

## Related Person Transaction Policy

**Policy Number:** POL-LEG02

**Effective Date:** 08/01/2021

**Applicability:** American Water Works Company, Inc. (“Parent Company”), and its subsidiaries (together with Parent Company, individually or collectively, “American Water” or the “Company”)

**ELT Sponsor:** Executive Vice President and General Counsel

**Document Author:** Vice President, Chief SEC Counsel and Secretary

### I. PURPOSE

This Policy governs the identification, review and approval of related person transactions, as defined in this Policy. By their nature, related person transactions may:

- present a conflict of interest or the perception of a conflict of interest;
- be prohibited by the Company’s Code of Ethics;
- require disclosure in Parent Company’s filings with the Securities and Exchange Commission (the “SEC”); and
- unless properly approved, be challenged by a shareholder of the Company under Section 144 of the General Corporate Law of the State of Delaware or under other similar applicable corporate laws.

The policy applies equally to the Company’s regulated and market-based businesses.

### II. POLICY STATEMENT

The Company is adopting this Policy to provide a uniform written standard for the review and approval of related person transactions throughout the Company. The Policy is designed to permit timely disclosure of related person transactions in Parent Company’s SEC filings where required. In so doing, this Policy is meant to supplement the Code of Ethics provisions related to conflicts of interest without superseding or conflicting with them. Stated another way, a transaction must always comply with the Code of Ethics, even if it is not covered by this Policy.

It is the policy of the Company that person transactions are prohibited unless prior written approval is granted in accordance with this Policy. Because of the nature of related person transactions and the possibility of conflicts of interest or a perception thereof, these transactions will be approved only in extraordinary circumstances when a compelling Company interest requires it and where appropriate safeguards and limitations are in place to ensure that a conflict of interest will not exist.

### III. RELATED PERSONS

For purposes of this Policy, a *related person* is as follows:

For the following entities...	...the following persons would be <i>related persons</i> ...	...during the following time period...
<ul style="list-style-type: none"> <li>• Parent Company</li> <li>• Any subsidiary of Parent Company</li> </ul>	<ul style="list-style-type: none"> <li>• Any member of the board of directors</li> <li>• Any executive officer</li> <li>• Any nominee to be a member of the board of directors</li> <li>• Any other person in a substantially similar role to any of the above</li> <li>• Any immediate family member of the foregoing persons</li> </ul>	Any person who was in any of the stated roles during either the current or last fiscal year

<ul style="list-style-type: none"> <li>• Parent Company</li> <li>• Any subsidiary of Parent Company</li> </ul>	<ul style="list-style-type: none"> <li>• Any employee (other than a member of the board of directors or executive officer)</li> <li>• Any person who beneficially owns (as defined under the Securities Exchange Act of 1934) more than 5% of any class of the Company’s voting securities (a “5% Shareholder”)</li> <li>• Any immediate family member of any of the foregoing individuals</li> </ul>	Any person who was in any of the stated roles at the time the related person transaction occurs or exists
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An *immediate family member* of a person is any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of such person, or any other person sharing the household of such person, other than a tenant or employee.

**IV. RELATED PERSON TRANSACTIONS**

For the purposes of this Policy, a *related person transaction* is any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which the Company was or is to be a participant and a related person had or will have a direct or indirect material interest. A *related person transaction*, as described below, will require advance written approval, as follows:

Group	Related Persons	Related Person Transaction	Who Must Approve
Group A	<ul style="list-style-type: none"> <li>• Any officer of Parent Company</li> <li>• Any member of the Board of Directors of Parent Company (the “Board”)</li> <li>• Any employee of the Company in Salary Grade Levels 60 through 100</li> </ul>	Any	<ul style="list-style-type: none"> <li>• The disinterested members of the Audit, Finance and Risk Committee of the Board (the “Audit Committee”) or</li> <li>• The disinterested members of the Board</li> </ul>
Group B	<ul style="list-style-type: none"> <li>• Any employee of the Company in a Salary Grade Level below 60</li> <li>• Any individual not included in Group A who is a member of the board of directors or an officer (or similar role) of a subsidiary of Parent Company</li> </ul>	Related person transactions involving \$5,000 or more	Compliance and Ethics Committee
Group C	<ul style="list-style-type: none"> <li>• Any employee of the Company in a Salary Grade Level below 60</li> <li>• Any individual not included in Group A who is a member of the board of directors or an officer (or similar role) of a subsidiary of Parent Company</li> </ul>	Related person transactions involving less than \$5,000	Compliance and Ethics Committee or Chief Compliance Officer

Any decision made by the Compliance and Ethics Committee must be communicated to the Audit Committee at its next regular meeting. Any decision made by the Board must be communicated promptly to the Audit Committee and the Compliance and Ethics Committee.

In all cases involving a related person transaction that requires requiring Audit Committee or Board review and approval:

- The material facts as to a person’s relationship or interest and the contract or transaction must be disclosed to the Audit Committee or the Board, if not already known.
- The majority of the disinterested members of the Audit Committee or Board must approve the contract or transaction, even if less than a quorum.
- The Audit Committee or Board must determine that the contract or transaction is fair and in the best interests of the Company as of the time it is authorized or approved.

Transactions involving compensation of directors or executive officers of Parent Company shall be reviewed and, if appropriate, approved in the manner specified in that committee’s charter.

## V. RELATED PERSON TRANSACTIONS—FACTORS FOR REVIEW

The following factors should be considered in reviewing any related person transaction:

- the related person's interest in the related person transaction;
- the dollar value of the amount involved in the related person transaction;
- the dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction is to be undertaken in the ordinary course of business of the Company;
- whether the transaction with the related person is proposed to be entered into on terms more favorable to the Company than terms that could have been reached with an unrelated third party;
- the purpose, and the potential benefits to the Company, of the transaction; and
- any other information regarding the related person transaction or the related person that may be important in light of the circumstances of the particular transaction.

Approval of a related person transaction should be granted only if the approver determines that, under all of the circumstances:

- the related person transaction is in the best interests of the Company and
- the interests in favor of the related person transaction outweigh any negative effects that may arise from allowing the transaction to occur.

The approver may, in their sole discretion, impose such conditions as they deem appropriate on the Company or the related person in connection with approval of the related person transaction.

## VI. RELATED PERSON TRANSACTIONS—EXCEPTIONS

The following do not create a material direct or indirect interest on behalf of the related person, and are, therefore, not related person transactions for purposes of this Policy:

- interests arising only from the related person's position as a member of the board of directors of another corporation or organization that is a party to the transaction, so long as the outside directorship has been properly approved pursuant to the Code of Ethics;
- reimbursement or advancement of proper business expenses in the ordinary course of business;
- interests arising solely from the ownership of a class of the Company's equity securities if all holders of that class of equity securities receive the same benefit on a pro rata basis;
- ordinary course compensation to an employee, officer or director so long as such compensation was properly approved, including, with respect to executive officers, by the Executive Development and Compensation Committee or the Board of Directors of Parent Company (the "Board");
- a transaction that is specifically contemplated by provisions of the governing documents of the Company;
- a transaction that involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services;
- interests arising solely from indebtedness involving a 5% Shareholder or an immediate family member of a 5% Shareholder;
- interests arising from intercompany transactions involving solely two or more entities within the Company; or
- employment by the Company of an immediate family member of a Company employee (which employee is not a corporate officer), so long as the employment of the immediate family member is consistent with the Company's hiring policies.

## VII. REPORTING, DISCLOSURE AND MONITORING

All approvals granted under this Policy must be reported to the General Counsel, or his or her designee, and to the Chief SEC Counsel, for determination whether the approved transaction must be disclosed pursuant to applicable securities laws and regulations. The review, approval or ratification of a transaction, arrangement or

relationship pursuant to this Policy does not necessarily imply that such transaction, arrangement or relationship is required to be disclosed.

Any approved related person transaction that is ongoing shall be reviewed periodically by the approver (or its designee) to ensure that the related person transaction continues to be conducted in accordance with the approval granted and that all required disclosures regarding the related person transaction are properly made.

#### **VIII. INTERPRETATION OF THIS POLICY**

Any issue requiring an interpretation of this Policy will be determined by Parent Company's General Counsel, after consultation with the Chief SEC Counsel.

#### **IX. STRATEGIC OBJECTIVE**

The rules and regulations of the SEC require Parent Company to implement policies and procedures governing the review and approval of related person transactions that must be reported in certain of Parent Company's SEC reports and filings. This policy addresses the strategic objectives of (1) preventing the risk or perception of related person transactions that could present a conflict of interest and (2) assisting in the Company's compliance with applicable rules and regulations governing the approval and disclosure of related person transactions.

#### **X. WAIVERS**

Compliance with this Policy cannot be waived.

#### **XI. NON-COMPLIANCE**

Any employee who violates or circumvents the Policy may be subject to disciplinary action, up to and including termination.

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**Next Review By:** 07/30/2024

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**Approval Date:** XX/XX/2021

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**Last Reviewed:** 07/28/2021

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**Appendix – Summary of Policies & Practices Related to Related Person Transaction Policy**

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Policy	Related Practices
Code of Ethics	

