



Code of Ethics

SUSTAINING A CULTURE OF INTEGRITY AND TRUST



THE IMPORTANCE **OF DOING** THE RIGHT THING

Doing the right thing is fundamental to who we are at American Water. Quickly and efficiently meeting our customers' expectations, modeling our exceptional safety protocols and knowing that no matter who you are, where you are from, or what your job is, you will be treated with dignity and respect. This means that we have zero tolerance for discrimination or harassment of any kind and expect all employees to be aware of and report this type of behavior.

Our customers, regulators, and shareholders expect us to provide clean, safe, and reliable water and wastewater services. They also expect that we will adhere to equally high standards in how we do this work. Our Code of Ethics guides us to meet these expectations.

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

To honor our Code, we work hard to foster a culture of openness and honesty. We each have a duty to speak up when our Code of Ethics is violated. If you have a question or concern or believe you have observed misconduct, talk to your manager, your Human Resources Business Partner, the Legal Department, or the Compliance and Ethics Department. You may also use the Ethics Helpline

As an American Water employee, you are empowered and expected to raise issues you experience that would jeopardize the tremendous trust this team has earned. Read our Code of Ethics and use it to guide the decisions you make every day.



M. Susan Hardwick



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

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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 will always be the top focus for us – for every employee, customer, and community we serve. This includes physical safety, emotional safety and health and wellbeing. Nothing is more important.

TRUST

Trust is built through one interaction at a time. We are committed to a mutually respectful and inclusive workplace for all employees. We do what we say and say what we do, treat each other with respect, listen to one another through open and honest conversations and speak up when we see something is not right. This is how we build and sustain extremely high levels of employee and customer trust.

ENVIRONMENTAL LEADERSHIP

Environmental Leadership means delivering safe, clean, reliable and affordable water and wastewater services. We protect our water sources and use this precious resource wisely. Our work is about excellence and the highest levels of care for our resources.

TEAMWORK

Teamwork is being at our personal best every day by ensuring that every employee is empowered, and their voice is heard. We work together toward our common goals by sharing and debating ideas, leveraging our diversity, respecting differences of opinions and being accountable for our actions.

HIGH PERFORMANCE

High Performance means we all aspire to be our best, particularly because what we do is so critical to the lives of our customers. Performing at our best includes getting the fundamentals right every time, managing risks, and addressing issues quickly and transparently.







DOING BUSINESS THE RIGHT WAY

At American Water, how we conduct business is just as important as achieving our goals. We are deeply committed to an inclusive workplace where all individuals are treated with mutual respect and dignity. Our values are centered on doing the right thing, giving you the tools that you need to make ethical decisions and ensuring that you have resources available if you have questions or would like to raise a concern. In keeping with our values, American Water has zero tolerance for discrimination, harassment or retaliation - it is unacceptable and will not be tolerated.

Our Code of Ethics is the cornerstone of our ethical company culture and serves as your guide to ethical decision making. You are expected to comply with the Code at all times while at work and, in certain instances, in your personal life. To ensure that the expectations outlined in the Code are clear, all employees, including our Board of Directors, must complete Code of Ethics trainings annually.

Compliance with our Code of Ethics is a condition of employment. You are responsible for knowing and complying with the Code and the other Company policies, practices, and laws that apply to the work you do. You should also raise concerns to the appropriate company resource if you 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. You can find more information about our Company policies and practices on American Water's intranet **click here.**

SEEKING GUIDANCE AND RAISING CONCERNS

Our Code cannot address every circumstance you may face in your daily work. Regardless of the situation, you should reach out to the appropriate Company resource if the "right" course of action is unclear or if you believe that certain conduct violates a Company policy or our commitment to ethical business practices.

The appropriate person or department for your questions or concerns will depend on the circumstances. However, questions or concerns should be raised as follows:

Concerns to bring to your Manager:

- Employee relations issues, interpersonal conflicts, or team dynamics
- Disrespectful, vulgar, or insensitive comments or conduct
- Improper use of Company assets, vehicles, or Purchasing card
- Complaints about personal protective equipment or attire being worn to work
- Attendance or, minor errors on timesheets
- Drug and alcohol use
- Conflicts around bid process for work assignments, or overtime, pay rates, or the work effort of others

Concerns to bring to Human Resources:

- Benefits, Leave of Absence or Compensation questions
- Employee concerns involving their manager(s)
- Consensual romantic relationships
- Employee hiring and selection process

Concerns that must go to the Compliance and Ethics Department:

- Bribery, Kickbacks or Fraud
- Theft of Company assets, information, or time
- Discrimination, harassment, or retaliation
- Potential and actual Conflicts of Interest
- Inappropriate gifts or business entertainment





- Take concerns seriously, treat the employee respectfully, and take the time to listen and understand if the issue should be escalated to your manager, Human Resources or the Compliance and Ethics Department. Do not delay in escalating issues or asking for help.
- Provide employees with the tools they need to understand our Code of Ethics and all Company policies and practices.
- → Fully support any investigations in your group and encourage cooperation from members of your team.
- Recognize and reward ethical behavior.

Ethics Helpline: 877-207-4888 www.amwater.ethicspoint.com

USING THE ETHICS HELPLINE

Our Ethics Helpline is a resource available to all employees 24 hours a day, 7 days a week. All reports can be made anonymously and will be kept confidential to the extent possible.

When you make a report, we encourage you to identify yourself to help facilitate our investigation. Please provide as many details as possible as well as any supporting documentation.

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.

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INVESTIGATIONS

We take seriously any reports of violations of the Code, Company policy and practice, applicable law and any conduct that is not aligned with our values. Our investigations into these reports are timely, fair, thorough, and confidential, which means that we share the details of our findings only on a need-to-know basis.

As an employee, you are expected to fully cooperate in any investigation, which means being open, truthful, and keeping your participation confidential to the extent permitted by law. Refusal to cooperate or providing false or misleading information may lead to disciplinary action up to and including termination of employment.

We do not tolerate retaliation against employees who make good faith reports or participate in an investigation. 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. If you believe you have experienced retaliation because of a concern you raised or your participation in an investigation, please contact the Compliance and Ethics Department or the Ethics Helpline.



What is retaliation?

Retaliation is adverse action taken against someone for raising a complaint or participating in an investigation. It takes many forms. It can be a demotion, exclusion from team meetings or important projects, or even termination without a legitimate business reason.





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 the uniqueness that we all bring 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 leads to better business decisions.

We uphold these values by not permitting discrimination and harassment of any form in our Company. If you experience or witness discriminatory or harassing conduct, directed at you or a co-worker, report it immediately.

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.

ZERO TOLERANCE FOR DISCRIMINATION AND HARASSMENT

Each of us helps to create a respectful workplace where we can do our best work. Discrimination is treating someone differently 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. Harassment is unwelcome and offensive conduct based on any personal characteristic protected by law or unwelcome sexual conduct that may interfere with a person's ability to perform their work

Discrimination or 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, threatening, humiliating or intimidating behaviors, exclusionary behaviors, deliberate work interference/sabotage or physical threats or assaults. Remember, with these types of conduct it is your actions, not your intentions, that matter

If you see, experience or suspect harassment or discrimination, speak up – either directly to the person or report it to your manager, Human Resources, the Compliance and Ethics Department or the Ethics Helpline. Employees who fail to report harassment or discrimination, particularly within their teams or subordinates, to the appropriate Company resource may face disciplinary action.

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, emails 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.

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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 both internal and external social media platforms, 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. Think before you type.

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.

Social media activity on your own time and with your own device can have an impact in the workplace, even if you do not identify yourself as an American Water employee. Treat your social media posts as publicly accessible information. Remember, sharing another person's discriminatory or harassing post or expressing an affirmative opinion on another's post (such as "liking" a Facebook post) will be viewed as promoting or supporting that post and its content.

HEALTH AND SAFETY

Safety is in everything we do. Each day, our employees should return home in the same condition as 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 by calling the Ethics Helpline.

All employees must:

- Ensure your social media activity is not disrespectful to co-workers.
- Never post, share or like "memes" that are discriminatory or disrespectful in nature and violate our Respect and Dignity in the Workplace Policy.
- Never threaten violence or harm.



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 in person, online or via text message, 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 potential violent behavior or that an employee has possession of firearms, weapons or any other hazardous devices on Company property or while on Company business, immediately contact 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.

For Managers, Supervisors and Health and Safety Professionals

- Hold yourselves 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.

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What is a "significant relationship"?

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 anyone you have a romantic or sexual relationship.

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. A conflict of interest may arise when your personal relationships or interests influence or appear to influence your actions or decisions related to your job with the Company. Employees must promptly disclose any potential conflicts of interest to both your manager and the Compliance and Ethics Department. Certain employees are required to complete an annual Conflict of Interest Disclosure Form. For more information, see our Conflicts of Interest Policy.

Below are some examples of common situations that should be disclosed:

- Outside employment.
- ➡ Significant relationships with other employees, especially in the same line of business or reporting structure, as well as individuals who own or are employed by American Water vendors or other business partners.
- You are a member or are considering becoming a member of an external Board of Directors (other than community and non-profit organizations).
- You currently hold or are planning on seeking election or appointment with a federal, state, county or local government position.

It is important to keep in mind that not all potential conflicts of interest will be prohibited by the Company. The Company may decide that sufficient protections are or can be put in place and that no conflict exists. However, in order for a potential conflict to be reviewed and addressed, it must be disclosed to Human Resources and the Compliance and Ethics Department.

Avoiding Conflicts of Interest

Do's

- Disclose side business to your manager, Human Resources, and the Compliance and Ethics Department
- Make American Water responsibilities your first priority
- Keep work for American Water and your side business separate
- Continue to make sound business decisions for American Water

Don'ts

- Use Company resources such as tools, materials, vehicles or iPads/iPhones
- Work on your side business during work hours
- Promote or ask coworkers to promote your side business to American Water customers during work hours or while in Company uniform
- Give kickbacks to coworkers for promoting your side business
- Overextend yourself or work hours that affect your physical or mental safety

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

Employees may serve as directors on external boards if the affiliation does not diminish their ability to perform their responsibilities to the Company and the opportunity has been disclosed to the Compliance and Ethics Department as required by the Conflicts of Interest Policy.

Before running for political office or accepting membership on an external board, discuss the opportunity with your manager and the Compliance and Ethics Department.

American Water supports its employees' efforts to participate in leadership positions within its labor organizations, and these positions do not require pre-approval from American Water.

Before hiring a current or previous government official, you must raise the issue to Human Resources 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





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, please consult the Legal Department to obtain the appropriate confidentiality agreement. If you learn that confidential information has been inadvertently or purposefully released, promptly notify the Legal Department, Privacy Department and the Compliance and Ethics Department.

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







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, in line with our Company values 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.



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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. 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.

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:

What is a Business Record?



The following are examples of business records:

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

- 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 or sensitive information about American Water, which 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 all non-public information confidential until it is publicly disclosed in accordance with our policies or applicable legal and regulatory requirements.

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, subject to limited exceptions described in the Insider Trading Policy.
- Disclose the non-public information to family, friends or any other person outside of the Company, except where the disclosure is related to the employee's duties and where appropriate safeguards have been taken to protect against disclosure to the public (such as a confidentiality agreement).
- Disclose non-public information within American Water except as to matters related to the employee's duties and to persons who have a need to know that information.



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 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.

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.

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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, we have 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 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.







Trust Among Business Partners

Our vendors and suppliers are integral to the success of our Company, and we must choose our partners wisely. We expect our business partners to share and adhere to our Company values and our Supplier Code of Conduct. We must hold our business partners to the same standards of integrity to which we hold ourselves.

If you see behavior that does not meet our expectations or if you suspect a business partner has engaged in improper conduct, report your concern immediately to your manager or the Compliance and Ethics Department.

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.



ACCEPTING AND GIVING BUSINESS GIFTS

Business gifts, meals and entertainment are designed to build good will and positive working relationships among business partners, but should never be used to get business, keep business or gain an unfair advantage. If we give or receive business gifts, meals or entertainment, we must ensure that they are reasonable, appropriate, and consistent with the law, our Code and our **Gifts and Business Entertainment Policy**.

Gifts should have a maximum retail value of \$100. If you believe you have received a gift that exceeds this threshold, please contact the Compliance and Ethics Department. Employees may never accept cash or cash equivalents – like a gift card. We should never give or receive gifts or business entertainment from a vendor or potential customer that is actively participating in an RFP involving our Company. 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. Generally, the total cost of any business entertainment should not exceed \$150 per person unless there is pre-approval from the Compliance and Ethics Department.

If you believe you have been offered a gift or business entertainment that is inappropriate, violates our Code or related policies, or may be seen as an attempt to unfairly influence a business decision, you must report it to the Compliance and Ethics Department.

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.

Remember, special restrictions exist for giving gifts and business entertainment to government officials and employees, and often it requires pre-approval from the Compliance and Ethics Department. Please review our Gifts and Business Entertainment Policy for more information.



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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 intentional 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.

We comply fully 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. Finally, we must respond appropriately to any government inquiries or investigations, and ask that you alert Legal or Compliance, in addition to the appropriate leader, immediately if you receive an investigation notice, summons or request for information from any government body or agency.

GOVERNMENT RELATIONS

We value our relationships with government officials and our interactions with them must comply with applicable federal, state and local laws, regulations and rules. We expect our employees who deal with government officials to understand and abide by the applicable laws.

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.

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, conflicts 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 of 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.





Ethics
Helpline:
877-207-4888
www.amwater.ethicspoint.com

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.





SUSTAINING A CULTURE OF INTEGRITY AND TRUST