents, abilities, ideas and experiences.
- ➔ Value the input of others.
- ➔ Create diverse teams.
- ➔ Foster an atmosphere of trust, openness and high integrity.

PREVENTING DISCRIMINATION, HARASSMENT AND BULLYING

Each of us helps to create a respectful workplace where we can do our best work. We do not tolerate discrimination based on personal characteristics such as age, gender, race, ethnic background, sexual orientation, gender identity, national origin, religious beliefs, or any other characteristic protected by law.

We do not tolerate harassment. Harassment is unwelcome and offensive conduct that may interfere with a person's ability to perform his or her work. Harassment can be verbal, physical or visual. It may look like intimidation, racial slurs, sharing offensive material or making offensive or sexual jokes, comments or requests. Remember, your intentions do not matter. Harassment, sexual or otherwise, is determined by your actions.

We do not tolerate bullying. Bullying can include repeated instances of verbal abuse; threatening, humiliating or intimidating behaviors; exclusionary behaviors; deliberate work interference/sabotage or physical threats or assaults.

If you see, experience or suspect harassment, discrimination or bullying, speak up – either directly to the person or report it to your manager, Human Resources, the Compliance and Ethics Department, a member of the Legal Department or the Ethics Helpline.

Q & A

Q: My manager sometimes speaks to me in a way that I feel is condescending and belittling. He embarrasses me in front of my co-workers. What should I do?

A: We are committed to dignity and respect in the workplace. If someone treats you in a way that belittles you, report the behavior.



HEALTH AND SAFETY

Safety is in everything we do. Each day, our employees should return home in the same condition they were in when they arrived at work.

We expect every employee to work safely and look out for others. Every employee should:

- ➔ Stay informed and follow safety training and practices that impact your role.
- ➔ Look out for your team members.
- ➔ Follow the Life Saving Rules.
- ➔ Use your Stop Work Authority to question and correct any unsafe actions or conditions.
- ➔ Immediately report any safety incidents to your supervisor.
- ➔ Report near misses.
- ➔ Never compromise safety for speed, convenience or profit.
- ➔ Comply with all laws, regulations and company policies and practices relating to health and safety in the workplace.

If you see a safety issue, you should report it by filing a Near Miss and telling your manager, Human Resources, the Compliance and Ethics Department, a member of the Legal Department or the Ethics Helpline.



FOR MANAGERS, SUPERVISORS AND HEALTH AND SAFETY PROFESSIONALS



- ➔ Hold ourselves and our employees accountable to our Life Saving Rules and Safety Practices.
- ➔ Set expectations for employees for implementing all safety requirements.
- ➔ Monitor employee safety practices and ensure employees have the necessary training, tools and personal protective equipment.
- ➔ Ensure that individuals receive timely and appropriate medical care.
- ➔ Never discourage an individual from obtaining medical care.
- ➔ Do not interfere with medical care being provided to an individual.
- ➔ Exercise appropriate due diligence in the documentation of workplace safety incidents.
- ➔ Ensure that the recording of a safety issue is timely, complete and accurate, and that the classification is defensible.
- ➔ Act with integrity in every manner related to the management of any work-related injury or illness.

VIOLENCE-FREE WORKPLACE

American Water has zero tolerance for workplace violence. We do not tolerate actions that could cause another individual to feel threatened or unsafe. Employees must practice safe and respectful behavior on company property and any time they are conducting company business, regardless of the location. Examples of prohibited behavior include physical assaults, fighting, intimidation, bullying, verbal assaults, threats of violence and threats or expressions of hostility or intimidation.

If you witness an employee engaging in violent behavior, or if you suspect that an employee has possession of firearms, weapons or any other hazardous devices on company property or while on company business, you should immediately report it to local management and the American Water Security Hotline at 866-801-1123.

USE OF DRUGS AND ALCOHOL

If you work under the influence of drugs or alcohol, you pose an unacceptable safety risk to yourself, your co-workers, our customers and others. Drugs may include illegal drugs, controlled substances or misused prescription medication. We expect you to perform your job free from the influence of any substance that could impair your ability to work safely, your ability to use good judgment or your overall job performance.

Therefore, we prohibit:

- ➔ Working while under the influence of alcohol, illegal drugs or controlled substances on or off American Water premises.
- ➔ Possessing, selling, using, transferring or distributing illegal drugs or controlled substances while working or on company property.
- ➔ Working while impaired by a lawful prescription medication or over-the-counter drug.

If you have a drug or alcohol problem, we encourage you to seek help. Contact your Human Resources business partner to learn about our employee assistance programs.

Q & A

Q: A co-worker posted an offensive, sexual comment about me on his personal social media page. Is my co-worker allowed to do that?

A: No. Employee use of online media must comply with Company policies, including Company harassment policies.

Q: A co-worker re-posts articles and memes that are racially offensive. Should I talk to someone about this?

A: Yes. Speak to your manager, Human Resources or the Compliance and Ethics department. Employees should use good judgment and be polite and respectful when posting original content online or re-posting someone else's content. Remember, social media activity has to follow Company values, our Code and Company policies. When in doubt, do not re-post.



USE OF SOCIAL MEDIA

American Water understands that social media can be a convenient, interactive way to share events and opinions with family, friends and co-workers. When using social media, have fun and be responsible. We expect you to adhere to the Company values, our Code and company policies in the online social media community.

When creating, sharing, posting and liking, employees should use good judgment and be polite and respectful. Since the internet is a public place, remember that your conduct may impact the way others view American Water and the values we promote as a Company.

If the subject of our Company comes up while you are on social media, make it clear in your postings that your views are your own. You may not speak on behalf of the Company. Never disclose confidential information about the Company, our customers, suppliers, competitors or other business partners. Never post, like or forward anything that might be viewed as a threat, intimidation, discrimination, harassment or bullying.



CONFLICTS OF INTEREST

We expect all employees to make business decisions based on the best interests of American Water, not for personal gain or benefit. Therefore, your personal relationships or interests cannot influence your actions on behalf of the company.

The way we conduct ourselves in our business dealings impacts our reputation and the trust we maintain with stakeholders. By discouraging and avoiding conflicts of interest, we send a clear message about our Company's integrity and our determination to do what's right.

Before you act on the Company's behalf, you need to be able to recognize and avoid potential conflicts of interests. Even the appearance of a conflict can damage our Company and our reputation.

Conflicts take many different forms and may arise when you, a family member or friend:

- ➔ Engage in activities that compete with, or appear to compete with, American Water's interests.
- ➔ Let business decisions be influenced, or appear to be influenced, by personal or family interest or friendships.
- ➔ Use company property, information or resources for personal benefit or the benefit of others.
- ➔ Personally take advantage of an opportunity discovered while on the job or through your use of corporate property or information, or your position.
- ➔ Compete with American Water directly or indirectly; or acquire a direct or indirect financial interest in property that the company is acquiring or is likely to acquire.
- ➔ Conduct American Water business with a company in which you or a person with whom you have a "significant relationship" has a direct or indirect material interest. If such an opportunity presents itself, you must disclose the relationship to a member of the Compliance and Ethics Department or a member of the Legal Department.
- ➔ Hire, supervise or have a direct or indirect line of reporting to a family member or someone with whom you have a romantic relationship.
- ➔ Use company information or your position inappropriately for personal gain.
- ➔ Have outside employment that conflicts or appears to conflict with your duty to American Water.

If you think that you may have a potential or actual conflict of interest, you must disclose the conflict immediately to the Compliance and Ethics Department.

Q & A

Q: What is a "significant relationship"?

A: A "significant relationship" includes any family member (e.g., spouse, domestic partner, child, sibling, grandchild, stepchild, parent, grandparent, stepparent, niece, nephew, aunt, uncle or in-law), life partner, any person sharing your household, or a friend.

DO I HAVE A CONFLICT?

To determine if you have a conflict of interest that should be disclosed, ask yourself these questions:

Do my outside interests influence, or appear to influence, my ability to make sound business decisions?

Do I stand to benefit from my involvement in this situation?

Does a friend or relative of mine stand to benefit?

Could my participation in this activity interfere with my ability to do my job?

Is the situation causing me to put my own interests ahead of American Water's interests?

If the situation became public knowledge, would I be embarrassed? Would American Water's reputation be damaged?

If you answered "yes" to any of the above questions, discuss the situation with your manager and the Compliance and Ethics Department.

Q&A

IS THIS A CONFLICT?

Q: A vendor said he would do some work for free at my house. Is this okay?

A: No. This is a conflict of interest because the vendor could be doing you a favor to try to gain an advantage or get something in return. You can use the vendor's services, but you must pay the same price offered to the public.

Q: My brother-in-law would be a perfect fit for the new Chief Water Operator job opening. The hiring manager agrees that he would be a great addition to the team. Can the hiring manager hire him without an interview?

A: No. You can refer him for the position, but he must go through the normal application process. In addition, you must disclose the relationship to your supervisor and excuse yourself from the decision-making process. You should not try to influence the outcome of the decision in any way.

SERVING ON EXTERNAL BOARDS OR POLITICAL OFFICE AND HIRING CURRENT OR FORMER GOVERNMENT OFFICIALS

Conflicts may arise when you serve in political office or on an external board. Before running for political office or accepting membership on an external board, discuss the opportunity with your local management and the Compliance and Ethics Department to ensure no conflict exists.

American Water employees may not serve as a director of an outside entity if its activities conflict with the interests of American Water; American Water supports its employees' efforts to participate in leadership positions within its labor organizations. In addition, employees of American Water may not serve as directors of any outside for-profit business organization unless that service is specifically approved by American Water's chief executive officer.

Similarly, before hiring a current or previous government official, you must raise the issue to your local management and the Compliance and Ethics Department to ensure no conflict exists.

EXAMPLES OF GOVERNMENT OFFICIALS:

- Mayors
- Federal Contracting Officers
- Legislative Officials
- Administrative Law Judges
- Municipal Business Administrators
- PUC Regulatory Managers
- PUC Commissioners
- PUC Staff Attorneys
- Environmental Regulators
- PUC Chief Program Officers





EXAMPLES OF CONFIDENTIAL BUSINESS INFORMATION:

- Business plans
- Strategies
- Intellectual property
- Pending personnel announcements
- Unpublished financial or pricing information
- Research and development opportunities
- Acquisition plans or specific confidential business development projects
- New product plans
- Personnel records
- Customer and supplier lists



HANDLING SENSITIVE INFORMATION AND INTELLECTUAL PROPERTY

Our intellectual property and confidential information are some of our most valuable assets. We must secure and protect this information for American Water and respect the intellectual property shared with us by third parties. During your employment, you may obtain certain information about American Water, its subsidiaries, its customers, suppliers or business partners that is confidential, competitively sensitive and/or proprietary. You should not disclose confidential information to anyone outside American Water, even members of your own family. Remember, even day-to-day business information can be confidential, including your unique log-on credentials for American Water information systems. Employees should avoid talking about company business in public places, such as airports and restaurants. You must properly store and dispose of confidential documents.

If you have a legitimate business need to share confidential information with a third party, the recipient must sign a confidentiality agreement before you disclose any information. If you have questions about confidential information, please consult the Legal Department. If you learn that confidential information has been inadvertently or purposefully released, promptly notify the Legal Department and the Compliance and Ethics Department.

WHAT IS INTELLECTUAL PROPERTY?

Our intellectual property includes our logo, copyrights, patents, trademarks, trade secrets and inventions. It also includes any work you create in connection with your employment and/or while using company time, resources or information.



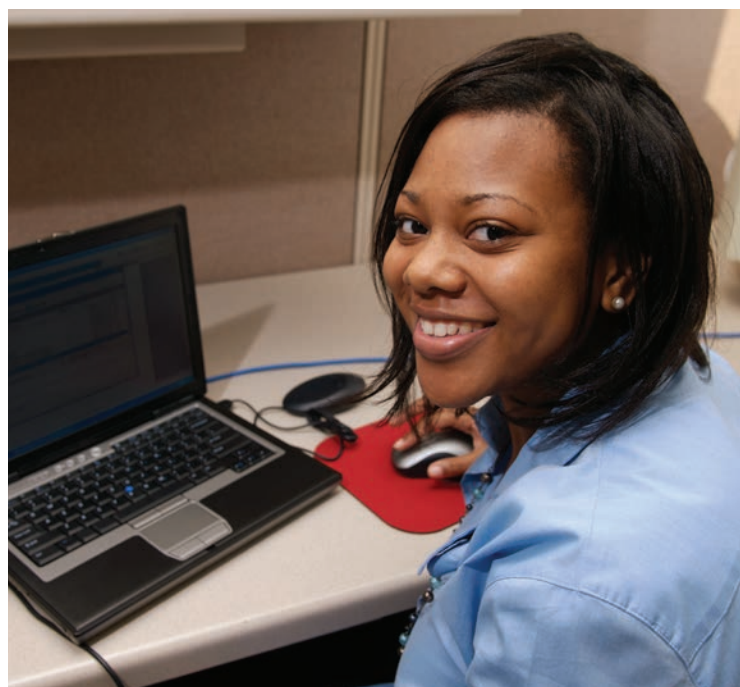
USE OF COMPANY ASSETS

We rely on Company assets to support our work every day. American Water entrusts us with use of computers, mobile devices, information technology hardware and software, vehicles, facilities, inventory, intellectual property, supplies, obsolete or scrap materials and other assets. You should use this property for appropriate business reasons and protect it from damage, loss, misuse and theft.

When working with Company information or technology tools (such as laptops, email, databases, etc.), employees should set up complex passwords that cannot be easily guessed and should never share passwords. Company information should not be stored with unapproved internet or cloud services as that information may not be protected and may be accessed by unauthorized people.

We count on every employee to use electronic assets appropriately (including computers, hardware, software, mobile devices and other media). You can do your part by following our policies and using good judgment. Personal use of some electronic assets, within reason, is permitted, but your use should be appropriate, infrequent, lawful and never interfere with the duties of your job.

Any information that you create, share or download onto Company systems must be lawfully obtained and comply with our policies. This information belongs to the Company, and we reserve the right to access, inspect and monitor system use at any time.





MAINTAINING ACCURATE FINANCIAL AND BUSINESS RECORDS

Each of us – at every level of our Company – must make sure that the information we contribute to business and financial records is accurate and complete – no matter what type of document or how insignificant it may seem. Accurate recordkeeping and reporting help us meet our legal and regulatory requirements. Inaccurate financial reporting could undermine shareholder confidence, impact our reputation and subject the Company to fines and penalties.

If your job requires that you disclose information to the government or regulatory authorities, make sure the information you provide is honest, complete, accurate, timely and understandable.

Be sure to follow all company policies and practices, applicable accounting principles and applicable laws so that our records accurately reflect all transactions. If you notice an inaccuracy in a company record, or a failure to follow our internal control processes, you must promptly report it.

As an employee, you are expected to provide information and verify the accuracy of American Water's business and financial records when requested by internal or external auditors. You should never:

- ➔ Falsify, omit, misstate, alter or conceal any information or otherwise misrepresent the facts on a company record.
- ➔ Encourage or allow anyone else to compromise the accuracy and integrity of our records.

INSIDER TRADING

As an employee, you may become aware of important information about American Water that has not been released to the public. Except to the extent appropriate and as needed to perform your job duties or responsibilities, you are required to keep non-public information confidential until it is publicly disclosed in accordance with American Water policy, legal and regulatory requirements.

WHAT IS A BUSINESS RECORD?



The following are examples of business records:

- Financial statements
- Time sheets
- Expense reports
- Budget forecasts
- Regulatory filings
- Contracts and agreements
- Operating permits

Unlawful insider trading occurs when a person is aware of material, non-public information about a company and trades any security of that company or discloses the information to another person who then trades in that company's securities. The unlawful use of material, non-public information by an employee could have severe negative consequences for the employee and the company.

An employee that has material, non-public information is not allowed to:

- ➔ Buy or sell American Water stock.
- ➔ Disclose the non-public information to family, friends or any other person outside of the Company.
- ➔ Disclose non-public information within American Water except to persons who have a need to know that information.

You may also become aware of material, non-public information about one of our customers, suppliers or business partners. Employees should not buy or sell securities of any other company using material non-public information they have learned while performing their duties for American Water.



COOPERATING WITH LEGAL PROCEEDINGS AND INVESTIGATIONS

American Water is committed to full, prompt cooperation with any government investigation, legal proceeding or regulatory proceeding. During your employment, you may be asked to participate in one of these matters. We expect you to cooperate fully and communicate honestly in any investigation or proceeding. Immediately contact a member of the Legal Department if you receive a work-related subpoena, are threatened with a lawsuit or are made aware of a government investigation. If you are involved in a lawsuit or legal proceeding related to the company, avoid discussing it with anyone inside or outside the company without prior approval of the company's Legal Department.

- ➔ Always maintain company documents, records, e-mails or electronically stored data in accordance with company policies.
- ➔ Always communicate honestly with regulators and government investigators.

WHAT IS MATERIAL?



Information is “material” if a reasonable investor would consider it important when deciding to buy, hold or sell securities. Here are a few of examples of potentially material information:

- Quarterly and annual earnings and other financial information
- Proposed acquisitions, mergers or divestitures
- Expansion of an existing business into a new geographic area
- Proposed issuances of securities
- Cybersecurity incidents, risks, breaches and vulnerabilities
- Changes in key management or the Board of Directors
- Other major business developments that are not publicly known

Play it safe. If you are not sure if information is material or whether it is non-public, treat it as though it is and ask the Chief SEC Counsel for guidance.



MAINTAINING TRUST WITH OUR CUSTOMERS, COMMUNITIES AND BUSINESS PARTNERS

ENVIRONMENTAL LEADERSHIP

We take pride in delivering the essential services of water, sanitation and water for fire protection to millions of Americans across the country. Being responsible for water and wastewater services also means that we maintain the sustainability of these critical services.

The more we can do for the health of the environment, the more we can contribute to the health of the people and communities we serve. It begins with providing safe, clean water, but it extends into every facet of our operations.

As the nation's largest and most geographically diverse water supplier, American Water has a unique responsibility to not only help identify threats to our water supply, but also advance the industry in combatting those threats.

We comply with all applicable environmental laws, regulations and company policies and practices, but for us, it's not simply about "compliance" – it's about excellence and striving to provide the highest standards of customer care.



CUSTOMERS ARE AT THE CENTER OF WHAT WE DO

We are only as good as our customers think we are. If our customers have a choice as to who serves them, we want them to choose us. They expect us to act with integrity every day and provide them with safe, reliable and affordable services. By listening to our customers and responding promptly to customer requests, we aim to achieve the highest level of customer service and satisfaction.

We have a long history of serving customers and providing solutions for the communities we serve, and we are in this business for the long term. We treat our customers with respect, acting honestly and courteously. We respect customer property and the property of others impacted by our work.

RESPECTING THE PRIVACY OF OUR CUSTOMERS

When our customers do business with us, they entrust us with their personal information. We collect, use and process personal information only for legitimate business purposes and protect it from possible loss, misuse or disclosure.

Many employees work with personal information as a part of their jobs. We must comply with laws to prevent, detect and respond to the theft or unauthorized use of personal information and protect it from intentional or accidental disclosure. Protect personal information by following the Company's policies regarding appropriate access, transfer and use of this information.

ANTITRUST AND FAIR COMPETITION

American Water builds ethical business partnerships with its business partners. We compete fairly, ethically and professionally with our competitors and follow all applicable antitrust, public procurement and competition laws. When dealing with competitors, you should:

- ➔ Never comment on a competitor's products or services in an inaccurate or untruthful manner.
- ➔ Only use legitimate means of obtaining competitive information. It is not acceptable to obtain non-public, confidential competitor information through illegal means; by misrepresenting yourself; by requesting it from a competitor's past or current employees, consultants, suppliers or customers; or by any other means inconsistent with the intent of our Code.
- ➔ Respect the confidential information and intellectual property rights of our competitors and other third parties.
- ➔ Never allocate customers or territories.
- ➔ Refrain from participating in any form of price fixing or bid rigging.

American Water's business development practices should reflect the company's commitment to integrity and fair dealing. If you have a question or concern about compliance with antitrust or fair competition laws, contact the Compliance and Ethics Department or a member of the Legal Department.





RELATIONSHIPS WITH BUSINESS PARTNERS

When working with business partners such as suppliers and vendors, we must act fairly and impartially. To obtain the best result for our company, we negotiate professionally and fairly. We choose business partners that will deliver the best value for American Water, our employees and our customers.

We hold our business partners to the same standards of integrity to which we hold ourselves. An unethical or illegal act by one of our business partners may harm American Water's reputation and negatively impact the communities we serve.

ANTI-CORRUPTION AND ANTI-BRIBERY

American Water strictly prohibits bribes, kickbacks, illegal payments and any offer of items of value that may inappropriately influence business decisions, obtain illegal advantages over other parties, or reward another party for past illegal actions.

We strive to work with third parties who demonstrate high, ethical standards. We never offer or accept anything of value in order to get business, keep business or gain an unfair advantage.

Bribes come in many forms, and they are not always obvious. A gift, the promise of a job, the offer of a trip, a charitable contribution – all could be considered bribes, if offered in exchange for any decision or favorable treatment.

If you are offered a bribe or kickback from a third party, report it to your manager and the Compliance and Ethics Department immediately.

THINK IT THROUGH

Does the gift exceed a modest value of \$100?

Does the vendor regularly give gifts?

Would the gift potentially impact or influence business objectivity?

If you answered “yes” to any of the above questions, discuss the situation with your manager and the Compliance and Ethics Department.

ACCEPTING AND GIVING BUSINESS GIFTS

We do not give or accept gifts or entertainment that appear to be an attempt to improperly influence a business decision or benefit us individually. Before giving or receiving business gifts, meals or entertainment, ensure that they are reasonable, appropriate and consistent with the law and our Code. If you believe you have been offered something of value in order to influence purchasing decisions or to persuade you to do something illegal or against American Water policy, promptly report the incident to your manager and the Compliance and Ethics Department.

You should not give or receive a gift or entertainment from a supplier who is actively competing in a selection process. Before giving or accepting a gift or entertainment, please contact the Supply Chain Department to ensure that the vendor is not a participant in an open selection process.

What is Allowed?

Employees may accept modest gifts, entertainment, hospitality, travel or other items of value from business partners. You may not accept cash or cash equivalents – like a gift card. Although it is difficult to define “modest value,” exercise good judgment. Generally, a gift value of \$100 or less may be accepted. For amounts greater than that, you should consult the Compliance and Ethics Department. If you are offered compensation for a speaking engagement or for serving on a committee or board, you must obtain your supervisor’s approval before accepting it.

You may accept business hospitality, including meals and entertainment if the nature and frequency is reasonable, the occasion involves active company business, your host is present with you at the event and the business hospitality otherwise complies with our Code.

Remember, special restrictions exist for giving gifts and entertainment to government officials and employees. Even a simple gift or meal to a government official or employee can be illegal. Before offering a gift, meal, entertainment or other thing of value to a government official or employee, obtain prior approval from your local management team and the Compliance and Ethics Department.

CAN YOU SPOT A BRIBE?

Bribes come in many forms; they are not always obvious. Don't be confused by false generosity. A gift, promise of a job, offer of a trip, a charitable contribution – all could be considered a bribe if offered in exchange for a decision or favorable treatment.



Q & A

Q: A vendor offered me 2 tickets to a sporting event. The vendor does not plan to attend the game. Can I accept the tickets?

A: Since the vendor can't attend, the tickets are considered a gift and must comply with our Code.

Q: A supplier sent me a gift basket. Can I accept it?

A: Yes. You can accept small gifts of modest value; however, if the gift is such that a third party might think the gift could influence or interfere with your decision making, use common sense and talk to your manager.

Q: I have been invited to attend a conference that one of our vendors is hosting at a five-star resort. The vendor has offered to pay for my flight and accommodations. Can I accept this offer?

A: It depends. Before accepting such an offer, you must get prior approval from your local management team and the Compliance and Ethics Department.



MAINTAINING TRUST WITH GOVERNMENTS

COMPLIANCE WITH LAWS AND REGULATIONS

Many complex laws and regulations apply to American Water's business. Violations of these laws and regulations – whether intended or not – can damage our operations, financial stability and reputation. That is why you must understand and comply with the laws and regulations relevant to the work you do.

We are also committed to cooperating with the government and abiding by all laws that apply to our interactions with public officials. In addition, we must respond appropriately to any government inquiries or investigations.

We comply with all state utility commission orders and regulations in the jurisdictions in which we operate to ensure fair consideration in the interest of the public through cost-effective rates, appropriate affiliate relationships and future planning for safe, cost-effective and reliable service.

GOVERNMENT RELATIONS

We value our relationships with government officials and our interactions with them comply with applicable federal, state and local laws, regulations and rules. These rules are often complex and cover areas such as gifts, benefits, entertainment, food and beverage, travel and lodging, honoraria and loans. Violations of these laws, regulations and rules can have serious consequences, including criminal penalties for American Water and the individuals involved.

From time to time, we engage in lobbying activity. Lobbying can include many different activities, but always includes communications with government officials, legislators, regulators, executive branch officials or members of their staff. If your responsibilities involve political lobbying, you must know and follow applicable laws, regulations and rules governing these interactions.

At a minimum, do not:

- ➔ improperly influence or attempt to influence public officials by offering gifts, gratuities or other promises of reward or benefit.
- ➔ offer or accept bribes, kickbacks or payments in any form to directly or indirectly obtain preferential treatment.

PARTICIPATION IN THE POLITICAL PROCESS

American Water encourages its employees to participate in their communities, which may include political activities. Employees are free to contribute their time, money and support to political parties, candidates for elected office and civic organizations. You may not use company funds or resources (including company reimbursement) for personal political activities. You may not speak on behalf of the Company. Your personal involvement must be voluntary, on your own time, off company premises and at your own expense.

American Water may make contributions to political parties, candidates for an elected office and/or their campaigns or political action committees ("PAC") through American Water's Employee Federal PAC or PAC sponsored by or associated with an American Water subsidiary or line of business, in accordance with company policy.



BUSINESS WITH THE FEDERAL GOVERNMENT

American Water holds certain contracts with the federal government that require timely disclosure of credible evidence of a violation of federal law involving fraud, conflict of interest, bribery, gratuity violations, violations of the civil False Claim Act or a significant overpayment. The obligation to make these mandatory disclosures continues for a period up to three years after the final payment is made on the federal contract or subcontract. If you believe you have evidence of such violations, you should immediately report it to your manager, Human Resources, the Compliance and Ethics Department, a member of the Legal Department or the Ethics Helpline.





THANK YOU

Thank you for your commitment to American Water and our Code of Ethics. Our services are essential for drinking, bathing, agriculture, and fire protection. And we know that wastewater treatment plants help guard against disease. Our water and wastewater services help keep life flowing. Our reputation was built by generations of dedicated, hardworking employees like you who do the right thing every day.

Follow our Code, our policies and practices and the laws and regulations that apply to your work. When something does not feel right or puts our Company, our people or those we serve at risk, immediately report your concerns.





AMERICAN WATER

SUSTAINING A CULTURE OF INTEGRITY AND TRUST