

POLICY DOCUMENT



CAPITAL PROGRAM MANAGEMENT POLICY

Policy Number: POL-OPS05

Effective Date: July 12, 2019

Applicability: American Water Works Company, Inc., and its controlled subsidiaries as described below (together “American Water” or the “Company”)

Executive Sponsor: Executive VP & Chief Operating Officer

Document Approver: Vice-President, Engineering (AW)

Document Owner: Director, Engineering - Enterprise Capital Program

I. PURPOSE

This policy provides the requirements for the planning, implementation, and overall management of American Water's capital program. It does not apply to the acquisition of new Business Units or extension of existing service area by acquisition; however, it is applicable to post-acquisition capital needs. With the exception of reporting needs for roll-up to the American Water level, this policy does not apply to Market-Based companies.

II. POLICY STATEMENT

This section contains guidance related to the capital process including asset planning, capital business planning, and project delivery. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in capital program management activities. More detailed guidance is found in the applicable practices, which are referenced in Appendix A of this policy.

Asset Planning

Asset Planning is an ongoing process consisting of the following:

- **Asset Investment Strategy** - The Asset Investment Strategy provides strategic guidance for the development of the Capital Business Plan. It aligns the capital program with the mission and goals of American Water. This strategy is reviewed annually, and updated at that time as needed.
- **Comprehensive Planning Needs** - Comprehensive Planning Studies (CPSs) are developed by Utility Companies as needed, typically within a 5 to 10 year timeframe, to identify non-recurring capital needs related to water and wastewater infrastructure. CPSs are generally performed for individual water or wastewater service territories. CPS projects identified in prior studies are also re-evaluated as needed prior to inclusion in the Capital Business Plan.
- **Emerging Projects** - Non-recurring capital needs that arise between CPS cycles are evaluated, scoped, and estimated to the same degree as a comparable non-emerging project prior to being considered in a Capital Business Plan. Targeted planning studies and risk/resiliency assessments can be used to identify and support emerging needs.
- **Recurring Needs** - Asset Management Plans, and other tools, are used to track condition and performance of network and production / treatment assets to identify and prioritize basic asset renewal capital needs.

Capital Business Planning

Capital Business Plans are developed yearly by each Utility Company. They focus on the upcoming year and extend into outer years, in accordance with overall American Water Business Planning guidelines. Utility Company Presidents obtain approval for their portion of the overall Business Plan from the American Water Board of Directors, and obtain approval from their Subsidiary Board of Directors as necessary to satisfy legal and/or regulatory considerations. Capital Business Plans include the following:

- Project Identification - Although individual projects are not approved as part of the Business Planning process, plans are built bottom up and consist of Investment Projects (IP), Recurring Projects (RP), Enterprise Solutions (ES), and Developer Projects (DV) as defined in Section IV below. Projects associated with anticipated acquisitions shall not be reflected in the plan until such time that the acquisition has closed following regulatory approval.
- Costs and Spend Profiles - All project costs include estimates based on actual bids, historical costs, or other American Water or industry estimating methodologies, and include overheads and contingencies. Costs are inclusive of additions and removals, but identified separately. Spend profiles shall be provided for all projects.
- Rate Alignment - Projects are aligned with current or projected rate strategy, based on need.
- Plan Details - All plans shall include adequate information to allow for review and assessment, and the ability to respond to future internal and external capital related inquiries. This includes, but is not limited to, formal written justifications for IP projects, assessment of condition and performance of existing assets, RP project details, project asset and purpose codes (i.e. what and why), and project identification and timing related to compliance with applicable regulations and American Water goals. All projects included in the Capital Business Plan shall be prioritized.

Project Delivery and Program Management

Following Business Plan approval, Utility Companies are responsible for delivering the capital program. Approval of the Business Plan does not constitute approval and release of funding for individual capital projects that were included in the development of the Business Plan. Approval of projects occurs at the time the project is ready to proceed.

- Project Delivery Models and Methodologies - Projects are delivered in accordance with the Capital Project Delivery Practice using appropriate project delivery models or methodologies depending on the type of project.
- Capital Program Management Committees and Meetings - Capital Program Management (CPM) meetings are held at regular frequencies (typically monthly) at the Utility Company and American Water levels with a defined group of committee members and other participants as needed. The purpose of these cross-functional meetings is to discuss strategic capital issues, review the status of the program, assure compliance with American Water policies and practices, and approve (or re-approve) and release projects in accordance with the Capital Program Management Practice and the Delegation of Authority (DOA) Policy. Progress reporting and metric updates are prepared prior to meetings.
- Technology and Innovation (T&I) - Enterprise Solutions (ES) are projects that are delivered by T&I but embedded in the Utility Company capital plans via one or more Recurring Project (RP) Line Items. These Line Items, along with the Service Company portion of the T&I plan, are governed by the American Water Capital Program Management Committee (CPMC).

III. RESPONSIBILITIES

- American Water Capital Program Management (CPM) Committee - Responsible for American Water's overall capital program strategy, limited project approvals per the DOA, and governance of the T&I portion of the capital plan, via a cross functional group including the COO, CFO, and identified Engineering, Operations, and Finance representatives.
- Utility Company Capital Program Management (CPM) Committee - Responsible for establishing the Utility Company's capital program strategy in alignment with the Asset Investment Strategy, and project approvals per the DOA, via a cross functional group including the Utility Company President, and the Engineering, Operations, and Finance leads.
- Utility Company Engineering Teams - Responsible for asset planning and project delivery, as well as capital program management and governance, at the Utility Company level.
- American Water Engineering (One Water Engineering) Team - Responsible for asset planning and project delivery assistance to Utility Companies, overall American Water engineering related strategy and initiatives, and overall American Water capital program management and governance.

- Technology and Innovation (T&I) - Responsible for planning, managing, and delivering the both the T&I Service Company and Enterprise Solutions (ES) portions of the capital plan, and regularly providing updates and any other requested information to Utility Companies and other business functions.

IV. DEFINITIONS

- Investment Project (IP) - Unique, one-time projects having a definitive start and stop (e.g. a new treatment plant).
- Recurring Project (RP) - Routine, perpetual groups of sub-projects, with an emphasis on asset renewal, that are planned and managed on a calendar year basis (e.g. meter replacements).
- Recurring Project (RP) Line Item - A roll up of similar type projects that are grouped as such based on delivery responsibility and accountability, and not asset type.
- Enterprise Solutions (ES) Line Item - Same as an RP Line Item; however, these are managed centrally by Technology & Innovation with the costs charged directly to each Utility Company rather than through a Service Company bill.
- Developer Project (DV) - Similar to RP Projects (perpetual groups of smaller projects which are planned and managed on a yearly basis), but with external funding (typically by a developer) in part or in whole (e.g. a main extension for a new sub-division).

V. WAIVERS; MODIFICATIONS

Any deviation, waiver, or exception from this policy requires the prior written approval of the Director, Engineering - Enterprise Capital Program. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VI. NON-COMPLIANCE

Any employee who violates or circumvents the policy may be subject to appropriate disciplinary action.

VII. CONTACT INFORMATION; MONITORING

Director, Engineering - Enterprise Capital Program, or Vice President, Engineering (AW).

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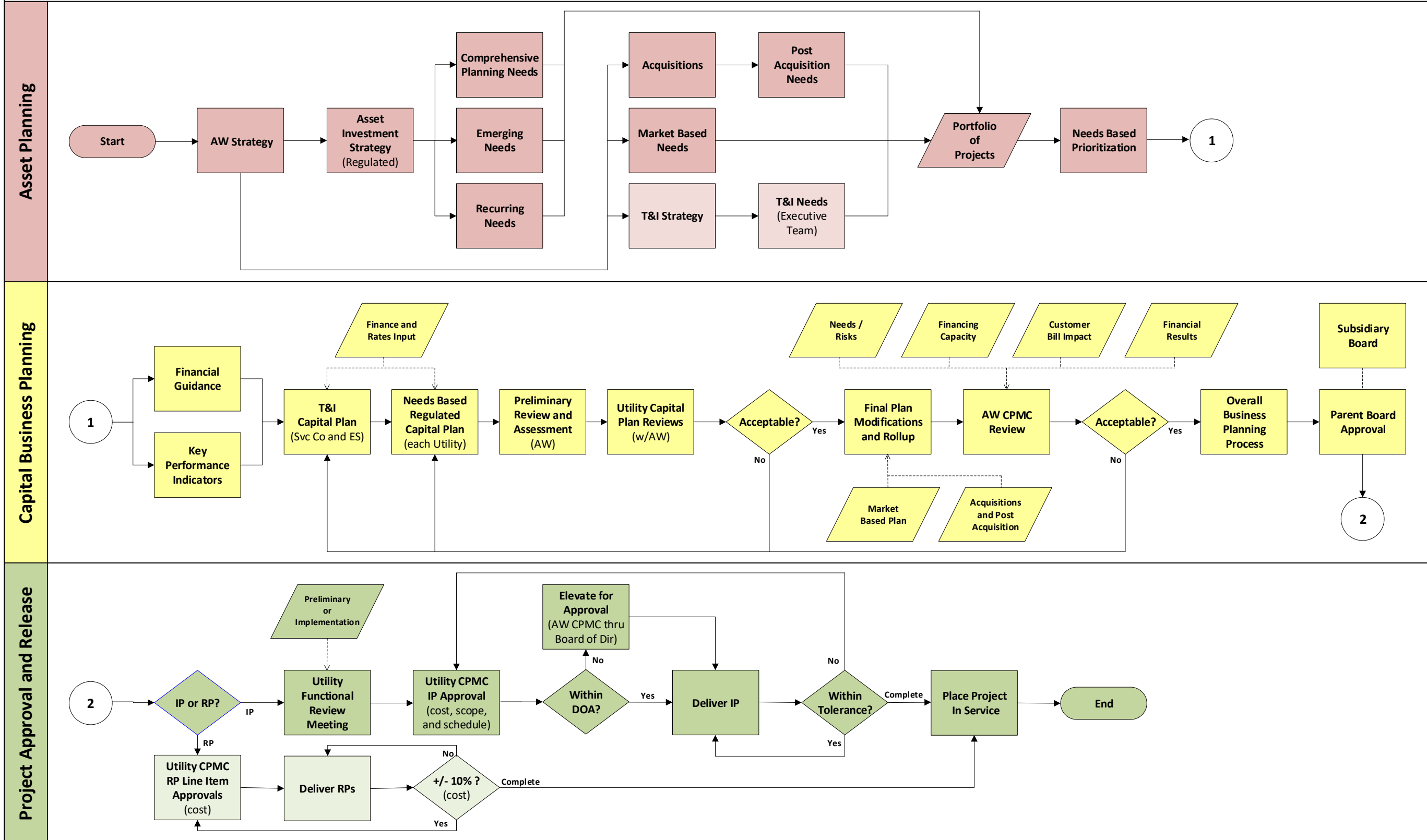
Appendix A - Summary of Policies & Practices Related to CAPITAL PROGRAM MANAGEMENT POLICY

Policy	Related Practice
Utility Plant and Capital Asset Accounting Policy	Capital Asset Planning Practice
Delegation of Authority Policy	Capital Program Management Practice
	Capital Project Delivery Practice

Appendix B - Flow Diagram (see attached)

CAPITAL PROGRAM MANAGEMENT POLICY - APPENDIX B

June 25, 2019



COMMERCIAL DEVELOPMENT POLICY

Policy Number: POL-BD01

Effective Date: 11/30/2012

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Mark Strauss, Sr. VP Strategy and Business Development

Document Author: James Pellock, Sr. Mgr. Corporate Development

I. PURPOSE

It is the intention of this policy to ensure efficient and broad input into the commercial development activities of the company.

This policy provides the requirements for review of commercial development activities. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy addresses the differences between regulated and market-based businesses (MBB), where applicable

II. POLICY STATEMENT

All commercial development activities are required to go through review by one or two levels of commercial development committee review which includes risk analysis, financial analysis and management review. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in commercial development activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

1 A “Project” is any transaction between the Company and one or more third parties with respect to the scope of activities outlined in the applicable practice for Commercial Development activities.

2 The ultimate decision on approval or non-approval of a Project rests with the employee exercising the appropriate Delegation of Authority; however, a Quorum of a CDC must participate in a Meeting to acknowledge their review of the project. Approval or non-approval of a project is not determined by a vote of the CDC.

All Projects must be reviewed by the appropriate National or Managed Group Commercial Development Committee (CDC) (see “Responsibilities” below) as determined by the thresholds in the related practice. All transactions that relate to the Projects must also be authorized as required under the Delegation of Authority, as issued periodically by the Board of Directors and/or CEO of American Water Works Company, Inc.

The commercial development process consists of two stages:

- 3 Development Review

Assess identified Project risks and opportunities, consider partner selection (as appropriate), and provide an preliminary range of expected financial returns.

Projects that are out of the scope of the Company’s current business strategy or not contemplated by the approved business plan must address such deviation during Development Review.

- 4 Proposal Review

Detailed review of Project, strategy, risks, estimated Project financial return, and other relevant factors. Any related contract is also to be reviewed at this stage, prior to execution.

Projects that advance to contract execution are expected to return to the relevant CDC for a Proposal Review Update if the underlying assumptions and expectations for the project are considered to be significantly different from those previously reviewed by the CDC.

III. RESPONSIBILITIES

- National CDC

National CDC reviews Projects of significant size, scope, or complexity, as outlined in the applicable commercial development practice. National CDC composition shall be chaired by the Sr. VP Strategy and Business Development, and shall include representation from the Legal, Operations, and Finance functions, with additional members added at the discretion of the committee chairperson. Its purpose is not to supersede the authority of individual senior officers to conduct their roles on behalf of the company; rather to ensure efficient and broad input into contemplated development transactions.

National CDC members are expected to provide professional guidance and consultation (upon request) to Managed Group CDC and Project owners.

 Review of a Project at the National CDC requires a Quorum, as defined in the applicable commercial development practice.

All practices related to this policy shall be approved solely by a Quorum of the National CDC.

- Managed Group CDC

A Managed Group is each of: MBB, Mid-Atlantic Division, Northeast Division, Central Division, and California/Hawaii. Managed Group CDC reviews all Projects, regardless of size, scope, or complexity for the applicable business unit. Managed Group CDC composition shall include representation from Legal, Operations, and Finance, with additional members added at the discretion of the Managed Group President.

- CDC Administrator

Responsible for scheduling and management of CDC meetings, securing evidence of reviews, maintaining meeting notes, reporting on Project status, and retention of appropriate documents. Role is assigned to individual(s) at National CDC by the National CDC Chairperson, and at Managed Group CDC by the Managed Group President.

- Finance Department

Responsible for delivery of the financial model in support of Project, based on collective input from functional representatives of the project team.

IV. STRATEGIC OBJECTIVE

This policy serves to ensure that the Company's new significant business transactions are within Company strategy, and promote creation of value for the Company's customers and investors by requiring Projects to receive effective management review, guidance and recommendations as to the relevant risks and rewards

V. MONITORING

The National CDC Chairperson will monitor compliance with this policy.

VI. WAIVERS

The Chief Executive Officer of American Water Works Company, Inc. may waive compliance with this Policy at any time and for any reason at his/her sole discretion, on a Project-by-Project basis.

VII. NON-COMPLIANCE

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

Next Review By: 11/30/15

Approval Date: 11/30/12

Last Reviewed: 11/30/12

Appendix – Summary of Policies & Practices Related to Commercial Development Policy

Policy	Related Practices
Commercial Development Policy	Commercial Development Practice
Delegation of Authority Policy	
Contract Management Policy	Contract Management Practice

Commercial Development Policy – Supplemental

This policy is the combination of the <insert current state policy names>.

[This supplemental sheet is designed to provide the reader with a high-level overview as to how this new policy compares to the current corresponding policy located on the Intranet (not applicable in limited cases).

❖ **STOP – What has been eliminated in this policy?**


 ₁ Not Applicable


❖ **START – What's new in this policy?**


 ₁ Not Applicable


❖ **CHANGE – What's staying, but changing in this policy?**

 ₁ Projects were previously referred to as "Covered Transactions"

 ₂ Approval or non-approval of a Project rests with the employee exercising appropriate Delegation of Authority (with input from CDC). Previously, decisions were determined by a quorum at all CDC levels.

 ₃ Development Review now includes what was previously known as Policy Approval and Development Approval. Projects not requesting use of Development Fund budget are otherwise generally assumed to be covered in already approved Managed Group operating budgets, unless expressly noted otherwise.

 ₄ Proposal Review now includes what was previously known as Bid Approval and Implementation Approval. It should not be uncommon for a project to come back to CDC with multiple Proposal Review Updates as a project evolves. However, a separate Implementation Approval is generally no longer required for projects that are successfully executed.

 ₅ National CDC's role is now focused on providing advice and insight for projects. Decisions as to whether to pursue a project will be made consistent with established Delegation of Authority limits.

❖ **CONTINUE – What's not changing at all in this policy?**

 ₁ Not Applicable.

❖ **How are related practices impacted?**

- Commercial Development Practice provides approval authority at Managed Group consistent with Delegation of Authority limits, resulting in enhanced autonomy for Managed Group to execute projects consistent with approved business plans.

Reviewed By	Version Reviewed	Key Comments/Changes
Steve Robbins	Multiple	Edits made
Mike O'Donnell	Multiple	Various issues addressed, edits made
Mark Strauss	Multiple	Feedback noted, edits made
AWE: Sharon Cameron, Douglas Anthony, Stephanie Kolb, Jimmy Sheridan	Multiple	Feedback noted, edits made
Walter Lynch	Multiple	Feedback noted, edits made
Ellen Wolf	Multiple	Feedback noted, edits made
Jeff Sterba	Multiple	Feedback noted, edits made

Names in **bold** have reviewed multiple versions of the document.

Communications & External Affairs Policy

Policy Number: POL-COMMEA01

Effective Date: 11/30/2012

Applicability: American Water Works Co Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Kellye Walker, Chief Administrative Officer

Document Author: Maureen Duffy, Vice President
Corporate Communications and External Affairs

I. PURPOSE

This policy provides the requirements to communicate, internally and externally, on behalf of and regarding American Water. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy addresses the differences between regulated and market-based businesses, where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to the various areas and methods of communicating on behalf of the company. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in communicating internally and externally on behalf of the Company. More detailed guidance is found in the applicable practices, which are referenced in the Appendix to this policy.

External Communications

- In all cases, the Communications and External Affairs Department is to be made aware of communications being disseminated to the media or the general public before they are issued.
- All media contacts regarding nonmaterial events will be directed to an appropriate authorized representative. American Water will identify authorized representatives nationally and locally whose responsibility is to ensure the Company speaks with one voice.
- In the case of an emergency, preapproved templates are to be used. Emergencies include any event that affects water quality or reliability of service.
- Nonmaterial external communication is information intended for external distribution including, but not limited to, press releases, newsletters, presentations, speeches and letters.
- The chief executive officer (CEO) and chief financial officer (CFO) are the authorized representatives for the Company regarding material information to analysts, security market professionals, institutional investors and shareholders (“Regulation FD Persons”) as referenced in the Regulation Fair Disclosures practice.

American Water Website

- The addition of content, updates and requests for changes to all areas on the American Water website, amwater.com, and subsidiary sites, including the American Water Press Room, will be managed by the Communications and External Affairs Department.
- The Investor Relations section of amwater.com will be managed by the Investor Relations Department.

Internal Communications

- All companywide internal communications will be released by the Corporate Communications department’s director of Internal Communications or through those designated as representatives by Internal Communications. A companywide internal communication is any communication intended to address over 50

percent of American Water employees, or 50 percent of employees within a specific state, business, function or department.

- An internal communication can be in the form of, but not limited to, town hall meetings, email, intranet content, voicemails, letters, newsletters, PowerPoint presentations and posters.

American Water Intranet

- All information posted on the Intranet, *mySource*, will be released through the director of Internal Communications or through those designated by the director of Internal Communications with the right to publish on the intranet.

The Company Brand

- All materials representing American Water will reflect the corporate brand identity, which is outlined in the Brand Standards Practice. Identifying, protecting and maintaining the brand, and sub-brands, is entrusted to the Communications and External Affairs Department. All exceptions to the Brand Standards Practice must receive approval from the vice president of Corporate Communications and External Affairs or those designated by the vice president of Corporate Communications and External Affairs.

Social Media

- The Communications and External Affairs Department is the only group authorized to speak on behalf of the Company on any social media sites. Employees, except those expressly authorized by the [communications department], are not permitted to post any information on a social media website on behalf of the company.
- The Communications and External Affairs Department will maintain a Social Media Guidelines Practice for participating in social media. As social media is constantly evolving, employees are recommended to frequently review these guidelines.

III. RESPONSIBILITIES

- All employees are responsible for their own conduct and compliance with this policy.
- The vice president of Corporate Communications and External Affairs or a designee is responsible for identifying those employees who are authorized to speak on behalf of the Company, as well as maintaining templates and guidelines developed for communications purposes and the Company's external website.
- The director of Internal Communications or a designee is responsible for the release of all internal communications, including the Company's intranet.

IV. STRATEGIC OBJECTIVE

This policy addresses strategic objectives to ensure that American Water consistently communicates, internally and externally, in a manner that is appropriate and effective, and best serves the company's mission, goals, reputation and image. In addition, it ensures the integrity of the American Water brand and its use.

V. MONITORING

The Communications and External Affairs Department monitors media daily. Violations of this policy should be reported immediately to the Communications and External Affairs Department.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team (ELT) sponsor of this policy, or his or her designee. The ELT sponsor, or his or her designee, is

responsible for tracking all requests for waivers and decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NONCOMPLIANCE

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

Next Review By: 11/30/15

Approval Date: 11/30/12

Last Reviewed: 11/30/12

Appendix – Summary of Policies & Practices Related to the Communications and External Affairs Policy

Policy	Policy Areas	Related Practices
Communications and External Affairs Policy		Company Brand Standards
		Social Media Guidelines

Communications and External Affairs Policy – Supplemental

❖ **STOP – What has been eliminated in this policy?**

- There is no longer a separate area for marketing and advertising as this is covered under the company brand.
The process for posting to the external website and company intranet is no longer a separate policy.

❖ **START – What’s new in this policy?**

- In all cases, the Communications and External Affairs Department is to be made aware of communications being disseminated to the media or the general public before they are issued.
The Investor Relations section of amwater.com will be managed by the Investor Relations Department.

❖ **CHANGE – What’s staying, but changing in this policy?**

- The Social Media Guidelines will now be a practice.

❖ **CONTINUE – What’s not changing at all in this policy?**

- Content on the company intranet is approved and released by the Internal Communications team.
A Brand Standards Practice will be maintained by the Corporate Communications and External Affairs Department.
The Communications and External Affairs department is the only group authorized to speak on behalf of the company on any social media sites.

Reviewed By	Version Reviewed	Key Comments/Changes
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RES-S-1

Kristin Ferguson, Corporate Communications Specialist	Version 1	First attempt at policy revision for discussion purposes.
Steven Robbins, Corporate Counsel	Version 2	General review and comments as to form and clarity.
Michael Sgro, Northeast Division General Counsel	Version 2	General review and comments as to form and clarity.
Maureen Duffy, VP Corporate Communications and External Affairs	Version 3	Review and comment.
Nick Rowe, SVP Central Division	Version 4	Stakeholder Review
Deron Allen, Subsidiary President	Version 4	Stakeholder Review
Randy Moore, Subsidiary President	Version 4	Stakeholder Review
Frank Kartmann, Subsidiary President	Version 4	Stakeholder Review
Karla Teasley, Subsidiary President	Version 4	Stakeholder Review
Alan DeBoy, Subsidiary President	Version 4	Stakeholder Review
Cheryl Norton, Subsidiary President	Version 4	Stakeholder Review
Kellye Walker, Chief Administrative Officer and General Counsel	Version 5	Final review and comment.
Steven Robbins, Corporate Counsel	Version 6	Cleanup and preparation for posting.

Names in **bold** have reviewed multiple versions of the document.

POLICY DOCUMENT



COMPENSATION AND BENEFITS POLICY

Policy Number: POL-HRO4

Effective Date: 6/30/2019

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Executive Sponsor: SVP, Human Resources

Document Approver: VP, Comp & Benefits

Document Owner: Manager, Comp & Benefits

I. PURPOSE

American Water is committed to compensating all employees fairly, rewarding employees for driving outstanding business performance, and offering Company-sponsored benefit programs that attract and retain employees.

II. POLICY STATEMENT

This policy provides guidance relevant to compensation and benefits for positions not covered by a collective bargaining agreement. Compensation and benefit issues for employees covered under a collective bargaining agreement are contained in the applicable collective bargaining agreement or National Benefits agreement. Employees should refer to the related practice or contact Human Resources with questions related to the subjects covered in this policy. This policy provides the requirements regarding compensation and benefits. It addresses timing, key methods, approvals, reporting and roles/responsibilities.

Compensation Philosophy

American Water compensation packages are designed to attract, retain and motivate exceptional people to actively contribute to the success of the Company and to share the Company’s financial success. American Water is committed to be an employer of choice, providing competitive compensation, and equal pay for equal work.

American Water uses a compensation system that supports the Company’s business strategy; determines the current market value of a position based on the required job duties, responsibilities, skills and knowledge; relates salaries directly to core behaviors and skills; relates variable pay to measured company performance; and administers pay programs on a fair and consistent basis without regard to race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, military or veteran status, gender or any other characteristic protected by law.

The Company reserves the right to change its compensation plans at any time.

Performance, Spot and Service Awards

- **Merit Increases:** American Water may award merit increases on annual basis based on budgeted annual increases. The Compensation team regularly reviews the salary structure to ensure alignment with American Water’s needs and the outside market. Employees must be hired into a non-union position by September 30 of the prior year in order to be eligible for a merit increase during the annual year-end compensation process.
- **Annual Performance Plan (APP):** APP provides eligible employees an annual opportunity to earn a cash award that recognizes and rewards their contributions to achieving the goals of the business they support and American Water as a whole. Under the plan, Company performance is taken into account to determine cash awards. For non-union employees, individual performance is also a factor in determining APP pay-outs. Employees should consult the APP Plan brochure or contact Human Resources for more information. The terms of eligibility are set forth in detail in the APP brochure.

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- Long Term Performance Plan (LTPP): The LTPP is component of American Water's compensation package that promotes the achievement of the Company's long-term, strategic business goals. LTPP provides an equity award for eligible positions and includes Restricted Stock Units (RSUs) and a performance-based stock component, which awards Performance Stock Units (PSUs). Because stock-based compensation vests on a phased basis in three installments over a prospective three-year period, employees must remain with the organization to realize the vesting of their awards, which supports the Company's retention of a highly trained and effective and productive workforce. This design also helps keep American Water competitive with our peers in the utilities industry. The terms of eligibility are set forth in the LTPP plan brochure.
- Spot Awards: The Spot Award program is designed to recognize significant one-time employee contributions as they occur. All exempt and non-exempt nonunion employees are eligible. Spot Awards of up to \$500 may be initiated via a one-time payment form with the appropriate approvals. Any award over \$500 must be sent to Compensation for approval. No employee is permitted to receive more than \$1,000 in Spot Awards in any calendar year **without approval by the appropriate ELT member**. Spot awards should be issued in the next two pay periods following the employee's contribution that is being rewarded. Spot Awards are discretionary and will not be included in determining a non-exempt employee's regular rate of pay for overtime calculation purposes.
- Service Awards: American Water recognizes full-time employees for their dedication and achievements throughout their years of services. Service awards are awarded in 5-year increments for continuous service, starting with 5 years of completed service.
- Referral Bonus: Please refer to the Recruitment and Staffing Policy for more information on the referral bonus program.

Off Cycle Salary Adjustments

In addition to annual merit increases, certain other circumstances may warrant salary adjustments.

Off cycle adjustments must be initiated by the immediate Supervisor/Manager and must be approved by the next level Supervisor/Manager and Human Resources.

- Temporary Assignment: For employees temporarily assuming additional responsibilities of a higher-level position, a monthly stipend may be provided to reward their additional contributions and their efforts to ensure business continuity. Temporary assignments must be at least thirty days and cannot exceed one year. Monthly stipend guidelines are based on 5 – 15% of the monthly midpoint of the salary range of the position that the employee is covering. Please contact Human Resources if an employee qualifies for temporary assignment.
- Promotional Increase: When an employee is promoted, a salary increase may be appropriate. Factors to consider in determining whether a promotional increase should be granted include but are not limited to: salary rates of incumbents in the role, market value of the new position, salary rates of direct reports, salary range for new position, increase in salary level(s), loss of overtime, and recent or pending merit increase.

Promotional salary increases should be based on the market rate for the new position but be no less than the minimum of the new salary range and must be approved by the Supervisor/Manager and Human Resources.
- Demotion: If an employee is demoted, the employee's salary, grade level, title, and responsibilities may need to be adjusted if it is above the salary level maximum in the lower salary level. Examples of a demotion include, but are not limited to, a reduction in pay or grade level, removing from a leadership role into a role with no direct reports, or a role with smaller scope.
- Lateral Transfer: An employee is considered to have a lateral transfer when he/she is placed in another job with the same salary level and comparable responsibilities. A lateral transfer may only include a salary adjustment if the new job carries a significant increase in duties or responsibilities.

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- Equity Review: An equity adjustment is designed to offset an inequity that cannot be corrected within the normal merit increase process. Equity adjustments for jobs in salary levels 50 and require approval of the respective State or Functional Lead and Human Resources.

Out of Range Rates: In the event of acquisition, hire or transfer:

- An employee should not be paid under the minimum of the salary level. If the employee's salary is below the salary level minimum, the salary should be raised to the minimum of the salary level.
- Generally, employees should not be brought in at a salary above the maximum for the salary level. In the event that occurs, the employee will not be eligible for a merit increase or other increase to their base salary rate. However, dependent on individual performance, the employee may be eligible for a lump sum payment during the year-end compensation process.
- An employee close to the maximum of the salary range will remain eligible for a merit increase only to the maximum of the salary level.

Benefits

American Water offers a competitive, comprehensive benefits program, including robust health and wellness benefits, and retirement and savings benefits, that accommodates different business models and demographics. The Company's programs are designed to strike a balance between employee choice and cost-effectiveness. Employees are encouraged to refer to all terms within the specific benefits plan document and summary plan descriptions ("SPDs") for complete details and administration. SPDs can be located in the reference center at www.americanwaterbenefits.com.

American Water reserves the right to amend any benefit plan without prior notice to participants, including the right to change eligibility criteria or program costs and the right to restrict or eliminate benefits provided. American Water also reserves the right to terminate or discontinue these benefits at any time, without prior notice to employees.

All new employees interested in participating in Company benefit plans (including signing up dependents) must enroll in benefits within 31 days of hire and provide the required documentation within 30 days following approval of the enrollment request. Employees interested in changing or updating their benefits elections must do so during the annual open enrollment period, unless they have an event which qualifies them for a special enrollment (e.g. a qualifying "life event" as defined in the Compensation and Benefits Practice). If an employee has a qualifying life event, the employee has 31 days from the date of the event to change/update benefits. Open enrollment typically occurs in October/November of each year.

Part-time employees may be eligible for benefits based on the following:

- Medical: Part-time employees (those who work at least 20 hours per week, or 1000 hours per year) will be eligible to participate in the Company's medical benefits, consistent with the terms and conditions identified in the plan documents. Employee contribution rates will be set at 50% of the total premium for any plan chosen.
- Employee Assistance Program (EAP): Part-time employees, regardless of the number of hours scheduled, are eligible to participate in the EAP.
- Flexible Spending Account (FSA): Part-time employees (those who are scheduled to work at least 20 hours per week, or 1000 hours per year), are eligible to participate in the FSA, consistent with the rules of the plans. Individuals may elect to participate in either the Health Care FSA, the Dependent Care FSA or both.
- 401(k) Savings Plan: Part-time employees who complete at least 1,000 hours of service within a year are eligible to participate in the Savings Plan.
- Wellness Program: Part-time employees (those who work at least 20 hours per week, or 1000 hours per year) will be eligible to participate in American Water's Wellness Program.

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Relocation Benefits

- Please refer to the Recruitment and Staffing Policy for information on relocation.

III. RESPONSIBILITIES

- All employees are responsible for assuring their own actions are in compliance with this policy. The employee is responsible for enrolling for benefits through the American Water Benefits Service Center. The employee is also responsible for updating, revising, or amending his/her own personal information, and dependent information through Employee Self Service. Changes to benefits following potentially qualifying life events (such as marriage, birth of child, and divorce) are to be handled by the American Water Benefits Service Center. The American Water Benefits Service Center is responsible for assuring timely review of life events and requests to change benefits.
- It is essential that Supervisors/Managers and Human Resources work together in administering American Water's compensation program. Both parties have important, interrelated responsibilities. Supervisors/Managers are responsible for initiating requests for increases, or one-time spot bonuses. Supervisors/Managers are also responsible for initiating merit increases and APP awards through myEmployee Center.
- The Executive Development and Compensation Committee (Compensation Committee) of the American Water Board of Directors has the right to modify any portion of this policy or underlying program to support the Company's objectives. The Compensation Committee is also responsible for approving short and long-term incentive awards and ensuring compliance with the administration of all plan documents/benefit programs. In addition, all compensation changes for a Section 16 officer must be approved by the Compensation Committee.
- The Senior Vice President of Human Resources will report annually to the Compensation Committee of the American Water Board on the effectiveness of the program from the prior year and recommend modifications as necessary.
- The Compensation COE is responsible for evaluating new and updated jobs, assuring a consistent approach to job and salary analysis, and otherwise governing the benefits and compensation process.
- The American Water Benefits Service Center is responsible for overseeing open enrollment, answering benefits calls and administering the terms of the benefits plans.
- Compensation and Benefits will monitor the effectiveness of all benefits and compensation related programs.
- The American Water Benefits Service Center will monitor enrollment in benefits plans, life events and the overall benefit costs.

Supervisors and managers are responsible for pay equity and compensation administration within their teams, and administration and compliance with this policy.

IV. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

V. NON-COMPLIANCE

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

Next Review By: 6/30/2022

POLICY DOCUMENT



Approval Date: 6/30/2019

Last Reviewed: 6/19/2019

POLICY DOCUMENT



Appendix – Summary of Policies & Practices Related to Compensation and Benefits Policy

Policy	Related Practice
Recruitment & Staffing Policy	Compensation and Benefits Practice



COMPLIANCE AND HEDGING POLICY

Policy Number: POL-FIN06

Effective Date: 3/9/16

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Linda Sullivan, Executive Vice President, Chief Financial Officer

Document Author: Deborah Degillio, Vice President - Treasurer

I. PURPOSE AND DEFINITIONS.

These Compliance and Hedging Policies and Procedures (the “**Policy**”) (a) establish a policy for the use of derivatives by Company; and (b) set forth requirements applicable to the End-User Exception Rule. Capitalized terms not otherwise defined herein shall have the meanings for such terms as set forth in Appendix A hereto.

II. THE END-USER EXCEPTION COMPLIANCE.

A. Purpose.

1. The CEA Swap Clearing and Trading Requirements. Certain Swaps are subject to the clearing requirement under CEA §2(h)(1) and the trading requirement under CEA §2(h)(8).
2. Election Not to Clear and Trade. Senior Management may find that it may be in the best interest of Company to elect to rely on the exception to the clearing requirement under CEA §2(h)(7)(A) as set forth in the End-User Exception Rule.
3. Resolution. Accordingly, Senior Management, pursuant to the provisions of this Policy may resolve to elect to rely on the end-user exception for any Swaps under the End-User Exception Rule.

B. Qualification.

1. Review of Company Qualification for the End-User Exception. Senior Management shall review and make the determination that Company qualifies under the End-User Exception Rule as an end-user if it finds that:
 - (a) Company is not a “financial entity” as defined in CEA §2(h)(7)(C)(i);
 - (b) Company is using the relevant Swap to hedge or mitigate commercial risk;
 - (c) Company reports, or causes to be reported to a registered SDR the information required by CFTC Regulation 50.50(b)(1).
2. Company Not a “Reporting Counterparty”. Company is not a “reporting counterparty” as defined in CFTC Regulation 45.8.

C. Compliance under the End-User Exception Rule.

1. Notification of New Counterparties. Company shall notify a new counterparty that qualifies as a “reporting counterparty” that Company made an election to be an end-user and that it qualifies for the end-user exception.



2. Reporting. Company shall annually provide the information required by CFTC Regulation 50.50(b)(1) to a registered SDR or the CFTC through an annual filing pursuant to CFTC Regulation 50.50(b)(2) or notify all existing counterparties of such information so that it may make the relevant filing(s).

D. Hedging or Mitigating Commercial Risk.

1. Senior Management shall find that a Swap is used to hedge or mitigate Company's commercial risks if such Swap:
 - (a) Is economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise, where the risks arise from:
 - (i) The potential change in the value of assets that Company owns, produces, manufactures, processes, or merchandises or reasonably anticipates owning, producing, manufacturing, processing, or merchandising in the ordinary course of business of the enterprise;
 - (ii) The potential change in the value of liabilities that Company has incurred or reasonably anticipates incurring in the ordinary course of business of the enterprise;
 - (iii) The potential change in the value of services that Company provides, purchases, or reasonably anticipates providing or purchasing in the ordinary course of business of the enterprise;
 - (iv) The potential change in the value of assets, services, inputs, products, or commodities that a person owns, produces, manufactures, processes, merchandises, leases, or sells, or reasonably anticipates owning, producing, manufacturing, processing, merchandising, leasing, or selling in the ordinary course of business of the enterprise;
 - (v) Any potential change in value related to any of the foregoing arising from interest, currency, or foreign exchange rate movements associated with such assets, liabilities, services, inputs, products, or commodities;
 - (vi) Any fluctuation in interest, currency, foreign exchange rate or other Commodities exposures arising from Company's current or anticipated assets or liabilities; or
 - (vii) Qualifies as bona fide hedging for purposes of an exemption from position limits under the CEA; or
 - (b) Qualifies for hedging treatment under Financial Accounting Standards Board Accounting Standards Codification Topic 815, Derivatives and Hedging; and
2. Senior Management shall also find that such Swap is:
 - (a) Not used for a purpose that is in the nature of speculation, investing, or trading; and
 - (b) Not used to hedge or mitigate the risk of another Swap or security-based swap position, unless that other position itself is used to hedge or mitigate commercial risk as defined by the End-User Exception Rule.

E. Specific Hedging and Mitigating Commercial Risks.



1. Hedging Interest Rate. Hedging or mitigating of exposure to volatility in interest rates by hedging Company's exposure with respect to variable rate borrowings or debt issued by Company or other interest rate risk of Company that Senior Management determines should be hedged or mitigated.
2. Other Hedging. Hedging or mitigating of exposure to volatility in foreign exchange rates by hedging Company's exposure with respect to any foreign exchange rate risk or the risk of any other Commodity or asset of Company that Senior Management determines should be hedged or mitigated.

F. Authorized Instruments.

Company shall enter into Commodities Contracts, as deemed appropriate by Senior Management that hedge or mitigate Company's commercial risk to a Commodity.

III. AUTHORITY AND RESPONSIBILITIES.

A. Authority.

Authority for implementing this Policy resides with Senior Management and such other staff as it deems appropriate

B. Responsibilities of the Treasurer and Senior Management.

The Treasurer shall review the Policy at least annually, or more frequently as required, to ensure that it remains consistent with the overall objectives of Company, Company's risk appetite and environment. Senior Management shall review Commodities Contracts, determine which Commodities Contracts are appropriate for hedging and mitigating commercial risks, and monitor compliance with the Policy. Senior Management is responsible for recommending, and the Treasurer is responsible for approving, all hedging strategies within the guidelines of this Policy.

C. Institutional Suitability.

1. Company personnel shall exercise independent judgment in evaluating the recommendations of any swap dealer with regard to the relevant transaction or trading strategy. Any person responsible for evaluating the recommendations of a swap dealer or making decisions on behalf of Company must be capable of fully understanding the potential risks and rewards associated with the recommended transaction or trading strategy.
2. Company personnel who make trading decisions on behalf of Company shall follow all Company policies in fulfilling these duties. Company personnel who evaluate recommendations from a counterparty must be Senior Management or a delegate as authorized by Senior Management whose education, experience, and industry knowledge demonstrate their capacity to carry out these responsibilities on behalf of Company.

Next Review By: 3/9/19

Approval Date: 3/9/16

Last Reviewed: 3/9/16



APPENDIX A – ADDITIONAL DEFINED TERMS

The Board: The Board of Directors of Company, or its equivalent body or an appropriate committee of the Board to which the Board has delegated its responsibilities under this Policy.

The CEA: The Commodity Exchange Act.

Commodity: Any “commodity” as defined by the Commodity Exchange Act (“CEA”), including interest rates, natural gas, crude oil, gold, silver, agricultural commodities. For the purposes of this Policy, the term “Commodity” shall include interest rates and the foregoing commodities and any other commodities that Company may from time to time hedge and with respect to which Company may incur commercial risks in the future.

Commodities Contracts: Contracts entered into by Company and a third party to hedge or mitigate Company’s exposure to a Commodity, including interest rate risk. These contracts may provide for payment and/or delivery obligations and may include swaps, options, and futures, as appropriate and as provided by this Policy.

End-User Exception Rule: The requirements applicable to the “end-user exception” set forth under the CFTC’s End-User Exception to the Clearing Requirement for Swaps Rule, dated July 19, 2012, codified as CFTC Regulation 50.50, 17 C.F.R. § 50.50.

SDR: A swap data repository.

Senior Management: The President, the Chief Executive Officer, the Chief Financial Officer, the Treasurer and the General Counsel of Company, or any other officer of Company designated by either the Board or a member of Senior Management. Unless otherwise specified herein, any reference herein to Senior Management means any of the foregoing parties acting whether singly or together in any number.

Swap: Any transaction which is a swap under the CEA and any rules and/or regulations promulgated thereunder.

CONTRACT MANAGEMENT POLICY

Policy Number: POL-PROC03

Effective Date: 08/01/2012

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Kellye Walker, Chief Administrative Officer & General Counsel

Document Author: Steve Robbins, Corporate Counsel

I. PURPOSE

This policy provides requirements to conduct contract management activities. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights differences between the regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT 1


This section contains guidance relevant to contract initiation, review, approval and maintenance.

- A contract is an agreement with specific terms between two or more persons or entities in which there is a promise to do something in return for a valuable benefit known as consideration; such consideration need not be of monetary value.
- A contract includes any amendment to an existing contract and any “statement of work”, “work order”, “task order” or “change order,” which alters the legally-binding obligations of a party under an existing contract.
- Amendments to existing contracts are treated the same as new contracts for purposes of this policy.
- A contract does **not** include a conveyance document without responsibilities or obligations of the Company other than to deliver the purchase price on the date of conveyance (e.g. an easement, deed or bill of sale that does not include an on-going payment or maintenance obligation).

Unless otherwise specified, this policy establishes the requirements that are to be followed by all employees involved in contract management activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.



Contract Management

Contracts are recorded and tracked through one of two Contract Management Systems (CMS): SAP Strategic Relationship Management (SAP SRM) and SharePoint.

- For regulated businesses, contracts that are managed through the Supply Chain Department (SC Department) are managed in SAP SRM.
- All MBB contracts and all regulated business contracts not managed by the SC Department (such as fire protection agreements, easements, etc.) are managed in SharePoint.
- The Contract Management Practice establishes which CMS is used for each specific contract type.
- Contract Initiation  1
 - Contract Owners should use standard contract templates, when possible. The SC Department maintains standard contract templates for contracts managed by that department. Other contract templates are maintained by the Legal Department and are available in SharePoint.

- Contract Owners must consult with the Legal Department before negotiating with third parties using non-standard agreements or revising standard agreements.
- Special Contract Types:
 - Only the Chief Financial Officer, or Vice President & Controller, may approve the use of an audit firm to perform any type of service for the Company.
 - Only attorneys in the Legal Department may retain outside counsel or any other vendor engaged with respect to a legal matter, without the authorization of the General Counsel.

Refer to the Procurement and Payment Policy for additional details related to bid analysis, supplier selection, and contract award.

- Contract Review and Approval
 - Certain contracts require review by the Legal Department, Finance Department and/or SC Department based on contract type and dollar amount as set forth in the Contract Administration Practice.
 - Contracts Owners are responsible for obtaining these reviews when necessary, plus any other reviews and approvals as required by the Delegation of Authority or another policy applicable to the transaction.
- Execution and Publication  ₂
 - Contracts Owners may sign a contract on behalf of the Company only if authorized in accordance with the Delegation of Authority.
 - Fully executed contracts are uploaded to the CMS within ten business days upon receipt by the Contract Owner or Contract Administrator. If the ten business days extend beyond the end of a calendar quarter, an accelerated upload into the CMS occurs by the last day of the calendar quarter
- Ongoing Management  ₃
 - Contract Owners maintain and review contract compliance, including managing amendments, price escalators, renewals, termination, compliance with terms and conditions by the counterparty and closure.
 - Contract Owners update the information about certain contracts within the CMS on at least a quarterly basis, as described in the Contract Management Practice.
 - If a Contract Owner separates from the Company or is transferred to a new role that does not include contract management, the supervisor of the former Contract Owner must assign Contract Owner responsibilities to another employee and will ensure the CMS is updated.

Alternate Contract Management Methods

- Contracts Entered into by the Parent Company's Board of Directors

Contracts authorized by the Company's Board of Directors do not require prior review by the Legal Department, Finance Department and/or SC Department. The Chief Financial Officer (CFO) or Vice President & Controller is notified of the contract to ensure proper reporting in accordance with the Financial Reporting Policy and General Accounting Policy. The executed contract is provided to the Legal Department and the details of the contract are entered into the CMS.
- Confidential Agreements

Contracts determined to be confidential by the executive leadership team (ELT) or the Company's Board of Directors are not required to be uploaded to the relevant CMS until the confidential agreement is made public. The Chief Financial Officer (CFO) or Vice President & Controller is notified of the contract to ensure proper reporting in accordance with the Financial Reporting Policy and General Accounting Policy.
- Emergency Purchases

An emergency is a situation where an immediate expenditure is necessary to make repairs, protect against further loss or damage, prevent or minimize serious disruption in business, or protect the Company assets;

these situations do not allow the use of standard procurement methods to ensure continued contract compliance. Emergency conditions may result from floods, fires, explosions, adverse weather conditions, natural disasters or epidemic conditions. These conditions may also result from untimely breakdown, damage, or loss of equipment vital to business continuity, the maintenance of health, or safety standards.

In cases of emergencies, contract management activities described in this policy will be performed subsequent to the contract transaction as soon as reasonably practical and provided that SC Department is informed of the emergency purchasing situation as soon as reasonably practicable.

III. RESPONSIBILITIES

- Contract Owner – Responsible for proper entry of contract information and timely / accurate completion of the Contract Owner Update. The ongoing and continued monitoring of activity under the scope of the contract or agreement. For MBB, the Contract Administrator is the initial Contract Owner until publication, at which time the Secondary Owner is the Contract Owner.
- Contract Signer – Responsible for providing requisite authority to sign the contract pursuant to the Delegation of Authority. If the Contract Owner does not have the appropriate Delegation of Authority to execute the contract, a Contract Signer must be designated.
- Finance Department – Responsible for providing required pre-execution and quarterly reviews of contracts for accounting impact and disclosure of contract commitments and obligations. Operating Unit Finance reviews the CMS' and compiles future obligations and related party transactions for disclosure consideration. Refer to the Financial Reporting Policy for further details.
- Legal Department – Responsible for providing advice and counsel to the Contract Owner when required by the DOA Policy. Conduct back-end contract reviews for compliance with the DOA Policy. Make any updates to the CMS resulting from the Contract Owner Update or other Finance Department reviews.
- SC Department – Responsible for assisting the Contract Owner with contract negotiations and the execution of contracts for procurement of goods and services managed by the SC Department pursuant to the Procurement and Payment Policy and related practices. 1

IV. STRATEGIC OBJECTIVE

This policy addresses strategic objectives to ensure appropriate management, tracking, and reporting of all contracts to protect Company assets and interests.

V. MONITORING

The Finance Department performs a periodic review of the contract index to confirm agreements contained in the Operating Unit Disclosure Package are complete and accurate.

The Compliance Department performs a quarterly review of disbursements to ensure contracts exist for those disbursements greater than or equal to the ASC 450 annual reporting threshold.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team (ELT) Sponsor of this policy, or his or her designee. The ELT Sponsor, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VII. NON-COMPLIANCE

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

Next Review By: 08/01/2015

Approval Date: 06/27/2012

Last Reviewed: 06/27/2012

Appendix – Summary of Practices Related to Contract Management

Policy	Related Practices
Contract Management	Contract Management

Contract Management – Supplemental

This policy is the combination of the Contract Administration and Outside Counsel Policies.

❖ **STOP – What has been eliminated in this policy?**

- Not applicable.

❖ **START – What’s new in this policy?**

- ₁ The Operational Procurement Department initiates all Procurement-type contracts.

❖ **CHANGE – What’s staying, but changing in this policy?**

- ₁ For regulated businesses, all contracts were previously housed in SharePoint. Only Non-Procurement contracts will be housed in SharePoint going forward. Procurement contracts will be housed in SAP SRM.

❖ **CONTINUE – What’s not changing at all in this policy?**

- ₁ Policy does not change for the use of outside counsel.
- ₂ Contract execution requirements are unchanged including dates and deadlines for communication and upload of contracts. Elements of competitive bidding are not included in this policy; they are included in the Procurement and Payment Policy.
- ₃ Contract Owner Update requirements have not changed. Policy has not changed in regards to commitment and disclosure reporting.

❖ **How are related practices impacted?**

- Two Contract Management Systems (CMS) will now be used (SRM and SharePoint).
- The Contract Index quarterly update process will now require two contract populations to be extracted and distributed.
- Supply Chain Department will now assist in procurement contract execution and maintenance when appropriate.



COVID-19 EMERGENCY LEAVE POLICY

Policy Number: POL-HR14

Effective Date: March 23, 2020

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together "American Water" or the "Company")

ELT Sponsor: Senior Vice President, Human Resources

Document Approver: Vice President, Comp & Benefits

Document Author: Director, Employee Relations

I. PURPOSE

The purpose of this policy is to provide general guidance to American Water employees regarding their responsibilities and the benefits the company will provide should they need to take leave as a result of events associated with the coronavirus ("COVID-19"), including special additional leave available in certain circumstances outlined in this policy, unless otherwise provided for or governed under applicable state or local law.

II. POLICY STATEMENT

The health and safety of our employees, families, and customers is critically important to American Water as we navigate the impact of COVID-19. Employees should contact their local Employee Relations Business Partner (ERBP) with any questions or concerns surrounding this policy.

American Water will follow all quarantine mandates issued by local, state and federal government agencies in order to continue to operate effectively and ensure a safe workplace for employees. Quarantine is defined as when a person is kept in relative isolation, usually at their home (but other circumstances may apply), in order to contain the potential spread of infectious disease.

This is intended to be a temporary response to this extraordinary situation. This policy does not operate as a new ongoing benefit, change of work terms or conditions or an amendment to any collective bargaining agreements, if applicable. American Water may modify or end this policy and any benefits hereunder, in its sole discretion, at any time.

Please refer to our Time, Attendance and Paid Time Off and Leave of Absence Policies or Practices, and any applicable collective bargaining agreements regarding other general leave policies (vacation, time off, etc.) for details regarding your current benefit offerings or contact your local ERBP for information on state or local leave benefits.

To keep our employees and the public safe while meeting the critical needs of our customers during the COVID-19 pandemic, employees who are able to perform their job remotely have been asked to work from home starting March 16, 2020. State and functional leadership has worked with their leadership teams to determine how to best staff our offices and operations to continue to provide critical services while minimizing the risk of exposure. Some business-critical work may require individuals to temporarily report to an office. Your direct manager or supervisor will work with you and communicate with you on these matters.

Based on the current situation, mandates that vary state by state, and predictions regarding peak COVID-19 conditions, we continue to monitor and assess developments closely. Safety continues to be our top priority and we will determine how and when we return to normal operations. Your direct manager or supervisor will work with you on how and when you will return to our facilities.

III. EMERGENCY LEAVE UP TO FIVE PAID DAYS

Employees are eligible for up to five (5) calendar days of job-protected paid emergency leave under the following circumstances when the need for leave is associated with the COVID-19 crisis:

1. If you do not have the ability to work remotely based on the nature of the work you perform; and



2. The school or facility at which your minor child or minor child for whom you are a legal guardian is enrolled has been closed due to a COVID-19 related matter.

Employees who need to use the five days of paid emergency leave consecutively will need to complete the hardship request form found in the Appendix of this policy and return it to their ERBP. When completing the hardship form, the employee is required to provide information about the age of any children in the household, which will be considered and reviewed prior to approval.

If the employee needs additional time off and if, after discussion with their manager, alternative options are unavailable or do not meet the needs of the employee, the employee may request a hardship to use vacation time (not already scheduled) or sick time where permitted by state/city requirements.

After paid time off is exhausted, an employee may continue their leave unpaid up until April 30, 2020. Approval will be determined on a case-by-case basis. If approved, this time off will also be considered job-protected and employee will use unpaid leave ("Excused Unpaid" code) after exhausting vacation and sick time (sick time if permissible by state or local law).

If "Excused Paid" is determined, employee or supervisor will code the five days as "Excused Paid" using the same default accounting normally used to report sick time.

Employees in New Jersey may use their 2020 accrued sick leave allotment without first exhausting the company's paid emergency leave, and without completing a hardship request form. Pursuant to local law, employees in Pittsburgh may be able to use up to 5 sick days without first exhausting the company's paid emergency leave and without completing a hardship request form. Employees in California may use up to 5 sick days, vacation days or floating holidays without first exhausting the company's paid emergency leave and without completing a hardship request form. Please contact your ERBP to find out if you are eligible for this benefit. For more information on leave benefits available in your state, please visit the Company's Leave of Absence state-specific resource page which can be found [here](#).

IV. OTHER COVID-19 CRISIS LEAVE REASONS

1. Employee tests positive for coronavirus.

American Water will pay 14 calendar days to align with work schedules to employees who test positive for coronavirus. The employee must contact The Hartford to apply FMLA and Short-Term Disability benefits, if eligible.

In order to protect American Water employees and their families, as well as our communities, an employee who tests positive or who may have been exposed to COVID-19 needs to follow the established American Water protocol created during this pandemic.

The protocol is to immediately inform the Emergency Crisis Response Team (ECRT) of the potential exposure or diagnosis at coronavirus@amwater.com or to their supervisor/manager.

Immediately reporting the potential exposure or diagnosis of COVID-19 to the ECRT team will allow the ECRT team to identify any American Water employees or customers who may have been exposed to COVID-19 through close contact so they can take the proper precautions to protect themselves, their families and others in the community. The ECRT will not disclose the identity of the COVID-19 positive employee to anyone other than an American Water employee with a "need to know," i.e., the employee's direct supervisor and local safety personnel, unless the employee gives their consent to disclose their identity to other individuals.

If the employee is unable to return to work after 14 calendar days, they will use company-paid sick leave (including sick bank) and STD, if eligible, in coordination with any state benefits. Employees working in CA, HI, NJ or WA will need to contact the state as well as The Hartford. The employee or supervisor will code the first 14 calendar days as "Excused Paid," with the same default accounting normally used to report sick time.

Employees seeking to return to work following a coronavirus diagnosis should contact their supervisor or ERBP before



returning and will need to provide a doctor's note indicating they are recovered and have received a test showing a negative result for COVID-19.

Please note: STD will not be paid until The Hartford approves the claim. If STD is not approved the Friday before regularly scheduled payroll date it will be paid on following paycheck.

2. Employee is quarantined for various reasons, including travel to an impacted area, exhibition of symptoms consistent with coronavirus (even absent a positive test) or as a precautionary measure as defined by CDC Guidelines.

Depending on the reason for quarantine, American Water will pay up to a maximum of 21 calendar days to align with work schedules to employees who are quarantined for various reasons.

If additional time off is needed after the 21-day period, the employee may contact The Hartford to apply for Paid Family Leave, if eligible, or use other accrued time off such as sick time or vacation time.

It is recommended that employees discuss the Paid Family Leave process with their ERBP as the Company-provided Paid Family Leave is for the care of an immediate family member. In some states, paid family leave is paid in coordination with state paid leave programs.

The employee or supervisor will code the first 21 calendar days as "Excused Paid," with the same default accounting normally used to report sick time.

3. Employee's immediate family member is sick with or has been diagnosed with coronavirus and employee must provide care to this family member.

Employees who demonstrate they need to care for an immediate family member* (immediate family members include parent, spouse, and child. In-laws, domestic partners, siblings, grandparents, and all other family members are not included) who has been diagnosed with COVID-19 can apply for FMLA leave and American Water Paid Family Leave by contacting the Hartford. If in CA, HI, NJ or WA, the employee will also need to contact the state directly. American Water will pay the difference between the employee's usual amount of pay and what the state provides if The Hartford approves the Paid Family Leave claim. Employees who have exhausted their company paid family leave benefit will be eligible to use up to 10 days of their accrued sick time. Employees who have exhausted their accrued sick time will be required to use accrued vacation or floating holidays, and if accrued vacation or floating holiday time is also exhausted, the employee will be take an unpaid leave for the remainder of the FMLA period. Time coding will be determined on a case-by-case basis.

Please note: Paid Family Leave claims must be approved by The Hartford before employees receive payment under the company's Paid Family Leave benefit. In addition, employees are responsible for working with the state (if in CA, HI, NJ or WA) to coordinate receipt of Paid Family Leave benefits.

** CA, HI, NJ and WA may define "family member" more broadly than American Water's Paid Family Leave Policy. If you work in any of these states, please consult with the state to determine eligibility for paid family leave through their programs.*

4. Employee has an underlying health condition and is concerned about being physically present at work.

The employee should talk to their manager and ERBP to determine if there are alternative schedule options. If alternative schedule options are not available or do not meet the needs of the employee, the employee should complete an ADA request for reasonable accommodation. This will require medical documentation supporting the request. If medical documentation supports Short-Term Disability, the employee will need to contact The Hartford. Time coding will be determined on a case-by-case basis.

5. Employee came to work sick with coronavirus symptoms and is directed to go home.

The employee should use sick days and contact The Hartford if they are off work longer than five days. If the employee tests positive for coronavirus, the Company will pay the employee for 14 calendar days to align with work schedules



and the time will need to be corrected and coded for “Excused Paid” using the same default accounting normally used to report sick time.

6. Employee reports off due to experiencing coronavirus symptoms and asks for time to go to the doctor for coronavirus testing.

Initially, the employee’s own sick time will be used, but if diagnosed with coronavirus, the Company will pay the employee for 14 calendar days to align with work schedules. After that, the employee may be eligible for FMLA, short-term disability and/or sick leave. Time coding will be determined on a case-by-case basis.

7. Employee is age 65 or older and is concerned about being physically present at work.

If, after discussion with their manager, the employee indicates a concern about being in the workplace during this COVID-19 crisis, the manager will first determine if the employee is able to work remotely.

If it is not possible for the employee to work remotely, the employee will be offered 14 calendar days of job-protected paid leave to align with work schedules to self-isolate. After this 14-day period, the employee may elect to stay out of work and use their own vacation and personal time. This time will be job-protected.

If “Excused Paid” time is determined, the employee or supervisor will code the 14 days as “Excused Paid” using the same default accounting normally used to report sick time.

Please note: The CDC has determined older adults, age 65 years and older, are at higher risk for severe illness from coronavirus. Managers and supervisors should consider employees with underlying health conditions over age 65 first.

Please note: If the employee completes 14 calendar days of emergency paid leave and later tests positive for coronavirus, they must use sick time, paid time off, or short-term disability.

V. ABSENCES RELATED TO COVID-19 ISSUES

If, during the COVID-19 pandemic, an employee falls into more than one category listed above where the Company is providing 14 calendar days of paid leave, the employee will receive this benefit only once.

During this crisis, and on a non-precedent setting basis, the Company will refrain from issuing discipline for absences related to COVID-19 issues in order to avoid discouraging the use of paid or unpaid leave for legitimate needs during this time. However, repeated absences or signs of abuse will be addressed on a case-by-case basis and employees may be asked to document the need for leave and or complete a hardship form for further protected paid or unpaid leave use.

VI. COORDINATION WITH OTHER LEAVES OF ABSENCE

An employee need not exhaust their other leave benefits before requesting COVID-19 leave under the circumstances noted above.

The COVID-19 emergency leave is intended to grant additional paid leave only in the above-referenced circumstances and to individuals qualifying under this and the Leave of Absence Policy. As a result, unless required by state law, no employees will be paid out for unused COVID-19 Leave.

If you are unable to return to work after exhausting your COVID-19 paid emergency leave, you should discuss your options with your supervisor or ERBP. Options may include, if and as needed, required use of any remaining eligible sick leave benefits, vacation benefits, or other paid time-off benefits. In certain cases, consideration of an unpaid leave of absence will be evaluated on a case-by-case basis.

VII. STRATEGIC OBJECTIVE

This policy addresses the strategic objective to provide paid emergency leave during the COVID-19 crisis.



VIII. MONITORING

Managers and supervisors are responsible for monitoring and approving attendance/time, reporting activities, establishing and communicating departmental procedures (e.g. for using paid time off, call outs, etc.) as well assuring compliance with this policy and the related practice. Human Resources is responsible for monitoring adherence to this policy.

IX. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver they were granted.

X. NON-COMPLIANCE

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



Appendix A – Summary of Practices Related to COVID-19 Emergency Leave Policy

Policy	Related Practice
Time, Attendance and Paid Time Off Policy	Time, Attendance and Paid Time Off Practice
Leaves of Absence Policy	Leaves of Absence Practice



Appendix B – Workplace Hardship Accommodation Request Form for COVID-19 Related Care for Family

**Workplace Hardship Accommodation Request
COVID-19 Related Care for Family**

Employee Name: _____

Employee ID #: _____ **Date:** _____

Location (city/state of reporting location): _____

Position: _____

Union Local (if applicable): _____

Normal Shift: _____

Supervisor/Manager: _____

American Water's primary concern is the health and safety of our employees, families and customers. As we monitor the current COVID-19 pandemic, we recognize that there may be circumstances, medical or otherwise, that could affect your ability to report to work. American Water will consider hardship accommodation requests on a case-by-case basis, where you or a loved one are impacted by COVID-19, physically or circumstantially.

The Company reserves the right, at any time, to amend or revoke a workplace hardship accommodation if the workplace flexibility arrangement no longer meets the needs of the business. Nonetheless, at this time, the Company will not discipline employees who require unpaid hardship leave due to a situation created by COVID-19.

Should you have an underlying medical condition that creates a hardship for you to come to work due to possible exposure to COVID-19, please complete the Healthcare Provider's Form found in Appendix C of this document in addition to the Workplace Hardship Accommodation Request Form.

Accommodation Request for Hardship and Duration of Hardship:

Impact to Workday: _____

Reason for Accommodation Request:

Who are you providing care to? (Describe relationship):

Does the person needing care live in the same home as you? **Y or N**

How long will you need to care for the person needing care? _____

Employee Signature

Date

Supervisor Signature

Date

ERBP Signature

Date

ERBP submits completed form to ERD for review with the Coronavirus HR Response Team.



Appendix C – Healthcare Provider’s Statement

HEALTHCARE PROVIDER’S STATEMENT

Patient/Employee Name: _____

Home Address: _____

The American Water employee named above (“Patient”) is requesting an accommodation in order to perform the essential function of their position. When considering such accommodation requests, American Water policy requests an employee’s healthcare provider to provide their opinion regarding the nature and extent of the claimed impairment of the employee. To be considered, this Healthcare Provider’s statement must be based on clinical information and diagnosis that is current within three (3) months of the date of the accommodation request. (You may attach additional pages to this form, if necessary, to fully respond to our questions.)

The Genetic Information Nondiscrimination Act of 2008 (GINA) prohibits employer and other entities from requesting or requiring genetic information of an individual or family member of the individual. To comply with this law, we are asking that you not provide any genetic information when responding to this request for medical information. “Genetic Information” as defined by GINA, includes an individual’s family medical history, the results of an individual’s or family member’s genetic tests, the fact that an individual or an individual’s family member sought or received genetic service, and genetic information of a fetus carried by an individual or an individual’s family member or an embryo lawfully held by an individual or family member receiving assistive reproductive service.

1. Have you diagnosed the Patient to have a physical or mental impairment?
 Yes
 No

If your answer is yes, what is the nature of each impairment?

If your answer to question 1 is no, please do not proceed any further, sign where indicated below, and return this form to the address indicated. If your response is yes, please continue to question 2 below.

2. Does the diagnosed condition have a limiting effect on the Patient’s ability to perform certain major life activities, such as caring for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, eating, bending, reading, concentrating, thinking, standing, lifting, or working?
 Yes
 No

If your answer is yes, list each limiting effect for each condition.



3. Does the diagnosed condition have a limiting effect on the Patient's ability to operate certain major bodily functions such as the Patient's brain, respiratory, circulatory, endocrine, and reproductive functions?
- Yes
 - No

If your answer is yes, list each limiting effect for each condition.

If your response to questions 2 and 3 are no, please do not proceed any further, sign where indicated below, and return this form to the address indicated. If your response to question 2 or 3 is year, please proceed to question 4.

4. What is the duration or expected duration of the impairments?

5. Below is a chart containing a summary of the Patient's essential functions as a _____ at the Company. Please fill out the chart below and advise as to whether the diagnosed condition affects the Patient's ability to perform any one of the essential functions of the Patient's position. (List of essential functions in first column to be filled in by ERBP.)

Essential Functions	Can the employee perform this essential function? Please write Yes or No.	If no, what accommodation do you recommend to assist the employee in performing this essential function?

6. To the extent that you list any accommodations above, is the need for accommodation likely to be temporary or permanent? If temporary, how long do you estimate the need for accommodation will exist?



7. Can you identify a current specific risk as a result of the Patient's diagnosed condition that would pose a significant threat or substantial harm to the Patient or others?
- Yes
 - No

If your answer is yes, please explain.

Provider Name (Please Print)

Date

Professional license or specialty

Address

Signature of Healthcare Provider

Telephone



Appendix D – Workplace Hardship Accommodation Request Form for COVID-19 Related School Closures

**Workplace Hardship Accommodation Request
COVID-19 Related School Closures**

Employee Name: _____

Employee ID #: _____ **Date:** _____

Location (city/state of reporting location): _____

Position: _____

Union Local (if applicable): _____

Normal Shift: _____

Supervisor/Manager: _____

American Water's primary concern is the health and safety of our employees, families and customers. As we monitor the current COVID-19 pandemic, we recognize that there may be circumstances, medical or otherwise, that could affect your ability to report to work. American Water will consider hardship accommodation requests on a case-by-case basis, where you or a loved one are impacted by COVID-19, physically or circumstantially.

The Company reserves the right, at any time, to amend or revoke a workplace hardship accommodation if the workplace flexibility arrangement no longer meets the needs of the business. Nonetheless, at this time, the Company will not discipline employees who require unpaid hardship leave due to a situation created by COVID-19.

Accommodation Request for Hardship and Duration of Hardship:

Impact to Workday: _____

Please complete the below information if the reason for an accommodation request is related to school closures created by COVID-19.

Date of school closure: _____

Period of time your school is anticipated to be closed: _____

Is the school district requiring parents to oversee online instruction during normal school hours? **Y or N**

(If yes, please provide copy of communication provided by school district.)

What are the ages of the children that need care while at home? _____

Is there anyone living in the household that is 16 years of age or older? **Y or N**

If yes, how many, and what are their ages? _____

Does your role/position at American Water provide you with the option to complete your work during non-core business hours? **Y or N**

If yes, what hours would you be able to work? _____

Continued on next page

CYBER AND INFORMATION SECURITY POLICY

Policy Number: POL-ITS03

Effective Date: 1/1/2016

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Linda Sullivan, SVP and Chief Financial Officer

Document Author: Nicholas Santillo Jr., Vice President Internal Audit and Chief Security Officer

I. PURPOSE

This policy provides requirements for the secure use and management of all information resources, technology systems and electronic communications systems within the company. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy puts into place the minimum mandatory practices for users to address the use of enterprise information and technology systems.

II. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to limit risk to the business on information systems that are critical to the Company’s mission and business. Effective recognition, assessment, tracking, and management of information and cyber security risks are an essential operational risk control process. These risks include compromised confidentiality or integrity of business information, as well as interruption of key mission and business processes supported by our information and technology systems. The strategic objectives are executed through assessing and controlling information and cyber security risks to Company information resources, ensuring the confidentiality, integrity, and availability of Company information resources are maintained.

III. POLICY STATEMENT

This section contains guidance and information relevant to information security threats to the Company’s critical systems that pose a material risk to the business. These risks include compromised confidentiality or integrity of business information, as well as interruption of key business processes supported by our information systems. The Company establishes and maintains adequate internal controls over information security to provide reasonable assurance that there are no unauthorized accesses of or alterations to the Company’s data, or malicious disruptions to IT services. Accordingly, the Security department is responsible for enterprise cyber, information, and data security.

Adoption of standards – Related practices and security program initiatives will be developed consistent with security related standards and guidelines including the NIST Cybersecurity Framework and other industry recognized standards and best practices.

Identity and Access Management - All users of Company IT assets will access company information systems through unique credentials based on the following principles.

- User Accounts, Entitlements and Role Provisioning – The assignment of system accounts and role based privileges for users will be based upon business need.
- Segregation of Duties – User access on Company resources will be appropriately provisioned to provide segregation of duties such that no one individual has access to perform two or more phases of a transaction or operation that presents a significant business risk. Users will be given no more privilege than necessary to perform a job in support of a defined business process.
- Review and Recertification – Regular review of access assigned to individuals will be conducted periodically based on sensitivity of access to ensure appropriateness and continued need for the user to retain the access.

Configuration and Monitoring

- System Configuration – ITS maintains a set of standard baseline system configurations for servers, workstations, network infrastructure components and other host computing platforms used within the Enterprise. These standards are periodically reviewed, updated and approved as required.
- Monitoring of Sensitive Transactions and Privileged Users – Monitoring of sensitive accounts, transactions and data will be performed as appropriate. This includes:
 - Privileged access and administrative access to critical enterprise IT resources and applications are monitored regularly based upon the sensitivity of the access or risk level of the transactions.
 - Access to predefined sensitive data objects will be monitored based upon the level of risk associated with the data object.

Monitoring of company technology systems – Employees, contractors, and third-parties shall understand and consent to system monitoring while accessing company network, computers, email or other technology systems

Assets and Software

- Secure Use of the Internet and Company IT Assets – The Company will use and maintain appropriate antivirus, firewall, email and internet filtering software and take other precautions to prevent malicious or otherwise damaging software from being introduced into the Company's systems. Employee conduct with respect to the use of the Company's IT hardware and software is also subject to the Company's other policies and practices, including human resource policies and practices and the Code of Ethics.
- Processing of sensitive information: – Sensitive information shall be handled in accordance with the Sensitive Information Policy.
- Asset Management – Company IT Assets will be categorized according to criticality based business processes supported by the asset(s). The categorization assessment will include availability tolerances, business resilience controls and risks of information compromise.
- Use of Unapproved Software – All software installed in the Company's systems must be approved by ITS and Security, procured through the AW procurement process and only installed by authorized ITS personnel. The installation of unapproved software is prohibited. ITS monitors the Company's systems for unapproved software and will remove any unapproved software.

Connectivity and Media

- Remote Access – Remote access to the company information systems, networks, software and applications must be routed through secure, approved services by ITS and Security.
- Third Party Network Connections – Network connections to company information systems, networks, software and applications by third parties will be explicitly approved by ITS and Security. All third party connections to information systems will be strongly encrypted and all users authenticated in accordance with Company enterprise identity and access systems and procedures. All user activity is subject to appropriate use monitoring, and all user actions will be uniquely attributable and logged. Connecting third party computers and devices via the Company's local area network must be approved by ITS and Security. Company employees who host third parties and visitors are responsible for coordinating with the ITS Department to ensure this requirement is met.
- Wireless Networking Systems – All wireless networking solutions deployed within or connected to Company's networks will comply with the wireless standards established by ITS. All installation and configuration of wireless networking equipment will only be performed by authorized ITS Department personnel. Use of the wireless network is subject to appropriate use monitoring.
- Personally Owned Computers – No personally-owned computers will be physically connected to the Company's network or systems unless approved by ITS and Security.
- Removable Storage Media – Removable storage media will be scanned for any malicious software using the Company's standard antivirus software before it is connected to the Company's systems. Users must ensure that removable storage media is physically secure.
- Storage Media Destruction – All data storage media (removable media and hard-drives) connected to Company's information systems must be properly recycled and destroyed once removed from service.

Respond - The Company will develop and implement appropriate activities to take action regarding a detected cybersecurity event.

- Incident and Event Management – Detrimental impact from information security breaches or technology outages that cause fiscal or reputational damage to the Company, or results in business process interruption, will be classified and managed according to the materiality of the event. Response and management of information system incidents will be consistent with the Incident and Event Management Practice.

IV. RESPONSIBILITIES

- The Chief Security Officer is responsible for assessing cyber, information, and data security risks to the Company, reporting enterprise level risks to the Enterprise Risk Management Committee and assuring appropriate controls are in place to mitigate those risks.
- All users of company information systems are responsible for adhering to this policy and reporting any security incidents or violations of this policy to the Ethics or Security Hotline. Employees covered under a collective bargaining agreement may have a union representative present, if desired, when reporting any security incidents or violations of this policy.

V. MONITORING

The Chief Security Officer shall report to the General Counsel or his/her designee any violations of this policy.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 1/1/2019

Approval Date: 1/1/2016

Last Reviewed: 1/1/2016

Appendix – Summary of Policies & Practices Related to Cyber and Information Security

Policy	Related Practices
Cyber and Information Security	SCADA Acceptable Use Practice (AUP)
	SCADA – Communications Firewall (Perimeter) Practice



DELEGATION OF AUTHORITY POLICY

Policy Number: POL-LEG04

Effective Date: 09/24/2019

Applicability: American Water Works Company Inc., and its controlled subsidiaries as described below (together “American Water” or the “company”)

Executive Sponsor: Executive Vice President, General Counsel and Secretary

Document Approver: Vice President, Deputy General Counsel, Regulatory & Corporate Operations

I. PURPOSE

This policy sets out the authority delegated to employees by the president and chief executive officer (“CEO”) to enter into transactions on behalf of the company under a grant by the board of directors of American Water Works Company Inc. (“Board”) to the CEO.

II. RESPONSIBILITIES

Employees should understand the policy as it relates to their responsibilities and take steps to ensure compliance. Managers should periodically review the policy with their people to ensure appropriate compliance. Any employee who violates or circumvents the policy may be subject to disciplinary action up to and including termination.

III. POLICY STATEMENT

This policy applies to the company and its controlled subsidiaries. This policy does not apply to Keystone Clearwater Solutions LLC and Cocoa Properties I LLC, which have their own delegation of authority.

This policy is subject to (i) applicable law, (ii) the charter, articles or certificate of incorporation and the bylaws of the company and each subsidiary, and (iii) resolutions of the board adopted from time to time.

The members of subsidiary boards of directors have a fiduciary responsibility to act independently in the best interest of their company, and ultimately, of its shareholders, while the shareholders have the right to choose board members. Nothing in this policy is meant to or should be taken as limiting or hindering the proper exercise of a subsidiary director’s fiduciary duty. Subsidiary directors should consult with the Legal Counsel and Services Department in the event they believe their fiduciary duties would conflict with this policy.

IV. DEFINITIONS

- **Contract** - means any document that legally binds the company or a subsidiary to do or not to do a particular thing in return for a valuable benefit known as consideration. Consideration does not need to be money. Such documents may include, but are not limited to, purchase orders, task orders, change orders, subscription services and statements of work.
- **Level** - means an employee's salary level.
- **Routine Operating Matter** - means any transaction entered into consistent with approved or pending spending plans or budgets, except as otherwise stated in this policy.



V. SCOPE

- Authority to act under this policy is granted based on an employee's level or role. See Appendix A.
- The specific delegated authority limits are as set out in the tables contained in this policy. Authority is not the same as permission; even if the Delegation of Authority authorizes an employee to act, employees must comply with all other company policies and practices.
- An officer or employee authorized to sign a Contract under this policy ("Authorized Employee") may delegate his/her signing authority to another employee by granting permission in writing before the Contract is executed. The permission must be filed with the executed Contract. The employee selected to sign on behalf of the Authorized Employee does not need to have the same level of authority under this policy as the Authorized Employee. The Authorized Employee remains responsible for all transactions related to the Contract.
- Authority is transactional. Transaction amounts include total estimated expenditures and reasonably related cumulative expenses. Authority limits apply to the aggregate vendor expenditures.
- Activities affecting or requiring resources from more than one budget holder require the approval of each budget holder.
- Managers may impose additional restrictions and limits upon their reporting employees with respect to the exercise of the authority granted to such reporting employees by this delegation.
- Consistent with our value of teamwork, employees should consult and collaborate with other departments in executing transactions on behalf of the company. Employees can contact the Legal Counsel and Services Department with questions concerning the interpretation of this policy.

No authority is delegated with respect to the following actions or activities:

Entering into oral or undocumented agreements, excluding routine business transactions made in accordance with company policy, such as those made in response to a customer's telephone call, or for basic supply and service requisitions, etc.

Any corporate reorganization, merger, consolidation or other business combination, acquisition or disposition of shares or other acquisition or disposition of assets as a going business concern, if any party to the transaction is (a) the company, including the liquidation or dissolution of one of its direct subsidiaries, or (b) one or more subsidiaries and such transaction is not authorized in table 1 or 3 of this policy.

Entering by the company or any subsidiary into a business activity or transaction not contemplated by a board-approved or pending budget or business plan.

Entry into written employment agreements. "Offer" letters, confidentiality agreements, patent/invention assignments and other documents detailing the terms of employment are not considered "employment agreements" for the purpose of this delegation.

Loans to executive officers and loans to other employees except pursuant to company policy (e.g., a Relocation Policy, travel advances, etc.).

Any transaction involving the capital stock of the company.

Any incurrence by the company of indebtedness, secured or unsecured, whether by the issuance of bonds or other financial instruments, and any refinancing or prepayment thereof (except to the extent the board otherwise generally authorizes the same or contemplated by a board-approved budget or business plan).



Any transaction by the company or any subsidiaries involving an off-balance-sheet financing or, except in the ordinary course of business, involving hedging.

VI. POLICIES AND PRACTICES RELATED TO DELEGATION OF AUTHORITY

- Authority is not the same as permission – even if the Delegation of Authority authorizes an employee to act. In addition to the specific delegated authority limits as set out in the tables contained in this policy, employees must comply with the following policies and practices as applicable.

Policies and Practices Related to Delegation of Authority		
Policy	Related Practices	Guidance
Capital Policy	Capital Project Delivery Practice Capital Investment Management Practice Commercial Development Practice	Authorization for all Capital Policy and related practice matters requires consultation with the affected business unit and the Legal Counsel and Services Department.
Compensation and Benefits Policy	Compensation and Benefits Practice	Authorization for all compensation- and benefit-related matters requires consultation with the affected business unit and the Human Resources Department.
Compliance and Hedging Policy		Authorization for all Compliance and Hedging Policy-related matters requires consultation with the affected business unit and the Legal Counsel and Services Department.
Consulting Agreement Policy	Consulting Practice	Authorization for all consulting agreement-related matters requires consultation with the affected business unit and the Human Resources Department.
Contracting Policy	Contracting Practice	Authorization for all contracts is covered in the requisite policy and practice, and requires consultation with the affected business unit and the Legal Counsel and Services Department.
N/A	Journal Entry Practice	Authorization for all journal entry-related matters is covered in the Journal Entry Practice.
P-Card Policy	P-Card Practice	Authorization for all P-Card Policy transactional limits and cumulative limits is covered in the P-Card Policy and Practice.
Political Contributions Policy	Political Contributions Practice	Authorization for political contributions is covered in the Political Contributions Policy and Practice.
Procurement and Payment Policy	Procurement and Payment Practice	Authorization for all procurement- and payment-related matters is covered in the Contract Policy and practice and requires consultation with the affected business unit.
Recruitment and Staffing Policy	Recruitment and Staffing Practice	Authorization for all recruitment- and staffing-related matters requires consultation with the affected business unit and the Human Resources Department.
Related Person Transaction Policy		Authorization for all Compliance and Related Person Transaction Policy-related matters requires consultation with the Legal Counsel and Services Department.
Revenue and Receivables Policy	Billing Adjustment Practice Bill Correction Practice	Authorization for Customer Service Center and Homeowner Services billing and related matters is covered in the Revenue and Receivables Policy and related practices.
Separation of Employment Policy	Separation of Employment Practice	Authorization for all separation of employment-related matters requires consultation with the affected business unit and the Human Resources Department.
Subsidiary Management Policy	Subsidiary Management Practice	Authorization for subsidiary-related matters is covered in the Subsidiary Management Policy and requires consultation with the Legal Counsel and Services Department.



VII. TABLES

This policy contains the following tables:

- Table 1: Routine Operating Matters, Capital Expenditures and Capital Projects, unless otherwise indicated
- Table 2: Charitable, Civic & Membership Fees & Political Contributions
- Table 3: Specific Authorizations
- Table 4: Chief Financial Officer and Subdelegations

DELEGATION OF AUTHORITY TABLE 1 General Authorizations (Routine Operating Matters, Capital Expenditures and Capital Projects ¹)							
LEVEL 100	LEVEL 90, 95 ¹	LEVEL 75, 80, 85 ²	LEVEL 70 ³	LEVEL 65, 62, 60	LEVEL 55, 50, 45	LEVEL 40, 35	LEVEL 30, 25, 22 ⁴
Up to \$150M	Up to \$75M	Up to \$50M	Up to \$25M	Up to \$10M	Up to \$2.5M	Up to \$500,000	Up to \$25,000
¹ Exceptions: ¹ All capital projects over \$50M require co-approval of CFO. ² All capital projects over \$25M up to \$50M require co-approval of SVP Strategic Financial Planning. ³ All capital projects over \$10M up to \$25M require co-approval of Divisional CFO (independent of level). ⁴ Field Operations managers and supervisors; Associate & Sr. Claims Reps, managers and supervisors, may have higher authority limits due to routine transactions for the business process and activities they handle such as purchase orders and claims processing.							

DELEGATION OF AUTHORITY TABLE 2 Charitable, Civic & Membership Fees & Political Contributions							
LEVEL 100	LEVEL 90, 95	LEVEL 75, 80, 85	LEVEL 70	LEVEL 65, 62, 60	LEVEL 55, 50, 45	LEVEL 40, 35	LEVEL 30, 25, 22
Charitable, Civic & Membership fees							
Up to \$10M annual cap	<ul style="list-style-type: none"> • COO - Up to \$250,000 • CFO - Up to \$25,000 • GC - Up to \$75,000 	<ul style="list-style-type: none"> • SVP, Up to \$25,000 • All others Up to \$50,000 	Up to \$50,000	Up to \$25,000	<ul style="list-style-type: none"> • Level 50 and 55 - Up to \$10,000 • Level 45 - Up to \$5,000 	<ul style="list-style-type: none"> • Level 40 - Up to \$2,500 • Level 35 - Up to \$1,000 	-
Political Contributions							
Parent Company only ¹ : Up to \$100,000 annual cap ³	Subsidiaries only ² : Up to \$25,000	Subsidiaries only ² : Up to \$25,000	Subsidiaries only ² : Up to \$5,000	Subsidiaries only ² : Up to \$5,000	-	-	-
Note: 1. Parent Company political contributions require approval of President and CEO. 2. Subsidiary political contributions require approval of subsidiary president or similar officer, in addition to persons specified above. 3. All political contributions must be disclosed prior to payment to the SVP, Business Development and External Affairs, or his or her designee, for compliance with the \$100,000 annual company-wide cap on political contributions.							



DELEGATION OF AUTHORITY TABLE 3 Specific Authorizations							
Mergers, Acquisitions and Business Development							
• LEVEL 100	• LEVEL 90, 95	LEVEL 75, 80, 85	LEVEL 70	LEVEL 65, 62, 60	LEVEL 55, 50, 45	LEVEL 40, 35	LEVEL 30, 25, 22 ²
<ul style="list-style-type: none"> Up to \$150M Reg Up to \$50M Nonreg 	<ul style="list-style-type: none"> COO Up to \$50M/Reg CFO Up to \$50M/Reg \$5M/Nonreg 	All AWK direct subsidiary Pres./Up to \$10M	Up to \$10M/Reg-	Up to \$5M/Reg-	-	-	-
Note: Approval of all real property leases, and purchase and sale of real property, require consultation with affected business unit(s) and Legal Counsel and Services Department ² Exception - Field Operations managers and supervisors may have higher authority limits due to the business process and activities they handle such as purchase orders for construction permits in connection with main breaks.							
Litigation - institution or settlement of legal proceeding							
Up to \$50M	<ul style="list-style-type: none"> GC/Up to \$25M All other EVPs/Up to \$5M 	<ul style="list-style-type: none"> SVP-HR Up to \$5M 	Up to \$2.5M	Up to \$1M	Up to \$10,000	-	-
Note: Institution or settlement of legal proceedings requires consultation with affected business unit(s) and Legal Counsel and Services Department.							
General rate cases & regulatory proceedings							
Note: Rate cases are valued for purposes of this policy by the total incremental increase in value from the previous rate case. For example, a rate case that increases the revenue requirement from \$100 million to \$105 million is valued at \$5 million.							
Up to \$400M	Up to \$200M	Up to \$200M	Up to \$25M	Up to \$10M	Up to \$2M	-	-
Note: Terms and conditions of all proposed rate case settlements require COO and CFO approval.							
Military Services Group projects – Contracts with the Federal Government, including Utilities Privatization Contracts & Modifications							
<ul style="list-style-type: none"> Up to \$750M aggregate Up to \$125M annual 	CFO/Up to \$150M aggregate/Up to \$50M annual	-	Up to \$25M aggregate/\$10M	Up to \$10M aggregate / \$5M annual	-	-	-
Note: Utilities Privatization Contract Modifications shall be valued as follows: Recurring costs (ex. O&M/R&R Fee Adjustments) shall be based upon the annual fee increase. Capital Projects (FCU) shall be based upon the value of the project. Capital Projects (FCU) with financing shall be based upon the total value of the project, including financing costs, and Bills of Sale shall be based upon the value of any new assets (only those assets not already included in the original Utilities Privatization Contract or any prior Bill of Sale).							
Parent guarantees of subsidiaries							
Unlimited	Up to \$100M	-	-	-	-	-	-
Nonaffiliate guarantees							
Up to \$25M	Up to \$25M						



DELEGATION OF AUTHORITY TABLE 4 Chief Financial Officer Authorizations (Controller's Group)						
CFO	LEVEL 70, 75, 80, 85	LEVEL 60, 62, 65	LEVEL 50, 55	LEVEL 45	LEVEL 40	LEVEL 35 & 30
Institution or settlement of tax claims exceeding \$10,000. Consultation with affected business required.						
Up to \$25M	Up to \$10M	Up to \$5M	Up to \$2.5M	Up to \$500,000	-	-
Note: Institution or settlement of legal proceedings requires consultation with affected business unit(s) and Legal Counsel and Services Department.						
Authorization or approval for payment of income taxes, sales and use taxes, property taxes, franchise taxes, excise taxes and other fiscal charges.						
Unlimited	Up to \$100M	Up to \$50M	Up to \$15M	Up to \$15M	Up to \$5M	-
Authorization of payroll disbursements including payments for payroll taxes, defined contribution plans and other previously authorized compensation plans and service providers.						
Up to \$150M	Up to \$100M	Up to \$50M	Up to \$15M	Up to \$10M	Up to \$10M	-
Payments to employee credit card or P-card processing banks to satisfy the company's obligations under its card programs service agreements.						
Up to \$150M	Up to \$100M	Up to \$50M	Up to \$15M	Up to \$10M	Up to \$10M	-
Payments to third-party provider for consolidated gas, electric and purchased water utility bills.						
Up to \$150M	Up to \$100M	Up to \$50M	Up to \$15M	Up to \$10M	Up to \$10M	-
DELEGATION OF AUTHORITY Chief Financial Officer Authorizations (Financial Analysis & Decision Support Group)						
Inter ----- company transactions. Consultation with affected business unit(s) and Legal Counsel and Services Department required. For example: (i) The financial sourcing supply chain of a product for invoicing to third parties, subsidiaries or branches, (ii) Intercompany prices of products and services, (iii) Intercompany discounts, free goods or other intercompany pricing arrangements, (iv) Intercompany agreements between or among subsidiaries such as entity assistance, marketing services, toll manufacturing, transfer of tangible or intangible assets, etc.						
Unlimited	Up to \$100M	Up to \$50M	Up to \$50M	Up to \$5M	Up to \$5M	-
Co-approval of capital projects not going through Capital Investment Management Committee (CIMC) or approved through the original budget.						
Unlimited	Up to \$100M	Up to \$50M	Up to \$15M	Up to \$10M	Up to \$2.5M	-



DELEGATION OF AUTHORITY TABLE 4 (cont.) Chief Financial Officer Authorizations (Treasurer's Group)							
CFO	LEVEL 70, 75, 80, 85	LEVEL 60, 62, 65	LEVEL 50, 55	LEVEL 45	LEVEL 40	LEVEL 35 & 30	3RD Party Claims Administrator
Entry into or renewal of an insurance policy.							
Up to \$50M	Up to \$25M	Up to \$5M	Up to \$5M	-	-	-	-
Institution or settlement of insurance claims. Consultation with affected business unit required.							
Up to \$25M	Up to \$10M	Up to \$5M	Up to \$2.5M	Up to \$1M	-	-	Up to \$25,000
Entry into or payment of premiums associated with collateral bond or surety bonds, including performance and payment bonds.							
Up to \$50M	Up to \$25M	Up to \$5M	Up to \$5M	-	-	--	-
Institution or settlement of surety bond claims. Consultation with affected business unit required.							
Up to \$25M	Up to \$10M	Up to \$5M	Up to \$2.5M	-	-	--	-
Entry into external borrowing arrangements and intercompany lending arrangements subject to prior approval and limits imposed by the borrower's board of directors. Consultation with Legal Counsel and Services Department required. External arrangements over \$50 million require CEO consultation.							
Unlimited	Unlimited	Up to \$10M	Up to \$10M	-	-	-	-
Borrowings and/or drawdowns under previously board-approved programs, financing facilities or external borrowing arrangements.							
Unlimited	Unlimited	Unlimited	Unlimited	Up to \$200M	Up to \$100M	-	-
Borrowings and/or drawdowns under previously approved intercompany financing facilities.							
Unlimited	Unlimited	Unlimited	Unlimited	\$500M	\$200M	-	--
Approval of debt service and financing payments according to previously board-approved financing facilities.							
Unlimited	Unlimited	Unlimited	Unlimited	Up to \$200M	Up to \$100M	-	--



DELEGATION OF AUTHORITY TABLE 4 (cont.) Chief Financial Officer Authorizations (Treasurer's Group)						
CFO	LEVEL 70, 75, 80, 85	LEVEL 60, 62, 65	LEVEL 50, 55	LEVEL 45	LEVEL 40	LEVEL 35 & 30
Issuance of or changes in American Water Works Company Inc. shares/equity subject to prior approval and limits imposed by the board of directors or under previously board-approved programs.						
Unlimited	Unlimited	Up to \$10M	Up to \$10M	-	-	-
Approval of payments or transfer of funds associated with any corporate reorganization, acquisition or disposition (including but not limited to equity investments in joint ventures or partnerships). Consultation with the Legal Counsel and Services Department and controller is required.						
Unlimited	Up to \$25M	-	-	-	-	-
Establishment of or changes in a subsidiary's equity structure. Consultation with affected business unit(s), Legal Counsel and Services Department, Tax Department and COO also required.						
\$50M per subsidiary, per year	\$25M per subsidiary, per year	-	-	-	-	-
Payments or transfer of funds associated with any corporate reorganization or business combinations involving only subsidiaries in the American Water group, such as, but not limited to, mergers/consolidation, acquisitions or liquidation. Consultation with affected business unit(s), Tax Department and Legal Counsel and Services Department required.						
Up to \$50M	Up to \$25M	-	-	-	-	-
Approval of payments to pension and benefit trusts including contributions according to previous board-approved benefit and pension plans.						
Unlimited	Up to \$25M	-	-	-	-	-
Purchase, sale or exchange of investment assets and other securities issued by third parties specifically and separately authorized by, and subject to limits established by, the company's board of directors.						
Unlimited	Unlimited	-	-	-	-	-
Creation of liens on assets. Consultation with Legal Counsel and Services Department required.						
Up to \$50M	Up to \$25M	-	-	-	-	-
Intercompany dividends not in accordance with Corporate Dividend Policy. Consultation with affected business unit required.						
Unlimited	Up to \$25M	--	-	-	-	-
Finder's fees or investment banking fees.						
Up to \$25M	Up to \$15M	-	-	-	-	-
Payment of customer-collected funds to municipalities or Homeowner Services according to billing service terms outlined in the managed contracts.						
\$150M	Up to \$15M	Up to \$10M	Up to \$10M	Up to \$6M	Up to \$6M	-



APPENDIX A

Pre-2017 Pay Levels	Current Pay Levels
ML1	100
ML2	90, 95
ML3	75, 80, 85
ML3B	70
ML4	60, 62, 65
L05/N05	50, 55
L06/N06	45
L07/N07	40
L08/N08	35
L09/N09	30
L10/N10	25
L11/N11	22
L12/N12	20
L13/N13	17
L14/N14	15
L15/N15	12
L16/N16	10
N17	10
L99/N99	L99

Next Review By: Periodically

DRUG AND ALCOHOL POLICY

Policy Number: POL-HR10

Effective Date:1/1/2016

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Brenda J. Holdnak, SVP, Human Resources

Document Author: Melanie Kennedy, VP, Human Resources and Labor Relations

I. PURPOSE

This policy addresses Drug and Alcohol Testing at American Water.

II. POLICY STATEMENT

This section contains guidance on the various aspects of drug and alcohol in the workplace. Unless otherwise specified in this policy or an applicable collective bargaining agreement, this policy establishes requirements that are to be followed by all employees, non-employees, contractors and vendors. *If the employee is covered by a collective bargaining agreement and specific provisions of the collective bargaining agreement or mutual practice are different than or in conflict with this policy, the provisions of the collective bargaining agreement or mutual practice supersede those in this policy, provided they do not violate the law.* Employees should refer to the applicable practices, their collective bargaining agreement, if applicable or contact their Human Resources Department with questions related to the subjects covered in this policy. This policy does not apply to employees in the Company’s Canadian operations.

Alcohol and Illegal Drugs

Employees, vendors, contractors and other visitors may not, under any circumstances, use, sell, buy, distribute or possess illegal drugs as defined by the Controlled Substance Act (CSA) during working hours or while on Company premises. Employees, vendors, contractors and other visitors may not consume alcohol during working hours or while on Company premises, except in the limited circumstances set forth in the Workplace Conduct and Behavior policy or Code of Ethics. However, even in such situations, employees are expected to exercise moderation and good judgment. Under no circumstances should an employee engage in any work-related activity, including but not limited to driving to or from any Company event or other work related activity while under the influence of drugs or alcohol.

Employees may report to work while taking prescription medication as permitted under Federal law and under the direction of a health care provider, or over-the-counter medication as prescribed, so long as neither impairs the safe performance of the employee’s job duties. If an employee is taking prescription or over-the-counter medicine that may impair his or her work performance or ability to operate equipment and vehicles, the employee must notify his or her immediate supervisor of this situation.

The Company will take whatever measures it deems reasonably necessary to protect the best interests of all employees, the public, the Company and those it serves, including but not limited to drug and alcohol testing, to determine whether unauthorized controlled substances, alcohol or other illegal substances are being kept or used on Company premises, in Company vehicles or during the performance of Company duties. For purposes of this policy, Company premises includes anything owned, leased, or rented by the Company (including property, buildings, equipment, parking lots and vehicles), work sites and customer homes or facilities.

Drug and Alcohol Testing

- Pre Employment Testing – - All applicants under consideration for employment must successfully pass an applicant drug-screening test upon receiving a conditional offer of employment. Consistent with applicable laws, the Company contracts with a third-party agent who will test for controlled substances. Determinations are made by the third-party MRO (Medical Review Officer); and

applicants are informed by such third party. Any applicant, who tests positive or refuses to take such test or attempts to circumvent or frustrate the test results will not be hired. At the Company's sole discretion, an applicant may re-apply after a period of 60 days.

- Commercial Drivers License (CDL) – Any applicant who will drive or operate heavy equipment and is required to maintain a Class A, B, or C commercial driver's license (CDL) must authorize previous employers to release information on the applicant's alcohol and controlled substances testing results. Information on the previous three (3) years of alcohol and controlled substances testing results from the applicant's previous employers must be obtained and reviewed within fourteen (14) calendar days of the employee being in a safety-sensitive position. Such applicants, if hired, must also authorize American Water to release information on the employee's alcohol and controlled substances testing results. Employees subject to Department of Transportation (D.O.T.) requirements will be tested in accordance with federal regulations and pursuant to the American Water D.O.T. Substance Abuse program.
- Work Related Incidents – The Company will also conduct tests for controlled substances, alcohol or other prohibited substances subsequent to any work-related incident in accordance with the Drug and Alcohol Free Workplace Practice.
- Reasonable Suspicion Testing and Other Circumstances for Testing – The Company reserves the right to have employees tested for controlled substances, alcohol or other prohibited substances based on reasonable suspicion and in any other circumstances it considers appropriate in accordance with this policy, the related practices or as permitted by state or federal law. Employees should refer to the Drug and Alcohol practice for the Consequences of Testing Positive; Failure to Consent, Sample Falsification or Alteration.
- Drug-Free Awareness Program – A drug-free workplace program is offered to all employees. This program shall include:
 - Employee awareness - An educational program will be provided to make employees aware of the Company's policy and drug abuse education. Each employee who completes the program will be required to sign a certification of his/her understanding of the policy and practice.
 - Training - Each Operating Unit will establish a supervisory training program designed to educate managers and supervisors in the recognition of drug abuse symptoms in the workplace, and in effectively applying this policy to handle these problems in a progressive and confidential manner.
 - EAP - Employees will learn about the confidential EAP available for drug-related problems and other personal problems.
 - Employee Notification responsibilities and requirements - Employees who are convicted under a criminal drug statute for a drug-related violation for events occurring in the workplace must notify their supervisor or HR Business Partner within in five days of the conviction. Within 30 days of the notice of such conviction, Management, in coordination with Human Resources, will initiate rehabilitative or disciplinary action it deems appropriate.

III. RESPONSIBILITIES

- Employees, non-employees, contractors and vendors are responsible for compliance with this policy. Employees are responsible for informing their supervisor, Human Resources or the Code of Ethics Hotline if they have a concern related to potential violations of this policy.
- Supervisors and Managers are responsible for (1) reinforcing this policy; (2) recognizing the signs and symptoms of possible drug and/or alcohol abuse or misuse; (3) sending an employee to be tested at a Company authorized location in accordance with this policy and the related practice; and (4) answering questions and resolving issues related to this policy on a case by case basis to ensure that unique circumstances are appropriately considered.
- The Senior Vice President Human Resources is responsible for overall administration of this policy in consultation with Legal, Operational Risk Management, and Managers/Supervisors.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objective of maintaining a workplace in which all employees are treated with dignity and respect and in a fair and consistent manner.

V. MONITORING

Human Resources is responsible for monitoring compliance with the Drug and Alcohol Policy and Practice.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

Any employee who violates or circumvents this policy may be subject to disciplinary action up to and including termination.

Next Review By: 12/31/19
Approval Date: 11/30/2012
Last Reviewed: 1/1/16

Appendix – Summary of Practices Related to Drug and Alcohol Policy

Policy	Related Practices
Drug and Alcohol Policy	Drug and Alcohol Practice

POLICY DOCUMENT



EMPLOYEE TRAVEL AND BUSINESS EXPENDITURES POLICY

Policy Number: POL-BUSSERV02

Effective Date: 06/30/2019

Applicability: : American Water Works Company, Inc., and its controlled subsidiaries as described below (together "American Water" or the "Company")

Executive Sponsor: Executive Vice President and Chief Financial Officer

Document Approver: Chief Procurement Officer

Document Owner: Director, National Categories and Corp. Procurement

I. PURPOSE

This policy provides requirements to conduct employee travel and business expenditure activities. American Water employees' personal safety is the primary concern of the organization. The foundational focus of this policy is to ensure accountability for our employees while they travel, encouraging the use of reputable travel and lodging providers, and address employee safety and security measure while on business travel. This policy also addresses strategic objectives of incurring reasonable costs for business activities, securing the lowest reasonable cost for business travel, as well as establishing criteria for employee reimbursement of these costs.

II. POLICY STATEMENT

- a. It is understood that employees incur expenses when conducting business on behalf of the Company and reasonable expenses will be reimbursed by the Company. Unless otherwise specified, this policy establishes requirements to be followed by all employees who travel on company business. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy. Personal expenses are not reimbursable. Any travel paid for by a supplier, organizers of a conference, or other third-parties shall follow the Code of Ethics. Employees who have any questions should refer to the Code of Ethics or consult with your manager or the Compliance and Ethics department.
- b. Purchasing Method
 - i. Company issued purchasing cards (P-cards) shall be used for employee business expenses whenever possible. Cash and personal cards may be used by employees without a P-card or in limited instances where the P-card is not accepted (such as for mileage, tolls, taxis, cash only establishments, or parking). Employees must submit expenses in the Company approved expense management system for reimbursement review, approval and payment. Refer to the Purchasing Card Policy for additional details related to cardholder usage.
- c. Travel Reservations
 - i. All travel reservations should be made using the Company's authorized Travel Management System (TMS). The use of alternative booking sites such as Expedia, Hotels.com, Priceline, etc. are strongly discouraged. For the employee's safety and if a security event occurs, the Company must be able to quickly identify employee flight, hotel and travel plans through the TMS and send targeted notifications on potential events impacting their travel. The TMS maintains a record of all of American Water employee travel plans and locations. In the event of an emergency; we are notified who may be affected so that the necessary steps can be taken to ensure the traveler's safety. By booking through the various non-approved online tools, AW loses that visibility with respect to traveler whereabouts. AW also receives valuable data through our TMS that can be used during negotiations for more cost-effective travel and lodging. American Water employees are expected to follow the policy, but should a circumstance arise where alternate reservation methods are needed, employees are required to speak to their supervisor or manager prior to purchase. Any conference or block of rooms may be purchased directly through the hotel as this may have preferred pricing.



ii. Lodging

1. Lodging expenses, when traveling for business, are acceptable expenses if an overnight stay is necessary to safely perform the business activity. Detailed hotel receipts are submitted for all lodging expenses. Other travel expenses included in the hotel receipt are itemized with proper account coding for expense reporting in accordance with this policy.
 - a. Employees are not permitted to stay in AirBnB or other home-sharing properties due to personal safety, liability for personal injury or property damage, data security and service concerns.

iii. Air Travel

1. Airline Booking/Reservations -
 - a. Lowest Fare - Employees are encouraged to use the lowest reasonable fare available. If the employee selects a flight greater than \$200 more than the lowest fare they must receive approval from their next level manager.
 - b. Booking timelines – Travel should be booked as far in advance as possible. Booking flights greater than 14 days in advance will assist in avoiding premium airfare pricing.
 - c. Seating Classes – Employees are expected to travel coach class, however employees may travel business or first class under the following circumstances:
 - i. If the employees is traveling and utilizing their personal frequent flier miles to upgrade from coach class to their desired class of travel at no additional cost to the company.
 - ii. If a single flight is greater than six hours in duration, the traveler may book business class provided it is approved by their next level manager.
 - iii. Business class travel is authorized for international travel and may be approved by salary grade position of 45 or above in the employee's leadership chain.
 - d. Charter Flights – Employees may book charter flights under the following circumstance:
 - i. When multiple employees are traveling to the same destination or where commercial travel is difficult and a cost analysis shows it is cheaper to charter a flight than fly commercial airlines. Approval must be received from the employee's ELT member.
2. Airline Reservations – employees must use the travel agency's on-line booking tool for all domestic bookings, as the most cost effective method of making reservations. The travel agency has a list of these airlines, and will assist the traveler in their selection. Non-refundable airline reservations should be utilized when available as these tickets are reusable, with a fee for travel at a later date.
3. Ticketed Invoices - Airline ticket invoices, which include ticket cost and confirmation number, shall be submitted with receipt documentation for all air travel expenses. Credits received for non-refundable airline tickets shall be saved and used for Company business. Preferred airlines can be found on our preferred travel management website. Low-Cost-Carriers should not be utilized due to safety concerns.
4. Unused Tickets – if an employee changes his/her non-refundable reservation and thereby incurs a change fee, the travel agency will send the employee a receipt for this fee through the online e-invoice process. If a non-refundable reservation is cancelled



entirely, the travel agency will keep track of the unused credit for the employee. The next time the employee travels on the same airline, the credit should be utilized to offset the new airfare.

5. Restrictions - the following restrictions apply to the number of employees allowed on any single flight:
 - a. No more than three employees who are members of the executive leadership team (ELT).
 - b. The Chief Executive Officer, Chief Operating Officer of Regulated Operations, and Chief Financial Officer shall not travel together at any given time.
 - c. No more than four employees from the same Business Unit.
 - d. No more than 12 employees total.
 - e. Any exceptions to this section II.c.iii.5 shall be approved in writing by the Chief Executive Officer.
 - iv. Rail Travel - Employees are encouraged to use the lowest reasonable fare available and to use rail transportation when applicable. Generally, employees are expected to travel coach class. However, employees may travel business or first class under certain circumstances and if approved by the employee's next level manager.
 - v. Ground Transportation - Rental cars, fuel for rental cars, taxis, car services, tolls, and parking fees are acceptable expenses when traveling. Employees should always use the preferred travel booking tool when making arrangements. Employees should utilize negotiated rates with preferred car rental vendors for the most economic vehicle available and lowest overall cost. Vehicle insurance has been negotiated to be included with Enterprise and National Car Rental agreements and should not be purchased separately at the rental counter. The use of Uber and Lyft is permitted as their insurance and background check requirements are comparable with taxi services.
 - vi. Last Mile Transport / Micro Mobility Services - scooters, segways, podcar, and bicycle rentals are common app based commute options available in most major cities. These modes of transport are not acceptable forms of reimbursable travel and are prohibited while on company business travel. Most of these modes of transportation require apps to be downloaded on the users mobile device, are charge by the minute, require PPE not commonly accessible for employees at time of use, and have limited protections for American Water or the employee.
 - vii. Reasonable Accommodations for Travel - employees who feel they may need an accommodation in connection with their business travel plans should contact their supervisor and/or Human Resources Employee Relations Business Partner to discuss their needs and potential accommodations. Please reference the Workplace Accommodation policy for more details.
- d. Other Travel Expenses
- i. Personal Vehicle and Mileage Reimbursement - Personal vehicles may be used when practical for business trips.
 1. Mileage reimbursement is calculated based on the rate published by the Internal Revenue Service (IRS) in the given year of travel. You can find these rates at <https://www.irs.gov/>. This rate reimburses the employee for all fuel, vehicle maintenance and other expenses incurred while owning a vehicle and use for company travel. The employee will not be reimbursed for submitted fuel receipts when fuel is purchased for their personal vehicle.
 2. Employees should use the Employee Expense management system to claim mileage incurred using their personal vehicle and for tolls.



3. Employees will not be reimbursed for mileage incurred during their normally daily commute to and from work. When business travel originates from the employees home, employees will be reimbursed for mileage from that location to their destination. Generally, when traveling over 75 miles round trip the employee should determine if the mileage reimbursement is higher than the cost of renting a vehicle and estimated parking fees. In the case when it is more economical to rent a car vs. the employee mileage reimbursement, the employee should rent the vehicle per section II.iii.v. above.
- e. Meals - Meal expenses are acceptable for business meetings and those related to business travel.
 - i. Individual Meal Expenses –should not exceed \$75 per employee per day. This cap is set at the GSA published daily meal rate for New York City. GSA daily meal rates can be found at <https://www.gsa.gov/travel/plan-book/per-diem-rates>
 - ii. Groups – when multiple employees are present, the highest-grade level employee shall pay for the meal and shall list all individuals present on the receipt. For large groups, it is acceptable to provide a name for the group (i.e. Executive Management or State Presidents) and the number of attendees.
 - iii. Alcohol consumption - In certain circumstances, alcoholic beverages, in moderation, may be included with meals consistent with the Code of Ethics, the Drug and Alcohol Policy and related practices. Employees shall conduct themselves in a manner to avoid any impropriety or the appearance of impropriety.
 - f. Entertainment - Reasonable entertainment expenses, including but not limited to outings to theaters, sporting events or other social activity, when a business discussion is taking place during, immediately before, or immediately after the event may be charged to the P-card if the entertainment is for business purposes.
 - g. Spousal / Family Travel - Travel expenses for family members are not allowed. Employees are permitted to travel with spouse/family at their own expense, if applicable, and if such travel does not incur additional cost for the company.
 - h. Extending Business Travel for Non-Company Reasons - If personal time or other time spent not on behalf of the Company is added to a business trip, any cost increase in airfare, train ticket, car rental, lodging, or any additional expenses is paid by the employee separately or reimbursed to the Company.
 - i. Other Business Expenses - Other miscellaneous expenses related to conducting Company business may be acceptable. These include expenses for holiday or celebratory events, team meals, team outings, and sympathy items for employees. These and other non-standard expenses that may arise as a result of conducting Company business may be allowed upon written pre-approval by the employee's manager. See Pcard Policy for details
 - j. Non-Allowable Travel Expenses - Personal or non-business-related expenses are not permitted. These may include but are not limited to: in-room movies, salon services, souvenirs, airline or hotel clubs, daily commute expenses, cash advances, tobacco, and vehicle violations. The Company may seek reimbursement for unqualified expenses.

III. RESPONSIBILITIES

- a. Approvers – Responsible for approving expense statements per policy and ensuring adequate supporting documentation. Employees should not have any out-of-policy travel requests approved by their immediate manager.
- b. Employees – Responsible for ensuring all expenditures are relevant to business activities of the Company and in compliance with this policy and substantiating such expenses with appropriate receipts. An individual may not approve his or her own travel or reimbursement.

IV. WAIVERS; MODIFICATIONS



Any deviation, waiver or exception to this policy requires the prior written approval of the Executive Leadership Team (ELT) Sponsor of this policy, or his or her designee. The ELT Sponsor, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

V. NON-COMPLIANCE

Approvers are accountable for ensuring expenses are within policy. Any employee who violates or circumvents the policy may be subject to disciplinary action up to and including termination.

VI. CONTACT INFORMATION; MONITORING

The Supply Chain Department is responsible for all business travel and the Accounts Payable Department will perform random reviews of employee travel and business expenditures. Expenses that are prohibited, not substantiated with a clear business purpose, or deemed extravagant are escalated to Functional or Operating Unit Leads and may require reimbursement. If a circumstance arises that is not specifically covered in this travel policy, then please contact a member of Supply Chain or email travel@amwater.com.



Appendix – Summary of Policies & Practices Related to Employee Travel and Business Expenditure Policy

Policy	Related Practice
Procurement Policy	Purchasing Card Practice
Drug and Alcohol Policy	Code of Ethics
Fleet Policy	

ENTERPRISE RISK MANAGEMENT POLICY

Policy Number: POL-FIN04

Effective Date: 5/1/2013

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Linda Sullivan, Senior Vice President & Chief Financial Officer

Document Author: William Rogers, Vice President & Treasurer

I. PURPOSE

This policy provides requirements to conduct Enterprise Risk Management (ERM). It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights the differences between the regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to ERM to assist in achieving the Company’s strategic and operating objectives by bringing a systematic approach to identifying, analyzing, mitigating, and reporting risk. The objective of ERM activities is to ensure Company risks are identified and assessed to enable Senior Management to make informed decisions and to specify a target risk level with appropriate tolerances (ranges of acceptable outcomes). These activities help to enable the achievement of Company objectives. Unless otherwise specified this policy establishes requirements that are to be followed by employees involved in ERM activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

This policy defines the framework for ERM activities. Below are the primary focus areas:

- Anticipating and responding to changing security, economical, environmental, jurisdictional, social conditions, and other emerging risks
- Maintaining acceptable performance variability,
- Aligning and integrating varying views of risk management,
- Assigning responsibilities for risk oversight,
- Building confidence of investment community and stakeholders,
- Enhancing corporate governance,
- Effectively responding to changing business environment, and
- Aligning strategy and corporate culture.
- Integrating Strategic Risk Management (“SRM”) into ERM

Executive Leadership Team (“ELT”)

- Review top corporate risks
- Assign ELT member(s) as Risk Owners of top risks
- Review risk indicators, current issues, and mitigation plans for each top risk with American Water’s board of directors or its committees, as appropriate, on no less than a bi annual basis

Risk Management Committee

The ERM framework includes a Risk Management Committee (RMC) with specific duties defined in a committee charter. The RMC performs the following:

- Provide a forum for the independent monitoring of risk.
- Make recommendations to mitigate risk and coordinate decision-making.
- Develop or review practices, as needed, and evaluate effectiveness of risk response.
- Review and confirm risk owners for those risks in the risk register that are other than top risks
- Identify both downside and upside risks, which include historical and forward looking risks.
- Quantify, if possible, the range of costs to the business associated with downside and upside risks.
- Approve the methods used to measure and/or assess levels of risk.
- Report significant risks identified to the ELT.

This committee includes representatives, appointed by the Chief Executive Officer (CEO), from Functional and Operating Units including Finance, Legal, Human Resources, Information Technology, Engineering, Environmental, Health & Safety, and Communications Departments, Regulated Operating Units, and MBB Operating Units. Additionally, the CEO appoints an Executive Sponsor from the ELT who ensures the committee meets on a regular basis and performs its duties.

Business Risk Management Function

The ERM framework includes a Business Risk Management Function (BRMF), appointed by the RMC Executive Sponsor, which facilitates the collection, analysis, and synthesis of data and reporting of exposures and results of the process on an as needed basis.

The BRMF ensures the consistent application of the methods used by the Company in identifying and assessing risks. This includes recommending the appropriate methods to be used to assess the level of risk and ensuring the consistent application of those methods by Functional and Operating Units and in the roll-up of a Company-wide view. Quantitative techniques to measure the consequence of risks at different levels of probability are used, where appropriate. Otherwise, a qualitative assessment of the likelihood of the event and the consequence of the event is determined based on rating criteria. Rating criterion for consequence consider financial and reputational matters.

Enterprise Participation

The ERM framework requires active participation by the entire Company throughout the year that includes the following:

- Operating Units – Both regulated and MBB Operating Units align their priorities, tolerances, and strategies with enterprise-wide policies and guidelines. Operating Units identify risks which are not managed by a central Risk Unit and specific to an Operating Unit and assign risk management responsibilities to key managers within their organization. Additionally, they assess risks managed by Risk Units and suggest improvements to the Risk Unit and BRMF.
- Risk Units – The Company, at a minimum, forms the following risk units which have enterprise responsibility for key risks and mitigation activities:
 - Corporate Finance / Treasury Risk Management – responsible for enterprise wide risk mitigation/transfer activities.
 - Operational Risk Management – responsible for enterprise operating risk mitigation/transfer activities.

Additional risk units may be formed upon recommendation of the RMC.

- Functional Units – Functional Units include specialized activities such as Human Resources, Legal, Finance, Information Technology, Engineering, Environmental, Regulatory Programs, and Communications. They work

with both the Operating and Risk Units to manage risks that are applicable to their specialized skill sets and ensure that risks are managed consistently across the Company.

- Assurance Units – Internal Audit provides assurance to the RMC, Chief Financial Officer (CFO), CEO, and the Company Audit Committee that processes are performed effectively, measures and reports are reliable, and that established ERM activities are in compliance with this policy.

III. RESPONSIBILITIES

- Business Risk Management Function – Responsible for ensuring the consistent and timely application of the ERM activities (i.e. Risk Coordinators).
- CEO – Responsible for ERM priorities, strategies, policies, and risk appetite.
- ELT – Responsible for review of tops risks and assigning specific ELT member(s) as risk owners
- ELT Sponsor – Responsible for ensuring ERM is rolled out through the Company and appropriate focus is placed on ERM activities, including meetings held and action taken.
- Finance Committee of the Board of Directors - Chartered by the American Water Board of Directors with the overall responsibilities for overseeing the Company's enterprise risk management process. These responsibilities include reviewing the risk management policy for critical risks, understanding priority risks and reporting to the Board, at least annually, concerning the Finance Committee's activities in the area of enterprise risk management.
- Functional Units – Responsible for the identification and management of the risk (i.e. Legal Department, Finance Department, etc.).
- Internal Audit Department – Responsible for the independent monitoring of the effectiveness of management's activities (i.e. Risk Monitoring).
- Operating Units – Responsible for the identification and management of identified risks (i.e. regulated and MBB).
- Risk Management Committee – Responsible for oversight of ERM activities.
- Risk Units – Responsible for enterprise risk transfer and risk mitigation which are being centrally managed (i.e. Treasury and Operational Risk Management).

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to properly identify, manage, and monitor enterprise risk activities in alignment with the company's strategy and corporate culture. This strategy is executed through a well established governance structure and enterprise risk management framework to provide senior management to make an informed decision regarding the appropriate response.

V. MONITORING

The CEO, through delegation to its ELT Sponsor, monitors this policy through review of Internal Audit reports on ERM activities. In addition, the BRMF meets with the RMC quarterly to identify activities and prepare summary reports of business unit risk management activities. The RMC Executive Sponsor meets with the CEO quarterly to discuss activities and propose recommendations made by the RMC to improve risk management.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VII. NON-COMPLIANCE

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

Next Review By: 05/01/2016

Approval Date: 05/01/2013

Last Reviewed: 05/01/2013

Appendix – Summary of Practices Related to Enterprise Risk Management

Policy	Related Practices
Enterprise Risk Management	Enterprise Risk Management Practice

ENVIRONMENTAL POLICY

Policy Number: POL-OPS03

Effective Date: 11/30/2012

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Linda Sullivan, Senior Vice President and Chief Financial Officer

Document Author: Mark LeChevallier, Director, Innovation and Environmental Stewardship

I. PURPOSE

This policy provides the requirements for American Water to conduct business in a manner that protects public health while promoting environmental stewardship and maintaining American Water's brand. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy addresses the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to American Water's commitment to the environment and the protection of public health. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees. More detailed guidance is found in the applicable practices, which are referenced in the Appendix sections of this policy.

American Water is committed to:

Compliance with all relevant environmental laws, regulations, and standards.

- The requirements of all environmental laws, regulations, and standards pertaining to each operation or activity will be understood and implemented. Compliance with these requirements will be monitored and reported as required. Compliance with all new standards will be met by the required date as set by applicable regulations and regulatory agencies.

Sustaining the environment through responsible business practices which promote environmental stewardship with a holistic approach to the prevention of pollution.

- Operations and investments will promote environmental stewardship on American Water's owned land, where our operations, activities, or practices could impact the environment, and in our business offerings.
- Similar standards are strongly encouraged from Company partners, suppliers, agents, and contractors and will be considered in vendor selection.
- Environmental performance and the implementation of this policy will be discussed with Company stakeholders.

Effective and efficient use of natural resources, including energy.

- Natural resources include air, water, energy, and land. Use of energy can contribute to climate change through the emission of greenhouse gases which could have serious implications for our business and our customers, as it could affect the availability and quality of water resources. By working to achieve a high level of energy efficiency, promoting renewable energy generation, and utilizing transportation in a sustainable manner, American Water can help to ensure that our contribution to climate change is minimized.

- Capital investment projects will strive to minimize the impact on resource consumption including water use, selection of environmentally compatible materials, waste production, and energy efficiency for both the construction of the facilities and within the facility itself.
- Capital projects, Capital Planning Studies, and other engineering-related activities will consider both effective and efficient use of natural resources as well as stewardship opportunities. When possible and cost-effective, projects should use sustainable solutions and include stewardship components; details, including consideration of environmental sustainability in capital investment decisions and prioritization, are set out in American Water's Asset Investment Strategy (developed under the Capital Investment Management Policy).
- Sustainable water resource management is a central element of the business. This management includes watershed protection and partnering with communities in protection activities, development of sustainable water resources, and integrated water resource management programs including reducing leakage and promoting water conservation and use efficiency with customers.
- Land resources are used both for the development of Company operations and for the management of the wastes produced during operations. Effective waste management is essential. Recycling, reuse, incineration, or biodegradation with energy recovery in operations is encouraged.

III. RESPONSIBILITIES

- Each facility will identify and manage its environmental impacts in a systematic way through the implementation of an Environmental Management Plan. For drinking water and wastewater systems, Environmental Management Plans are developed at the system level, but include facility level information regarding sampling requirements and the person(s) who will be responsible for ensuring required sampling occurs. More information on Environmental Management Plans, including templates, is posted on the Intranet.
- The presidents of the state regulated Operating Units and presidents of the MBB or their designees are accountable for ensuring that the Environmental Management Plans have been developed and are being implemented at all drinking water systems, wastewater systems, and, as needed, operating centers; and that the plans have been reviewed and updated at a minimum of once per quarter. The President of the American Water Works Service Company (AWWSC) or his/her designee is accountable for ensuring that the Environmental Management Plans have been developed and are being implemented for facilities that are not owned or operated by the state regulated Operating Units or the MBB.
- The presidents of the state regulated Operating Units, the MBBs, and AWWSC will be responsible for identifying an Environmental Program Lead (the principle person responsible for environmental compliance and stewardship) who will be responsible for maintaining the Environmental Management Plans;
- Each functional area is responsible for providing updates to the Environmental Management Plan, highlighting new requirements/responsibilities, reporting progress against goals, and indicating any changes in responsible parties.
- American Water will strive to do business with vendors that: have not incurred violations related to the environment within the past 7 years; have an environmental policy or similar commitment that focuses on sustaining the environment through responsible business practices; publishes a Corporate Responsibility Report and/or invests in the community; and shows it has adopted other environmentally-friendly/environmentally-sustainable practices.

IV. STRATEGIC OBJECTIVE

This policy addresses strategic objectives related to protecting public health, promoting environmental stewardship, and maintaining American Water's brand.

V. MONITORING

All employees are responsible for reporting instances of non-compliance in accordance with the Environmental Non-Compliance Reporting Practice. On an annual basis, the Environmental Program Leads will report to the Manager of Environmental Compliance and Stewardship that each Environmental Management Plan has been reviewed and updated according to this Policy.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 7/31/2018

Approval Date: 11/30/2012

Last Reviewed: 8/17/2015

Appendix – Summary of Practices Related to Environmental Policy

Policy	Related Practices
Environmental Policy	Cross Connection Control Practice
	Environmental Non-Compliance Practice
	Ground Water Disinfection Treatment Practice
	Source Water Quality Practice

FINANCIAL REPORTING POLICY

Policy Number: POL-FIN01

Effective Date: 08/01/2012

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Ellen Wolf, Senior Vice President & Chief Financial Officer

Document Author: Jacqueline Price, Director of Business Performance Reporting

I. PURPOSE

This policy provides requirements to conduct internal and external financial reporting. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights the differences between the regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to financial reporting. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in financial reporting activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

Financial reporting provides internal and external stakeholders with information about the financial position and performance of the Company. The Company establishes and maintains adequate internal control over financial reporting to provide accurate and timely reporting in all material respects. Financial reports are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the requirements of the Securities and Exchange Commission (SEC). Audits of the Company’s financial reports are performed by an independent registered public accounting firm, as required.

External Reporting

Financial information is provided as required to external regulatory bodies. Below are the key reports and timing of external reporting.

- Securities and Exchange Commission

As a publicly traded company, the SEC requires certain periodic information that includes Form 10-K, 10-Q, and 8-K. Form 10-K is filed within 60 days of fiscal year end and provides a comprehensive summary of the Company’s performance on an annual basis including consolidated financial statements, footnotes, management discussion & analysis (MD&A), and legal proceedings. Form 10-Q provides information on the Company’s performance on a quarterly basis and is filed within 40 days of each fiscal quarter end. Form 8-K provides information related to any material event that has occurred within the Company (i.e. proxy, compensation, and voting requirements, leadership changes, mergers, acquisitions, dispositions, etc.) on an ad hoc basis and is filed within four business days of a reportable event.

- Public Utility Commission (PUC) Reports

Regulated subsidiaries file quarterly and annual reports as required by the PUC. PUC reporting is executed in compliance with the guidelines provided by the appropriate regulatory bodies within each jurisdiction.

- Subsidiary Financial Reports

Regulated subsidiaries provide, as required by the respective regulatory authority guidelines, audited financial statements.

- Investor Obligations

Subsidiaries of the Company provide financial information, representations, certificates, or other financial information as required by financial agreements.

Internal Reporting  1

Analytical reports are prepared, reviewed and submitted based on corporate guidelines. These reports are used for internal purposes only.

III. **RESPONSIBILITIES** 2

- Board of Directors – Responsible for approving Form 10-K prior to submission. Only the Audit Committee reviews Form 10-Q.
- Chief Executive Officer (CEO) and Chief Financial Officer (CFO) – Responsible for certifying the financial reports with the SEC, including the effectiveness of internal control over financial reporting, and for presenting results to the Audit Committee.
- Disclosure Committee – Responsible for overseeing the preparation, review, and distribution of the Company's periodic reports and disclosures to internal and external stakeholders (i.e. investor communications). The Disclosure Committee, at a minimum, consists of the following members:
 - Senior Vice President and Chief Financial Officer, Co-Chair
 - Chief Administrative Officer, General Counsel and Secretary, Co-Chair
 - Executive Director Communications
 - Vice President, Investor Relations
 - Vice President & Controller
- Vice President & Controller – Responsible for preparing periodic reports, identifying significant disclosures, and coordinating SEC filings.
- Legal Department – Responsible for providing legal contingency information on a quarterly basis to determine the need for an accrual and/or disclosure.
- Shared Services Center (SSC) Accounting Services Department – Responsible for preparing subsidiary and commission reports.

IV. **STRATEGIC OBJECTIVE**

This policy addresses the strategic objectives to report and distribute timely, accurate, and reliable financial information to internal and external stakeholders. The strategic objectives are executed through timely preparation, review, and reporting of the Company's financial reports.

V. **MONITORING**

The financial reporting closing calendar indicates key dates for submitting financial information and ensures timeliness with regard to preparation, review, and approval of financial reports. This is prepared, reported, and monitored by the Vice President & Controller, or his or her delegate.

Finance function leadership provides oversight and guidance to ensure SEC requirements are met in use of the disclosure checklist and SEC/GAAP checklist.

VI. **WAIVERS**

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team (ELT) Sponsor of this policy, or his or her designee. The ELT Sponsor, or her or his designee, is

responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VII. NON-COMPLIANCE

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

Next Review By: 08/01/2015

Approval Date: 06/01/2012

Last Reviewed: 06/01/2012


Appendix – Summary of Practices Related to Financial Reporting

Policy	Related Practices
Financial Reporting	Business Performance Reporting
	Company Disclosures – Periodic Reports
	Contingency and Commitment Reporting


Financial Reporting Policy – Supplemental

This policy is the combination of the Accounting and Reporting for Contingencies, Commitment Reporting and Financial Review of Contracts, Disclosure Controls and Procedures, and Business Performance Reporting Policies.


❖ **STOP – What has been eliminated in this policy?**

 Not applicable.

❖ **START – What's new in this policy?**


 Not applicable.

❖ **CHANGE – What's staying, but changing in this policy?**

 Not applicable.

❖ **CONTINUE – What's not changing at all in this policy?**

 ₁ All external and internal reporting will continue to be required as part of financial reporting.

 ₂ Roles and responsibilities regarding financial reporting will remain unchanged.

❖ **How are related practices impacted?**

• Not applicable.

Fleet Management Policy

Policy Number: POL-BUSSERV03

ELT Sponsor: Linda Sullivan, CFO

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Document Approver: Todd Smith, VP Supply Chain

Document Author: Frank Tagliaferro, Fleet Manager

Effective Date: January 1, 2016

I. PURPOSE

This document defines Company policy for assignment and operation of company fleet vehicles. This policy is intended to support efficient operation and compliance with laws and regulations while also allowing flexibility to meet customer and stakeholder needs

II. POLICY STATEMENT

A. Vehicle Eligibility

Employees may be assigned a company fleet vehicle when the employee’s job function is determined by the Company to require the regular use of a vehicle as an essential tool. The type of vehicle assigned will be appropriate to carry out that job function.

- Vans, Light, Medium, and Heavy Trucks

Employees with a regular requirement to transport materials, tools, or equipment to job sites in the field will be assigned an appropriately sized and outfitted van or truck. For example, Field Service Representatives will generally fall into this category.

- Cars and SUV’s

Employees whose job responsibilities require them to work in the field, but do not require the transportation of more than a small amount of materials, tools, or equipment will be assigned a sedan or, if the type of locations visited indicates a need for four wheel drive, a small SUV. Employees in this category generally include Field Service Supervisors, Meter Readers, employees assigned to collect water quality samples, and similar jobs.

Employees in supporting roles not addressed above, but whose job function requires significant travel, require the approval of the appropriate Executive Leadership Team (ELT) member prior to assignment of a vehicle.

Employees at the Manager level and above will not be assigned company fleet vehicles. Exceptions require the approval of the appropriate ELT member.

In cases where an employee’s job function requires the use of a vehicle less than full time, vehicles may be shared within a department or work group. Shared vehicle use will be limited to the employees within the group to which the vehicle has been assigned.

Company vehicles are not to be used for commuting (i.e., taken home) except where there is a defined business need (e.g., home based reporting). Exceptions require the approval of the appropriate state, functional, or business head.

The company will no longer provide pool cars (vehicles for general use by all employees). Employees not assigned a company vehicle are expected to use their personal vehicle for all required business travel. When operating a personal vehicle on company business, employees are required to maintain personal auto insurance that meets or exceeds the requirements of their state of residence. Employees who choose to maintain optional physical damage coverage including collision or comprehensive coverage will be responsible for any deductible. Physical damage coverage (collision) is required when the personal vehicle is leased or financed.

Business mileage should be submitted for reimbursement at the current IRS mileage reimbursement rate¹. Note that the IRS rate is intended to cover the full operating cost of the vehicle including gas, oil, tires, maintenance, insurance, and depreciation. The company will not reimburse for specific maintenance costs that result from use of a personal vehicle. For business travel in excess of 100 miles per day, employees are permitted to rent a car from the company's designated car rental agency. For specifics on rental cars and mileage reimbursement, please see the Employee Travel and Business Expenditures Policy.

B. Vehicle Procurement

All vehicle procurement, whether by purchase or lease, will use the designated fleet management company.

- Vehicle Offering

Annually Supply Chain will develop and publish a standard vehicle offering which specifies the makes and models of vehicles available under the company fleet program. Purchase of any vehicle make or model not in the standard offering requires the approval of the Corporate Fleet Manager.

- Vehicle Up-Fit / Options

Based on input from field operations and business needs, the Corporate Fleet Manager will determine a standard set of options or base configuration for each vehicle type. Operating units may add additional options and custom equipment as needed to meet their specific needs. However, deletion of the items in the standard option, including but not limited to safety equipment, requires the approval of the Corporate Fleet Manager. Employees are strictly prohibited from removing or disabling safety equipment, either in the ordering process or after delivery (e.g., fire extinguishers, "headache racks", backup alarms, etc.).

- Vehicle Appearance

The appearance of our vehicles reflects on our company. Consequently, all company vehicles must be kept clean and well maintained. Company vehicles must bear a company name, logo, and color scheme approved by Corporate Communications. Vehicles will also display information as required by the Department of Transportation (DOT) and a vehicle unit number. Additional decoration such as wraps must be approved by Corporate Communications.

C. Vehicle Operation

Only company employees are permitted to operate company vehicles. Contract employees operating in the same capacity as company employees may be permitted to operate a company vehicle only with the approval of the appropriate state or business unit President.

Operators of company vehicles are required to:

- Possess a valid driver's license for the jurisdiction(s) of operation and applicable to the type and size of vehicle operated. Employees whose driving privileges are suspended or revoked in any jurisdiction are not permitted to operate a company vehicle and must report the loss or suspension immediately to their supervisor.
- Operate the vehicle in a safe manner and in accordance with all traffic laws and regulations.
- Immediately report all accidents or incidents
- Perform a daily vehicle inspection, prior to operating the vehicle, and immediately report any issues. This includes ensuring that all safety equipment is in place and in working order.
- Keep the vehicle clean and well maintained. This includes ensuring that all preventative maintenance is completed timely and manufacturer recalls are addressed promptly.
- Report the current odometer reading each time the vehicle is fueled or serviced
- Report personal use on a monthly basis. See the Fleet Operation Practice for personal use policy and reporting procedures.
- Limit the transportation of non-employees to business purposes only. No transportation of friends or family members is permitted unless there is a clear business purpose.
- Comply with all other requirements in the American Water Fleet Operation Practice and any related practices

¹ Canadian employees should use the per kilometer rates published by Revenue Canada.

Each operating unit will designate one or more employees to act as the fleet coordinator for that operating unit. These operating unit fleet coordinators will:

- Ensure that vehicles are assigned, procured, serviced, operated, and ultimately replaced and dispositioned in accordance with this policy
- Maintain driver assignments for all vehicles that reflect the person most frequently responsible for operating the vehicle.
- Maintain vehicle inventory data, including accounting strings, in the database hosted by the designated fleet management company as directed by the Corporate Fleet Manager.

D. Vehicle Replacement and Disposal

As vehicles age operating costs increase relative to those of a new vehicle. Consequently, adhering to the optimal replacement schedule will minimize total vehicle operating costs. Annually the Corporate Fleet Manager will identify vehicles requiring replacement and prepare a replacement plan and budget for inclusion in operating company budgets. Once budgets are agreed with the operating units, the Corporate Fleet Manager will work with the operating unit fleet managers to execute the replacement plan for the following year.

When a vehicle is retired, it must be returned to the fleet management company for disposition. Direct sales of company vehicles to employees are prohibited. Employees may purchase retired vehicles from the fleet management company or their agent at market prices. Employees are strictly prohibited from reconditioning vehicles prior to sale (e.g., new brakes, tires).

All replacement vehicle orders will be linked to the vehicle being retired. Orders not associated with an outgoing vehicle will be considered additions and require the approval of the appropriate operating unit President.

E. Data Management

Operating units are required to maintain data for their vehicles in the master database hosted by the designated fleet management company as directed by the Corporate Fleet Manager. This database will be considered the system of record for all vehicle information including configuration, assigned driver, operating history, and accounting.

III. RESPONSIBILITIES

- Vehicle Operators – Responsible for adhering to this policy, the American Water Fleet Operation Practice, and all related practices. Operators are also responsible for providing their own transportation to and from work and are not relieved of their responsibilities to be at work due to the inability to access a company vehicle.
- Corporate Fleet Manager – Overall owner of all fleet related issues and activities. Responsible for monitoring compliance to this policy. Prepares the annual fleet offering and replacement plan. Approves certain exceptions as permitted by this policy. Determines the data to be maintained in the fleet database
- Operating Unit Fleet Coordinators – Responsible for monitoring compliance to this policy within their unit. Maintains driver assignments and other required records. Places orders for vehicles with the designated fleet management company. Maintains data in the fleet database.
- State Presidents – Approve net additions to the fleet (orders without an accompanying retirement). Approve fleet budget.
- Corporate Treasury – Responsible for making lease vs. buy determination for fleet vehicles.
- Executive Leadership Team (ELT) – Approves exceptions to the Vehicle Eligibility section of this policy with respect to their area of budget responsibility.

IV. MARKET-BASED BUSINESS VARIANCES

There is no variance to this policy for Market Based Business

V. WAIVERS

Except as noted above, any deviation, waiver, or exception to this policy requires the prior written approval of the ELT sponsor of this policy or his or her designee. The ELT sponsor is responsible for tracking all requests for waivers, decisions made with respect to those requests, and maintaining documentation. The employee making the request is also responsible for retaining documentation if the request is granted.

VI. NON-COMPLIANCE

Any employee who violates or circumvents this practice may be subject to disciplinary action up to and including termination.

Next Review By: January 1, 2019

Approval Date: January 1, 2016

Last Reviewed: September 3, 2015

Appendix A – Summary of Practices Related to Fleet Management Policy

Policy	Related Practices
Fleet Management Policy	Fleet Operation Practice

GENERAL ACCOUNTING POLICY

Policy Number: POL-ACCT01

Applicability: American Water Works Company, Inc. and its controlled subsidiaries (together “American Water” or the “Company”)

Effective Date: 1/20/2020

Executive Sponsor: Vice President & Controller

Document Approver: Assistant Controller

Document Owner: Divisional Controller

I. PURPOSE

This policy provides the requirements to conduct general accounting activities including, but not limited to, journal entries, accruals, and account reconciliations in order to ensure the timely and proper recording of transactions resulting in accurate financial statements that comply with Generally Accepted Accounting Principles in the United States (GAAP) and the requirements of the Securities and Exchange Commission (SEC). It addresses timing, key methods, approvals, reporting and roles/responsibilities and support for amounts recorded in the general ledger.

II. POLICY STATEMENT

This section contains guidance relevant to accuracy, timeliness, and approval of journal entries and account reconciliations. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in general accounting activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

Journal Entries (JE)

Manual and automated journal entries are recorded to ensure that activity within the business is reflected in the general ledger accounts that comprise the Company’s financial records for the period in accordance with GAAP. Journal entries are used to record estimates, adjustments, reclassifications, and infrequent activity.

- Timing
Journal entries are reviewed, approved, and recorded in accordance with the Company’s month end closing calendar.
- Documentation
Journal entries are supported by accurate and appropriate documentation that support reflects the complexity of the transaction. A journal entry based on confidential information includes supporting documentation that indicates the confidential nature of the information and the name of the person responsible for maintaining the information, while providing for proper protection of such information. Supporting documentation is auditable, well-justified, and centrally located.
- Review and Approval
Journal entries greater than \$5,000 are authorized and approved in accordance with the thresholds established in the Journal Entry Practice; while journal entries below \$5,000 are automatically posted by the system. Automatically posted journal entries are summarized and

reported monthly by each department, which report includes an analytical review of data to evaluate journal entries for consistency and conformity with expected trends. Automatically recurring journal entries are approved prior to being set up in the system and reapproved when there is a change to the entry or at least annually. Documentation of changes to recurring entries shall be retained in order to evidence the related approval.

Accrual Accounting and Prepayments

Revenues and expenses are accrued for goods received and services performed, which transactions have not been recorded in the Company's books and records. These amounts are reflected in the period of activity without regard to the timing of receipt or payment of cash in accordance with GAAP. Prepayments of expenses are reflected as they are realized during the period of activity.

- Timing
Accruals and prepayments are recorded monthly and submitted timely in accordance with the monthly close calendar.
- Estimates
Accrual estimates are based on the best information available (historical data or other verifiable information) and are made in accordance with applicable accounting guidance.
- Documentation
Accruals and prepayments are supported by accurate and appropriate documentation based on the complexity of the transaction. If an accrual or prepayment is based on confidential information (i.e. legal accruals or bonuses), the supporting documentation should indicate the confidential nature of the information and the name of the person responsible for maintaining the information, while providing for proper protection of such information. Supporting documentation is auditable, well-justified, and centrally located.
- Review and Approval
Accruals and prepayments are reviewed and approved timely based on the Journal Entry Practice.

Account Reconciliations

Account reconciliations ensure accuracy, and validate and support the Company's financial records and are performed in accordance with the Account Reconciliation Practice. Ending balances in the general ledger (GL) are reconciled to sub-ledgers and/or supporting information. Any variance that results from the comparison of the source data to the GL balance is referred to as a reconciling item. The account reconciliations are completed in an account reconciliation application. The application is a software used to prepare, approved, report and store account reconciliations.

- Timing and Frequency
Reconciliations are performed, reviewed and approved in accordance with the approved reconciliation frequency. Account reconciliation frequency and classification are established by management, with consideration of each GL account's relevant risk and materiality with respect to the Company's financial statements. These frequencies and categories are approved by the Vice President & Controller or delegate. Reconciling items that result from the reconciliation are researched, explained, closely monitored and corrected timely.

POLICY DOCUMENT



- Documentation
Account reconciliation supporting documentation includes GL, sub-ledgers, and/or other supporting information. If account reconciliation is based on confidential information, the supporting documentation should indicate the confidential nature of the information and the name of the person responsible for maintaining the information, while providing for proper protection of such information. Supporting documentation is auditable, well-justified, and centrally located.
- Review and Approval
Account reconciliations are reviewed and approved timely. Reviewers evaluate account reconciliations for accuracy and appropriateness of explanations and documentation.

Out of Policy account reconciliations (defined in the Account Reconciliation Practice) are reviewed by appropriate personnel. Material items are brought to the immediate attention of the Vice President & Controller or delegate.

Key Spreadsheets

The use of spreadsheets in the support of financial statement preparation and disclosure should be limited. Spreadsheets are not to be used in place of Company standard accounting or reporting systems. The key control owner maintains an inventory of key spreadsheets that feed information into the Company's accounting systems, reporting systems, or generate information disclosed in the external reporting processes. An assessment is performed annually by the key control owner to determine the key spreadsheets that require restricted access and additional protection. This assessment is approved by the Director of Technical Accounting or delegate.

III. RESPONSIBILITIES

- Vice President & Controller or Delegate – Responsible for reviewing and approving account reconciliation frequency/categorization and the spreadsheet assessment.
- Assistant Controller – Ensures completeness of period end close and Day 4 balance sheet review.
- Accounts Payable Department – Responsible for processing accounts payable in accordance with the monthly closing calendar.
- Functional and Operating Units – Responsible for submitting applicable accruals/deferrals with appropriate supporting documentation.
- Accounting Department – Responsible for timely processing of journal entries, maintenance of journal entry listings and supporting documentation, performing account reconciliations, analyzing period over period balance sheet variances and for preparing subsidiary financial statements and reports.
- Payroll Department – Responsible for preparing and submitting payroll accruals in accordance with the monthly closing calendar.
- Tax Department – Responsible for processing tax provision calculations, payments and returns.
- Key Control Owner – Responsible for maintaining an inventory of key spreadsheets.

IV. DEFINITIONS

Journal Entries – The recording of financial data pertaining to business transactions in a journal such that the debits equal the credits.

Accrual Accounting – Accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged.

POLICY DOCUMENT



Account Reconciliations – In accounting, reconciliation is the process of ensuring that two sets of records (usually the balances of two accounts) are in agreement. Account reconciliations ensure that account balances are correct between accounts at the end of a particular accounting period.

V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the Document Approver of this policy. The Document Approver, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VI. NON-COMPLIANCE

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

VII. CONTACT INFORMATION; MONITORING

Account reconciliation status is reviewed monthly by Accounting Department to monitor completeness and exposure, variances, and disposition of unreconciled items.

Financial Statement Close Checklist is reviewed by Accounting Department during closing periods to identify accruals as closing tasks.

Next Review By: 1/20/2023

POLICY DOCUMENT



Appendix – Summary of Practices Related to General Accounting Policy

Policy	Related Practices
General Accounting Policy	Account Reconciliation
	Accruals Practice
	Income Tax Provision Accrual Practice
	Treasury Accruals
	Journal Entry Practice
	Spreadsheet Practice
	Financial Reporting Practice

POLICY DOCUMENT



HEALTH AND SAFETY POLICY

Policy Number: POL-OPS01


Effective Date: 11/30/2012

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)


ELT Sponsor: **Walter Lynch, President & Chief Operating Officer of Regulated Business**

Document Author: William Komianos, Sr. Director, Operational Risk Management

I. PURPOSE

 This policy provides the requirements and responsibilities to implement and manage effective health and safety programs that strive for healthy employees, continuous safety program improvement, reduction of occupational injuries and illnesses (referred to collectively as “injuries”), and compliance with Federal, State and local laws and regulations. These programs will contribute to employee health and safety, continuous improvement of the Company’s safety culture, improved employee performance and morale, improved productivity, and reduction or containment of costs. This policy addresses the differences between regulated and market-based businesses (MBB) where applicable.

II. POLICY STATEMENT

 Employee health and safety is a critical consideration within American Water, and safety performance is fundamental to the Company’s culture and key to its success. Employees are expected to conduct themselves in a safe manner, in accordance with this policy and the Health and Safety Procedures and Practices Manual, applicable Federal and State statutes and regulations, and local requirements. All employees are accountable for performing tasks in a safe manner. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

American Water will establish, implement, promote and manage safety programs, activities and training that enable continued safety improvement, injury reduction and compliance with applicable Federal, State and local requirements. Safety programs will be developed in accordance with this policy and applicable practices and include:

- Supporting practices that are developed, reviewed and updated to provide guidance on safe performance of activities in the workplace and are reflective of changes in organizational, operational and regulatory needs;
- Strategy and priority development and implementation of safety improvements based on risk analysis of work places, work tasks and related potential injuries and incidents;
- Development of, and measurement against, specific Company and external safety performance targets and safety accountabilities for all employees;
- Ongoing assessment and review of safety processes, activities and supporting programs (including those related to other Company policies such as the Workplace Conduct and Behavior Policy) to gauge effectiveness, identify program gaps and pinpoint opportunities for continued improvement;
- Consistency of implementation and compliance with Company and regulatory requirements across the enterprise;
- Defined and monitored contractor qualifications and requirements for safety performance in accordance with approved contract documents, applicable laws and regulations.

POLICY DOCUMENT



III. RESPONSIBILITIES


All employees are responsible for:

- Except as otherwise expressly stated in a collective bargaining agreement, complying with this policy and the Health and Safety Procedures and Practices Manual;
- Performing job tasks in a safe manner and in accordance with Company health and safety practices and training received;
- Reporting unsafe conditions or workplace hazards immediately or as soon as practicable, to their supervisor or other management person with the authority to act;
- Immediately reporting near misses and workplace injuries or illnesses, regardless of severity, to their supervisor;
- Discontinuing work that they feel is unsafe until the issue can be resolved;
- Providing immediate feedback to co-workers regarding unsafe work practices or conditions;
- Attending required safety training;
- Using personal protective equipment (PPE) as required;
- Providing feedback and suggestions for improvement of safety processes.

State, Functional and MBB management are responsible for:

- Compliance with this policy, and the health and safety practice and maintaining required documentation;
- Encouraging and recognizing employees for reporting unsafe conditions and workplace hazards to their supervisors;
- Establish and communicate expectations and provide feedback on safety and health performance and accountabilities for employees;
- Supporting the implementation, maintenance and review of safety programs and safety plans;
- Implementing or coordinating, with local management and Operational Risk Management (ORM), the corrective actions for any safety issues identified;
- Assuring employees receive required health and safety training and participating in safety training programs;
- Communicating safety requirements and workplace safety information to employees in a timely manner;
- Monitoring employee performance for conformance to Company, Federal, State and local health and safety requirements and standards;
- Participating in accident and incident investigations to identify root causes and corrective actions;
- Discussing identified safety issues or need for development or revision of safety practices with ORM.

ORM is responsible for:

- Recommending, developing and maintaining any changes to this policy and the related practices that are based on risk and performance data, aligned with business strategy and needs, and in conformance with Federal, State and local regulatory requirements;
- Consulting with Operating Unit management and Functional Leads on any recommended changes to this policy and the related practices;
-  Through the ORM Center of Expertise (COE), supporting technical and program process and sub-process councils in the development of enterprise-wide health and safety program requirements;

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- Developing and delivering health and safety training programs in accordance with current regulatory requirements, Company policies and practices, and business needs;
- Conducting or participating in accident and near miss investigations;
- Sharing safety and accident information across the enterprise;
- Tracking health and safety performance with analysis of trends and regularly reporting results to management;
- Monitoring regulatory requirements and emerging regulations for applicability to enterprise operations;
- Developing and adapting existing health and safety programs to promote continuous improvement.

IV. STRATEGIC OBJECTIVE

This policy addresses strategic objectives to reduce workplace exposures that may result in injury and illness, continuously improve the safety program and practice, and comply with Federal, State and local regulations.

V. MONITORING

ORM will monitor the effectiveness and results of the safety program, this policy and the related practices, and regularly report results to management. State, functional and MBB management will monitor overall safety performance in their respective areas and the progress of safety performance as part of the established performance review process.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 11/30/2015

Approval Date: 11/30/2012

Last Reviewed: 11/07/2012

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Appendix – Summary Practices Related to Health and Safety Policy

Policy	Related Practices
Health and Safety	Health and Safety Procedures and Practices Manual Safety Code Practice

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Health and Safety – Supplemental

❖ **STOP – What has been eliminated in this policy?**

- 1 High-level description of process/capability/requirement that exists in the current policy, but is no longer required in the new policy due to changes related to Business Transformation, etc.

❖ **START – What's new in this policy?**

- 1 The responsibilities section has been added. The previous policy referenced ORM responsibilities. Additional responsibilities for Human Resources, business functions and ORM have been added and/or expanded.
- 2 The ORM COE has been added to the policy. The ORM COE was established earlier this year as part of the organizational restructuring.

❖ **CHANGE – What's staying, but changing in this policy?**

- 1 The content of the policy statement is the same, but the business objective and statement was consolidated

❖ **CONTINUE – What's not changing at all in this policy?**

- 1 The purpose of this policy is not changed.

❖ **How are related practices impacted?**

- There is no impact to current practices.

POLICY DOCUMENT



Insider Trading and Prohibited Transactions Policy

Policy Number: POL-LEG01

Effective Date: 10/01/2017 (as amended 06/15/18)

Applicability: American Water Works Company, Inc. and its subsidiaries

ELT Sponsor: Executive Vice President, General Counsel & Secretary

Document Author: Chief SEC & Corporate Governance Counsel

I. PURPOSE

This Policy governs securities trading and transactions and the confidentiality of material, non-public information related to the Company. This Policy has been adopted by the Company's Board of Directors to promote compliance with Securities Laws that prohibit trading in securities on the basis of material non-public information.

This Policy applies to transactions in Company Securities and Derivative Securities. The Policy also applies to transactions in Other Securities made on the basis of material, non-public information regarding an entity other than the Company where the information is obtained through the Company or by virtue of a person's employment or other relationship with the Company.

It is important that all Covered Persons review the Policy carefully and periodically. Noncompliance with the Policy is grounds for immediate sanctions, including but not limited to termination of employment or service. Trading on the basis of material non-public information is also a serious violation of Securities Laws, leading potentially to both civil and criminal penalties.

Section VIII contains a list of definitions covering capitalized terms used in this Policy.

II. POLICY STATEMENT

The purchase or sale of a security is considered to be made on the basis of material non-public information if a person making the purchase or sale is aware of the material non-public information at the time of the trade. All persons or entities subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and not engage in transactions in Company Securities or Other Securities while aware of material non-public information. In all cases, the responsibility for determining whether a person or entity is aware of material non-public information rests with the person or entity.

Furthermore, the Company determined that, even in circumstances where a Covered Person is not aware of any material non-public information, certain types of transactions in securities should be prohibited to prevent a focus on short-term, as opposed to long-term results, and thus to prevent misalignment with the Company's stockholders.

Covered Persons

This Policy applies to all directors, officers, employees, consultants and independent contractors of the Company. These individuals are collectively referred to in this Policy as Covered Persons. This Policy also applies to Family Members and Controlled Entities of Covered Persons, as further described below.

If a Covered Person is aware of material non-public information when his or her service with the Company terminates, including the resignation or retirement of a director, officer or employee, that Covered Person may not trade in Company Securities or Other Securities until that information has become public or is no longer material. A determination as to whether, and for how long, a Covered Person may remain as such following such person's resignation, retirement or termination of service from the Company, is to be made by the Chief SEC Counsel after consultation with the General Counsel and/or the Chief Financial Officer.

Family Members and Controlled Entities

This Policy also applies to Family Members and Controlled Entities of Covered Persons. A Covered Person is always responsible for transactions of the Covered Person's Family Members and Controlled Entities. Therefore, a Covered Person must make his or her Family Members aware of the need to communicate with the Covered Person before a Family Member or any related Controlled Entity engages in a transaction covered by this Policy. For the purposes of this Policy and the Securities Laws, each Covered Person should treat all transactions by Family Members or Controlled Entities as if the transactions were for the Covered Person's own account.

Material Information.

Information is considered "material" if a reasonable investor would consider that information important in the context of the total mix of information in making a decision to buy, hold or sell Company Securities, Derivative Securities or Other Securities. Any information that could reasonably be expected to affect the price of these securities, whether positive or negative, should be considered material. There is no bright-line standard or numerical test for assessing materiality, even with respect to financial information or similar data. Materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. The broadest interpretation should be given as to whether information is material, and it is important to review the information in context of other existing information and other surrounding facts and circumstances. Some examples of information that could be regarded as material are:

- Quarterly and annual earnings or losses and other similar financial information
- Earnings guidance or projections about earnings or other financial information, including amendments to or confirmations of any previously announced guidance, or the decision to suspend the use of such guidance;
- Dividend changes;
- A current, proposed or contemplated offering of securities;
- Establishing, modifying or terminating a repurchase program for securities;
- Pending or proposed acquisitions, mergers, joint ventures, divestitures or tender offers;
- Pending or proposed new or expanding businesses, products or services, including establishing new service territories;
- The acquisition or loss of a significant contract or customer;
- A restructuring of assets, personnel or operations;
- Significant changes to the Board of Directors or senior management;
- Significant related party transactions;
- Bank borrowings or other financing transactions, other than in the ordinary course of the Company's business;
- Regulatory developments of significant impact;
- Pending or threatened significant litigation, including the resolution of or other significant developments in such litigation;
- Severe liquidity problems or impending bankruptcy;
- A significant disruption to the Company's operations;
- A loss or potential loss, or breach or unauthorized access, to its properties or assets, including infrastructure, facilities or information technology;
- A change in auditors or notification that the auditor's reports may no longer be relied upon; or
- An imposition of a ban on trading in securities.

The following examples have been provided for illustration only and do not represent a complete list of actual or potential material events. When in doubt as to the materiality of any non-public information, persons subject to this Policy should consult with the Chief SEC Counsel and refrain from trading.

When Information is Considered Public

Information that has not been disclosed to investors and the trading markets is generally considered to be non-public information. In order to establish that the information has been publicly disclosed, information must have been widely disseminated to investors and sufficient time given for the trading markets to process and absorb that information.

Information generally would be considered widely disseminated if it has been disclosed through:

- a filing with the SEC, such as a Form 8-K or other report
- a press release issued via a national newswire service;
- a broadcast on a widely-available radio or television program; or
- publication in a widely-available newspaper (such as *The Wall Street Journal*) or magazine.

By contrast, information would likely not be considered widely disseminated if it is available only to the Company's employees or if it is only available to a select group of third parties. For example, disclosures made in regulatory proceedings, such as testimony given or briefs filed in rate cases, or in litigation proceedings, may be considered non-public for purposes of this Policy even though the information may no longer be viewed as confidential. Depending on the specific facts and circumstances, information on the Company's web site may or may not be widely disseminated; thus, such information should not be viewed as publicly disclosed for purposes of this Policy unless determined otherwise by the Chief SEC Counsel.

Once information is widely disseminated, it is necessary to allow sufficient time for the investing public to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until two full trading days have elapsed after the information is widely disseminated.

Persons with any questions as to whether information may be considered public should consult with the Chief SEC Counsel.

What is a Transaction?

Except as provided otherwise in this Policy, this Policy applies to any and all transactions in Company Securities and Other Securities. For purposes of this Policy, a transaction includes, without limitation, any acquisition or disposition involving Company Securities, Derivative Securities or Other Securities. An acquisition or disposition is subject to the Policy even if nothing is received in exchange for the security, and regardless of whether the transaction is effected in the open market or in a privately-negotiated transaction. For example, the following are non-exclusive examples of transactions, in addition to typical open-market purchase and sale transactions, that would be covered by this Policy:

- gifts of securities;
- transfers or contributions of securities to a trust or other entity;
- private sales or transfers of securities, effected other than through a broker or a securities market;
- transfers among family members or other related parties;
- reorganizations of entities that own securities; or
- transfers following the death or divorce of the owner, or as may otherwise be mandated by a legal process or court order.

What Trading and Disclosure Activities are Prohibited by the Policy?

No Covered Person, Family Member or Controlled Entity who is aware of material non-public information may, directly or indirectly (including indirectly through Family Members, Controlled Entities or other persons who may not be aware of such information):

- engage in any transactions in Company Securities, except through a Rule 10b5-1 plan approved as provided in this Policy;
- advise others, generally or specifically, concerning the trading of Company Securities, Derivative Securities or Other Securities;
- disclose material non-public information (also called "tipping") to persons within or outside the Company to any person who does not have a "need to know" that information, except for disclosures made in accordance with the Company's policies regarding the protection or authorized external disclosure of information regarding the Company; or
- assist anyone in taking any of the foregoing actions.

These prohibitions remain in effect until the material non-public information is fully disclosed and widely disseminated to the public, or until the information, although not disclosed, ceases to be material.

In addition, if in the course of working for or providing services to the Company, a Covered Person learns of material non-public information about an issuer of Other Securities, or about any other company or entity with which the Company does business (including a company or entity that is a customer, vendor,

contractor or supplier of the Company), the Covered Person (and his or her Family Members or Controlled Entities) may not trade in securities of such issuer, company or entity until after the information has been disseminated to the public or is no longer material. For example, knowledge about an impending potential acquisition would no longer be material if the parties ultimately determine not to enter into an acquisition agreement.

Except as specifically noted herein, there are no exceptions to this Policy. Transactions that may be necessary or justifiable for independent reasons, such as the need to raise money for an emergency expenditure, or small transactions, are not exempted from this Policy. The Securities Laws do not recognize mitigating circumstances and, in any event, even the appearance of an improper transaction must be avoided to protect the Company from an insider trading investigation and liability, as well as the Company's reputation.

Transactions under Company Plans

Transactions involving Company Securities under certain of the Company's benefit and other plans are subject to the following rules:

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
Stock option exercises	<ul style="list-style-type: none"> ▪ the exercise of a stock option acquired pursuant to a Company equity compensation plan; or ▪ any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements. 	Any sale of Company Securities as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating cash needed to pay the exercise price of an option.
Equity compensation plan awards	<ul style="list-style-type: none"> ▪ the granting or vesting of awards (including options, restricted stock units, performance stock units or shares of common stock) under any Company equity compensation plan that has been approved by the Company's stockholders; or ▪ any transaction effected as part of the withholding of Company Securities to satisfy tax withholding requirements, if effected in compliance with the terms of a Company equity compensation plan or award. 	Any simultaneous or subsequent sale of Company Securities.
ESPP	<ul style="list-style-type: none"> ▪ any decision to enroll in the ESPP during an ESPP open enrollment period; ▪ any purchases of Company Securities through the ESPP resulting from a periodic contribution of money to the ESPP during a purchase period pursuant to a payroll contribution election; 	Any sales of Company Securities purchased pursuant to the ESPP.

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
	<ul style="list-style-type: none"> ▪ any changes in a payroll contribution election made during an ESPP open enrollment period; or ▪ any decision to terminate or suspend participation in the ESPP <p>If the ESPP obtains Company Securities in open-market transactions rather than from the Company, enrollments in and changes in payroll contribution elections would become subject to the Policy. In this case, the Company would communicate this change to persons subject to the Policy.</p>	
<p>Dividend reinvestment plans and programs</p>	<ul style="list-style-type: none"> ▪ an election to participate or terminate participation in American Water Direct, the Company’s direct stock purchase and dividend reinvestment plan (or any successor plan); ▪ purchases of Company Securities through American Water Direct resulting solely from the automatic reinvestment of dividends paid on the Company’s Securities; or ▪ purchases of Company Securities resulting solely from the automatic reinvestment of dividends paid on the Company’s Securities pursuant to any dividend reinvestment program, plan or feature offered by a third-party broker or dealer (a “Broker DRP”) that operates in a manner substantially similar to American Water Direct’s dividend reinvestment plan. <p>If Company Securities are provided to American Water Direct in open-market transactions rather than directly from the Company, elections to participate in this plan would become subject to the Policy. In this case, the Company will communicate this</p>	<ul style="list-style-type: none"> ▪ an election to participate or terminate participation in a Broker DRP; ▪ voluntary purchases of Company Securities resulting from additional contributions in American Water Direct; or ▪ any sale of any Company Securities received through any reinvestment of dividends on Company Securities, whether through American Water Direct, a Broker DRP or otherwise.

Plan or Transaction	This Policy DOES NOT apply to	This Policy DOES apply to
	change to persons subject to the Policy.	
Other transactions with the Company	Any other purchase of Company Securities from the Company or sales of Company Securities to the Company	N/A

Rule 10b5-1 Plans

Under SEC Rule 10b5-1, a purchase or sale of a security will not be deemed to have been made on the basis of material non-public information if the person making the trade demonstrates that the trade was made pursuant to a binding agreement or written plan entered into or adopted at a time that the person was not aware of any material nonpublic information. A Rule 10b5-1 plan refers to a written plan regarding the method for effecting future transactions in securities entered into or adopted at a time when the person is not aware of material non-public information. A person that effects a transaction pursuant to a valid Rule 10b5-1 plan has a defense against a claim that the transaction violated the U.S. federal insider trading rules.

Transactions under a Rule 10b5-1 plan will not be subject to this Policy if all of the following conditions below are met:

- The Rule 10b5-1 plan must comply with all applicable legal requirements, including under the Federal securities laws.
- The Rule 10b5-1 plan cannot be entered into, and may not be amended or terminated, when a person is aware of material non-public information.
- The transaction must comply with all of the terms and conditions of the Rule 10b5-1 plan.
- All applicable requirements in the Personal Securities and Trading Preclearance Practice with respect to Rule 10b5-1 plans and SEC reporting requirements must be met.
- The Rule 10b5-1 plan must be reviewed and approved by the Chief SEC Counsel prior to any effecting any transactions, and, if the person establishing the Rule 10b5-1 plan is a director or executive officer of the Company, the Rule 10b5-1 plan must also be approved by the Nominating/Corporate Governance Committee of the Board of Directors.

Mutual Funds

Transactions in mutual funds, exchange-traded funds, index funds or other “broad basket” funds that own or hold Company Securities as one of many investments are not subject to this Policy.

Prohibited Transactions

Even in circumstances where a director, officer or employee is not aware of any material non-public information, the Board of Directors has determined that certain types of transactions are prohibited. Such transactions, each of which is described in more detail below, include:

- Short sales and “short sales against the box”;
- Hedging transactions and other transactions in Derivative Securities; and
- Pledging and margin transactions

These prohibitions are designed to ensure that all directors, officers and employees are focused on the long-term goals and prospects of the Company and are not distracted by speculative trading in Company Securities or Derivative Securities. Also, the Company wishes to prevent transactions that may have a purpose or effect, in whole or in part, of limiting the investment risk of owning Company Securities.

The following is a brief description of each prohibited transaction:

- **Short sales and “short sales against the box”:** A short sale is generally a sale of a security that the seller does not own, with the plan to repurchase the security at a later time when the price is lower. A short-seller generally must borrow the security from its owner to deliver it to the purchaser. A “short sale against the box” is generally a short sale involving a security that the seller owns but does not deliver to the purchaser.

A short seller of Company Securities or Derivative Securities can profit from the transaction only to the extent the price of the security decreases. Short sales may reduce a seller's incentive to improve the Company's performance. In addition, under U.S. Securities Laws, it is unlawful for any of the Company's directors or executive officers to engage in short sales and certain "short sales against the box" of Company Securities or Derivative Securities.

For these reasons, short sales and "short sales against the box" involving Company Securities and Derivative Securities are prohibited.

- Hedging transactions: A hedging transaction with respect to a security is a transaction entered into for the purpose of reducing or eliminating the market price risk associated with the ownership of that security. A hedging transaction allows an investor to focus on short-term performance at the expense of long-term objectives.

For example, if a person owns a Company Security, a hedging transaction can involve the purchase of a put option or the sale of a call option with respect to that security. Call options and put options allow the purchaser and the seller, in effect, to speculate in the price of the Company Security and minimize the risk incurred if the price were to change. In this example, a call option is a Derivative Security that entitles the holder to purchase a Company Security at a specified price at any time before a future date. A put option is a Derivative Security that entitles the holder to sell a Company Security at a specified price at any time before a future date. Hedging transactions may include transactions involving combinations of call options and put options, sometimes described as "spreads" or "collars."

Some additional examples of these types of transactions are as follows:

- a current sale of the security for delivery in the future, either at a fixed price or at a price that can fluctuate;
- an agreement by the holder to exchange future investment results, such as dividends or market price changes, with respect to the security owned by such person for another fixed or variable investment return; or
- the deposit of securities owned in a so-called "exchange fund," which also owns the securities deposited by a number of other participants, in exchange for an ownership interest in the fund, thereby diversifying the risk of the ownership of the securities.

Because hedging transactions can result in the misalignment between the ownership interest of the Company's directors, officers and employees and those of the Company's stockholders, no person subject to this Policy may engage in any of the transactions described above, in any purchase or sale of a Derivative Security, or in any other transaction of a similar nature (as determined by the Chief SEC Counsel, the General Counsel or the Chief Financial Officer) that has the effect of reducing or eliminating the investment risk associated with any Company Securities owned by such person.

To the extent they may be Derivative Securities, the granting, exercise, vesting and earning of awards issued under any of the Company's equity compensation plans are not considered hedging transactions under this Policy; however, buying or selling any Derivative Security with respect to such securities is prohibited.

- Pledging and margin transactions: A pledge of Company Securities involves the offering of such securities to a lender as collateral for a loan. A margin of Company Securities involves the use of Company Securities in a margin account as collateral for an investment in securities.

Any pledging or margining of Company Securities puts the shares of Company Securities at risk of sale if the loan is not repaid or if the value of securities in a margin account decreases in value. For this reason, the following transactions are prohibited:

- pledging Company Securities as collateral for a loan or other obligation (such as to cover overdrafts or shortfalls in another account);
- using Company Securities as collateral in a margin account for a loan or for any other obligation in connection with the purchase of a security; or

- o engaging in any other similar transaction that has the effect of using Company Securities as collateral or security for a loan or any other obligation.

This prohibition applies whether the Company Securities have been acquired from the Company, in the open market or otherwise. However, this prohibition does not apply to any “cashless exercise” of a stock option issued under a Company equity compensation plan.

Because the default terms of many brokerage agreements may permit shares held in brokerage accounts to be marginable or used to secure another obligation, Covered Persons should instruct their brokers that Company Securities held in any such account must not be subject to any pledge, security interest or margin and verify that any such account does not give a person the right to buy any securities on margin within the account.

Trading Procedures

The Personal Securities and Trading Preclearance Practice issued under this Policy contains provisions that govern the trading of Company Securities. A violation of this practice is considered a violation of the Policy. You should consult the practice before engaging in any transaction involving Company Securities.

Stock Ownership Guidelines and Stock Retention Requirements

The Board of Directors has adopted the Executive Stock Ownership Guidelines and Executive Stock Retention Requirements for employees in salary grades 70 to 100, as well as for members of the Board of Directors. Any preclearance request will consider compliance with these guidelines before approval. If you are covered by these guidelines or requirements, please consult with the Chief SEC Counsel or the relevant documentation for more information.

III. RESPONSIBILITIES

Each Covered Person, including his or her Family Members and Controlled Entities, is individually responsible for complying with this Policy. In addition, each manager is responsible for informing his or her direct reports to whom the manager disclosed any material non-public information that the employee is prohibited from purchasing or selling Company Securities except as permitted by this Policy or the Personal Securities Trading and Preclearance Practice.

The Chief SEC Counsel (or his or her designee) acts as a resource with respect to questions regarding this Policy, and to interpret any of the provisions of this Policy with respect to specific facts and circumstances.

IV. NON-COMPLIANCE

The violation of any insider trading prohibition, including the purchase and sale of securities while aware of material non-public information or the disclosure of material non-public information to others who then trade in the Company’s Securities, Derivative Securities or Other Securities, is prohibited by the Securities Laws. Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys and state enforcement authorities as well as foreign authorities. Securities Laws may also impose liability on companies and other persons in positions of control, if they fail to take reasonable steps to prevent insider trading by Company personnel. There are no minimum requirements on the size of the transaction that can trigger insider trading liability. Relatively small trades have in the past led to civil and criminal investigations, and lawsuits.

There are strict criminal and civil penalties under the U.S. securities laws for committing illegal insider trading:

- A criminal prosecution can result in a fine of up to \$5 million and imprisonment for up to 20 years for each act.
- In a civil action brought by the SEC, a person who has been found to have engaged in insider trading, or of having communicated material non-public information to another person who engages in insider trading, can be held liable for a penalty up to three times the profit gained, or the loss avoided.

- The SEC has the authority to obtain a court order barring a director or officer who has engaged in insider trading from serving, either permanently or for a period of time, as a director or officer of any public company.

In addition, an individual's failure to comply with this Policy may subject the individual to Company-imposed sanctions, including but not limited to termination of employment or service for cause, whether or not the person's failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in a prosecution, can tarnish a company's or person's reputation and irreparably damage a career.

V. STRATEGIC OBJECTIVE

This Policy addresses strategic objectives for compliance with applicable Securities Laws related to insider trading, and to protect the Company's reputation for integrity and ethical conduct.

VI. MONITORING

The Chief Compliance Officer and Chief SEC Counsel perform periodic reviews of the Policy to assess its efficacy in addressing the strategic objectives described above.

VII. WAIVERS; MODIFICATIONS

Waivers or exceptions to this Policy may be made only by the written approval of the Company's General Counsel, after consultation with the Chief SEC Counsel. The General Counsel shall maintain all documentation related to waivers or exceptions to this Policy in accordance with applicable document retention policies. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different or additional policies and practices at any time.

VIII. DEFINITIONS

The following definitions apply to this Policy:

- *The Company*: American Water Works Company, Inc. and each of its subsidiaries, either individually or collectively, as the context may require
- *Company Securities*: Equity securities (common stock) and debt securities (debentures, bonds and notes) of the Company
- *Controlled Entity*: any corporation, partnership, limited liability company, trust or other entity (whether for-profit or not-for-profit) that is influenced or controlled by any Covered Person, or any Family Member or another Controlled Entity of a Covered Person
- *Covered Persons*: all directors, officers, employees, consultants and independent contractors of the Company
- *Derivative Securities*: Contracts or instruments that derive value from the price of a Company Security
- *ESPP*: The Company and its Designated Subsidiaries 2017 Nonqualified Employee Stock Purchase Plan, or any predecessor plan.
- *Family Members* include any of the following:
 - A spouse, child (including a child away at college), stepchild, parent, stepparent, mother-in-law or father-in-law
 - Any other relative or person who lives in your household, other than a domestic employee or tenant
 - Any other person who does not live in your household but whose transactions in Company Securities, Derivative Securities or Other Securities may be directed by you or over which you have the power to influence or control (regardless of whether you actually direct, influence or control a transaction)
- *Other Securities*: Securities of an entity other than the Company
- *SEC*: the U.S. Securities and Exchange Commission
- *Securities Laws*: applicable U.S. Federal, state and foreign securities laws

IX. CONTACT INFORMATION

Questions about this Policy or its application should be directed to the Chief SEC Counsel or his or her designee, or, in their absence, the Company's General Counsel or Chief Financial Officer.

POLICY DOCUMENT



Appendix – Summary of Policies & Practices Related to Insider Trading and Prohibited Transactions Policy

Policy	Related Practices
Insider Trading and Prohibited Transactions Policy	Personal Securities Trading and Preclearance Practice

POLICY DOCUMENT



Insider Trading and Prohibited Transactions Policy – Changes from Prior Policy

Below is a high-level overview of changes from the former Personal Securities and Insider Trading Policy.

STOP – What has been eliminated in this policy?

- Information related to securities trading and preclearance practices has been moved to the Personal Securities Trading and Preclearance Practice.
- The six month required holding period for executive officers and individuals on the restricted list has been eliminated.
- The responsibilities of the Chief Administrative Officer, the Chief Financial Officer and the Senior Specialist, Corporate Governance and SEC Compliance have been eliminated.

START – What's new in this policy?

- The policy name has been changed to refer to prohibited transactions and to not duplicate the name of the personal securities trading practice.
- The responsibility of former employees has been clarified. The new policy states that former Covered Persons are subject to the policy so long as they are aware of material, non-public information and until removed as such.
- The definition of “public” information now includes a specific reference to a requirement that information must not only be disclosed to, but also absorbed by, the market.
- Provisions exempting certain equity compensation plan and dividend reinvestment transactions from the policy
- An exception for mutual fund or broad-baskets of securities, such as exchange traded funds
- A prohibition on the pledging of company and derivative securities
- The scope of covered transactions has been clarified
- The policy has been rewritten in its entirety in plain English to limit legalese, in an effort to improve clarity and readability by persons at all levels.

CHANGE – What’s staying, but changing in this policy?

- The scope of covered persons has been expanded to include controlled entities, as well as to include a clear definition of family members that are covered by the policy.
- The definition of material information has been amended to reflect more closely the language of applicable Supreme Court case law. Also, a list of examples of material information has been included.
- The prohibition on trading of derivative securities has been expanded to include any hedging transaction involving Company Securities or Derivative Securities.
- The prohibition on margining of securities has been expanded to prohibit using any Company Securities as collateral for a loan.
- The requirements with respect to Rule 10b5-1 plans have been clarified.
- The reference to “minimum stockholding requirements” has been updated to refer to current executive stock ownership guidelines and stock retention requirements.
- Exceptions involving the Company’s equity compensation plans and ESPP have generally been expanded and clarified.

CONTINUE – What’s not changing at all in this policy?

- Restrictions on short selling
- The existing exceptions for stock option exercises
- Responsibility of individual participants and managers regarding compliance with policy

How are related practices impacted?

There are no existing related practices impacted by this policy.

POLICY DOCUMENT



Reviewed By	Version	Key Comments/Changes
Jeffrey M. Taylor, Chief SEC and Corporate Governance Counsel	Version 1	First attempt at policy revision for discussion purposes.
Morgan Lewis & Bockius, Outside SEC Counsel	Version 2	Review of policy
Michael A. Sgro, Executive Vice President, General Counsel and Secretary	Version 3	Review of policy revisions
Jeffrey M. Taylor, Chief SEC and Corporate Governance Counsel	Version 4A	Incorporated feedback and additional changes
All Members of Executive Leadership Team	Version 4B	Review of draft policy reflecting prior comments and edits
Jeffrey M. Taylor, Chief SEC and Corporate Governance Counsel	Version 4C	Incorporated feedback and additional changes
All Members of Executive Leadership Team	Version 4C	Version provided for final ELT review
Jeffrey M. Taylor, Chief SEC and Corporate Governance Counsel	Version 4D	Incorporated feedback and additional changes
Jeffrey M. Taylor, Chief SEC and Corporate Governance Counsel	Version 4E	Final changes and edits to Family Member definition
Jeffrey M. Taylor, Chief SEC and Corporate Governance Counsel	Version 5 (6/15/18 amendment)	Addition of materiality examples

Names in **bold** have reviewed multiple versions of the document.

INTANGIBLE ASSET ACCOUNTING POLICY

Policy Number: POL-FIN02

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Effective Date: 12/31/2016

ELT Sponsor: Linda G. Sullivan, Senior Vice President & Chief Financial Officer

Document Approver: Melissa K. Wikle, Vice President & Controller

Document Author: Elba L. Deck, Assistant Controller

I. PURPOSE

This policy provides the requirements to conduct cost capitalization, amortization, and assignment of useful lives for intangible asset accounting activities. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights the differences between regulated and Market-Based Businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to the accounting treatment of intangible assets including software for internal use, business combinations, divestitures, and other intangibles. Unless otherwise specified, this policy establishes requirements that are followed by employees involved in intangible asset accounting activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

Intangible assets including goodwill, software for internal-use, patents, copyrights, trade secrets, and licenses are accounted for in accordance with Generally Accepted Accounting Principles (GAAP).

Items are capitalized (deferred) or currently expensed as outlined in this policy and supporting practice and at the direction of the state public utility commissions.

Cost Capitalization of Intangible Assets

Costs associated with intangible assets are expensed or capitalized in accordance with ASC 350 and the National Association of Regulatory Utility Commissioners (NARUC).

- Business Combinations – Goodwill

Business combinations are accounted for by the Purchase Method. Under this method, the excess of the cost of the acquisition over the fair value of the net assets acquired (including recognized intangibles) is considered goodwill, which is recorded as an asset as of the date of the acquisition and capitalized.

In certain situations, where regulators explicitly allow recovery of a premium paid for utility plant, the premium recognized in rates is recorded as a regulatory asset and amortized over the recovery period.

- Divestitures – Goodwill

The method and treatment of the divestiture depend on the transaction type and divestiture structure. The Company defers costs that are essential to the sale transaction and that would not have been incurred had the decision to sell not been made if determined that regulatory treatment is probable. If the sale is not completed the costs that were deferred during the sales process are written off.

- Other Intangibles

Additional intangible assets may be capitalized including: acquisition costs for patents, copyrights, brands, and trademarks. Costs of internally developed intangible assets such as research and development are generally expensed as incurred unless recovery in future rates is probable documented as a regulatory asset or liability.

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- Software for Internal-Use

Expenditures for internal-use software that exceed the dollar threshold identified in the Utility Plant and Capital Asset Accounting Policy (Asset Capitalization Requirements) and benefit a period exceeding one year from the in-service date are capitalized. Costs capitalized as a software asset are recorded in property, plant, and equipment.

Amortization and Depreciation

Intangible assets with definite useful lives are amortized over the course of their determined useful lives using the Straight-Line Method. Internal-use software included in utility plant is depreciated using the Group Depreciation Method, and non-utility plant internal-use software is depreciated using the Straight-Line Method over its estimated useful life.

Goodwill and indefinite-lived intangible assets are not amortized but are analyzed for impairment annually or more frequently under certain circumstances.

Impairments

Goodwill and other intangible assets are reviewed for impairment annually, or more frequently, if triggering events occur.

- Business Combinations – Goodwill

Determining goodwill impairments requires analysis using a multi-step approach and a model provided by the Technical Accounting Group. The multi-step approach begins with the qualitative Step Zero that is optional at both the consolidated and Operating Unit levels. If the Company chooses to perform Step Zero, it is performed prior to the start of the Two-Step Impairment Test. The outcome of Step Zero will determine the need for the full Two-Step Test. If the Two-Step Test is required to be performed after Step Zero or if the Company chooses to perform the Two-Step Test directly at any level, the test is performed independently at the consolidated level and the Operating Unit level.

Goodwill impairment losses are recorded at the Operating Unit level and may not be reversed in future periods. Any goodwill impairment losses recorded at the Operating Unit level are eliminated on a consolidated basis before the consolidated impairment testing.

If the carrying amount of goodwill exceeds its fair value, then impairment loss is calculated. An independent valuation firm may be hired with the approval of the Vice President & Controller and/or Designee to assist the Company in performing goodwill impairment testing.

Goodwill impairment is recorded as an operating impairment expense. The amount of goodwill impairment loss is limited to the carrying amount of the goodwill. Losses are recorded by Operating Units, consolidated at the corporate level, and reviewed by the Chief Financial Officer.

- Divestitures – Goodwill

The sale or disposal of a significant portion of an Operating Unit triggers the review of the carrying value of its goodwill. The business performs the recoverability test at the Operating Unit level, considering both goodwill recorded at the Operating Unit level and goodwill recorded at the consolidation level that is allocated to the Operating Unit, as outlined above.

- Other Intangibles

Intangible assets with indefinite useful lives are tested for impairment utilizing the recoverability test when impairment indicators exist. Prior to performing the recoverability test the company may perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. This test determines whether it is necessary to perform the quantitative impairment test similar to testing for impairment of goodwill.

POLICY DOCUMENT



III. RESPONSIBILITIES

- Technical Accounting Group – Responsible for performing the consolidated goodwill impairment test and for providing the model for impairment testing to Operating Units.
- Operating Unit Financial Strategy, Planning and Decision Support– Responsible for performing Operating Unit impairment tests and recording impairment losses.
- Accounting– Responsible for capitalizing assets and calculating amortization and depreciation.
- Vice President & Controller and/or Designee– Responsible for the overall monitoring of compliance with this policy, for approving an independent valuation firm to assist in impairment testing and reviewing consolidated losses of operating impairment expense.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to ensure that accounting for intangible assets is accurately performed.

V. MONITORING

Monitoring for compliance with this policy is the responsibility of the Vice President & Controller and/or Designee.

VI. WAIVERS

Any deviation, waiver or exception from this practice requires the prior written approval of the Document Approver of this practice. The Document Approver, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VII. NON-COMPLIANCE

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

Next Review By: 12/31/2017

Approval Date: 12/31/2016

Last Reviewed: 12/31/2016

POLICY DOCUMENT



Appendix – Summary of Practices Related to Intangible Asset Accounting

Policy	Related Practices
Intangible Asset Accounting Policy	Consolidated Goodwill Impairment Accounting Practice
	Accounting For Internal-Use Software Costs Practice
	Regulated Depreciation and Amortization Practice

Intellectual Property Policy

Policy Number: POL- BD02

Effective Date: 11/1/15

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Mark Strauss, Senior Vice President, Strategy and Business Development

Document Author: Steven Robbins, Corporate Counsel

I. PURPOSE

This policy establishes the conditions under which intellectual property is owned by the Company and provides the requirements to manage the Company’s intellectual property, both with respect to intellectual property that is registrable with the U.S. Patent and Trade Office (USPTO), such as patents, copyrights, trademarks and service marks, and non-registrable intellectual property, such as trade secrets. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy addresses the differences between regulated and market-based businesses (MBB), where applicable. To the extent Canadian law is different from United States law, Canadian MBB businesses will adhere as closely as reasonably possible to the provisions of this policy and will consult with the Legal Department with respect to this policy’s application in Canada.

II. POLICY STATEMENT

This section contains guidance relevant to the handling of the Company’s intellectual property assets. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees subject to this policy. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy. This policy establishes the Company’s requirements as to intellectual property ownership, transferability and registration.

Registration of Intellectual Property - Company management, in its sole discretion, will decide to what extent, if at all, it will pursue registration of potentially registrable material that is owned by the Company pursuant to this policy.

Ownership - The Company owns all intellectual property created by Company employees while on Company time, while acting within the scope of their employment duties, and/or when using Company resources, facilities and funds.

- Employees will execute any documents necessary to participate in the Employee Compensation program described below.
- New employees will execute documents to effectuate this policy as a condition of employment.
- Intellectual property subject to this policy that is registered with the USPTO is owned by American Water Works Company, Inc. (Parent Company). Parent Company is responsible for all costs and expenses relating to filing and defending the intellectual property it owns pursuant to this Policy.
 - All controlled subsidiaries of Parent Company are granted a non-transferrable, worldwide, fully-paid, royalty free, perpetual license to use such registered intellectual property.
 - Only MBB subsidiaries may sublicense such registered intellectual property. Regulated subsidiaries may not sublicense such registered intellectual property.
 - See “Subsidiary Corporate Names” under “Registrable Intellectual Property” below for an exception regarding the corporate names of each controlled subsidiary.

- All other (non-registrable) intellectual property is owned by the subsidiary in which the property was created.
 - Parent Company and each other controlled subsidiary of Parent Company are each granted a worldwide, fully-paid, royalty free, perpetual license to use such other intellectual property.
 - Only Parent Company and its MBB subsidiaries may transfer or sublicense such other intellectual property. Regulated subsidiaries may not sublicense such other intellectual property.
 - Non-registered intellectual property is considered sensitive information and covered by the Sensitive Information Security Policy.
- Unless subject to a separate agreement, all licenses granted under this provision will terminate if the Company transfers the intellectual property on an exclusive basis to a third party.

Employee Compensation

- The Compensation and Benefits department will establish a patentable invention compensation program to incentivize and compensate employees for assisting the Company in prosecuting a patent based on an employee's invention covered by this policy.
- Copyrightable works subject to this policy are "works-for-hire" and employees may not be compensated separately for such works.

Registrable Intellectual Property

- Subsidiary Corporate Names - The Parent Company may register the corporate names (or derivatives thereof) as registered trademarks with the USPTO.
 - If the Parent Company registers a corporate name as a trademark, the license described in "Ownership" above is granted only to the subsidiary whose name from which the trademark is derived.
 - If the Parent Company divests a subsidiary whose corporate name is trademarked, the Parent Company will provide for the disposition of the trademark within the provisions of the relevant transactions.
- Parent Company may transfer registered copyrights to the controlled subsidiary from which the related work was created, subject to the licenses described above.

III. RESPONSIBILITIES

- Employees are responsible for:
 - Executing further documentation necessary to effectuate ownership of Company intellectual property.
 - Notifying the Company pursuant to Intellectual Property Incentive Practice requirements if/when the employee believes s/he has developed a patentable invention.
- Innovation and Environmental Stewardship function is responsible for:
 - Determining if the Company chooses to patent an employee invention.
 - Advising the patent process (with guidance from the Corporate Legal Department).
- The Corporate Strategy and Business Development function is responsible for:
 - Seeking and pursuing market opportunities for patented inventions.

- Human Resources function is responsible for:
 - Administering the compensation program for employee inventions.
 - Administering the on-boarding process to ensure compliance with the requirements of this policy with respect to new employees.
 - Retaining employee records regarding participation in the patent compensation program.
- Corporate Communications and External Affairs
 - Managing the Company's trademark, service mark and trade dress portfolio (with the assistance of the Legal Department).
 - Approving use by third parties of the Company's trademarks, service marks, trade dress and copyrights.

IV. STRATEGIC OBJECTIVE

This policy addresses strategic objectives such as protecting the Company's intellectual property and expanding the Company's offerings and markets to ensure the value of such assets are protected or increased to the extent possible.

V. MONITORING

- The Corporate Strategy and Business Development function is responsible for monitoring compliance of this policy with respect to the Company's patents and patentable inventions.
- The Corporate Communications and External Affairs department is responsible for monitoring compliance with respect to management of the Company's trademarks, service marks, trade dress and copyrights.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 11/1/18

Approval Date: 11/1/15

Last Reviewed: 11/1/15

Appendix – Summary of Policies & Practices Related to Intellectual Property Policy

Policy	Related Practices
Intellectual Property Policy	Intellectual Property Incentive Practice
	Compensation and Benefits Practice

POLICY DOCUMENT



Inventory Policy

Policy Number: POL-OPS04

Effective Date: 07/01/2020

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Executive Sponsor: Executive Vice President & Chief Financial Officer

Document Approver: Chief Procurement Officer

Document Owner: Senior Manager, Supply Chain Support Services

I. PURPOSE

This policy provides requirements to conduct materials and supplies management activities throughout the Company. This policy addresses strategic objectives to meet customer service and financial goals through effective inventory management. Effective inventory management minimizes the impact of demand and supply variability and price fluctuations and optimizes working capital. It addresses timing, key methods, approvals, reporting and roles/responsibilities.

Unless otherwise specified, this policy establishes requirements that are to be followed by all employees. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

II. POLICY STATEMENT

This policy establishes guidance for all employees involved in the handling of Company materials and supplies in an effort to:

- Ensure the administration, financial valuation and handling of materials and supplies inventory.
- Ensure materials and supplies are purchased to support maintenance and operational activities needed to conduct Company business.
- Ensure inventory items are received and maintained by appropriate personnel into the current inventory system.
- Protect the Company from risk and liability in the inventory process.

Materials Management

The Supply Chain Department, Finance Department and the various Operating Units work together to monitor inventory performance and conduct critical inventory activities. These activities include Material Replenishment Planning (“MRP”), inventory item number creation and maintenance, storage location creation and maintenance, inventory counting and alignment with corporate strategy.

Contracting for inventory management services is acceptable for an Operating Unit when that Operating Unit has the ability to share demand forecasts with its vendors or the vendors have the ability to gather usage history. There are two (2) methods of contracting for inventory management services. Those methods are outlined in the following table:

POLICY DOCUMENT



No.	Contracted Inventory Management Method	Ownership of Materials	Key Activities	Key Contract Provisions
1	Vendor Managed Inventory	Operating Unit owns all materials on site	Set minimum, maximum, and reorder stock limits	<ol style="list-style-type: none"> 1. Ensure that the contract limits the amount of inventory buyout obligation in the event services are terminated. 2. Ensure that the contract clearly defines the responsibility to manage each aspect of the service. 3. Ensure that the vendor pays for expedited shipping for stock outs. 4. Ensure that the contract allows for the use of an annual blanket purchase order by Plant to manage the payment process.
2	Consignment Inventory	Vendor owns materials and will invoice the Operating Unit as materials are issued	Mark materials stored on Company property so that each is clearly noted as consignment and non-inventory	<ol style="list-style-type: none"> 1. Ensure that the contract limits the amount of inventory buyout obligation in the event services are terminated. 2. Ensure that the contract defines the responsibility to manage each aspect of the service.

Administration

The regulated portion of the Company currently utilizes an ERP system material master module that contains key data, including inventory item numbers, moving average prices, MRP quantities and vendor item number. Inventory item numbers are established, maintained, and monitored by Supply Chain. MRP quantities of maximum levels (i.e., the quantity inventory is purchased to) and reorder points (i.e., the quantity on hand at which inventory is purchased) must be evaluated and monitored at storage locations by each Operating Unit.

- Inventory Items

Operating Units will collaborate with the Supply Chain Department during the requisitioning process to create inventory item numbers. Inventory item numbers must be created for items defined as “material routinely purchased and stored, which is expected to be used over time for capital, and/or operating and maintenance tasks”. Inventory items may include distribution system parts, chemicals for water and wastewater treatment and fuel supplies. The Company’s General Tax team must be notified prior to the creation of new inventory items in order to ensure appropriate treatment.

- ABC Inventory Analysis

Inventory optimization is critical in order to keep costs under control within the Company. In order to get the most from management efforts, it is efficient to focus on items that have the highest cost. This method allows the Company to effectively manage inventory by drawing attention to the critical few (A-items, as defined below) and not on the trivial many (C-items, as defined below).

Inventory items are categorized as A, B, C, or D based on total consumption value at each Plant, as follows:

1. “A-items” are goods for which annual consumption quantity is the highest. The top 70-80% of the annual consumption value of the Company typically accounts for only 10-20% of total inventory items.
2. “B-items” are the items with a medium consumption quantity. Typically, 15-25% of the annual consumption value accounts for 30% of total inventory items.
3. “C-items” are items with the lowest consumption quantity. Typically, the slow-moving inventory items. The lowest 5% of the annual consumption value typically accounts for 50% of total inventory items.

POLICY DOCUMENT



4. “D-items” are goods with little to no consumption but are held as critical stock.

Through this categorization, the Company can identify inventory hot spots and separate them from the rest of the inventory items--especially those that are high in quantity but low in consumption value.

- Locations

Storage locations for inventory include stock yards, storerooms, warehouses, Plants and trucks. All Company locations are required to perform periodic and scheduled physical or cycle inventory counts in accordance with the Inventory Count Policy (PRA-ACCT01/05).

Inventory Movements

Access to display inventory records across storage locations throughout the regulated Operating Units is available to allow for possible movements of inventory between locations. Inventory movements, issuances, and receipts must be completed accurately, timely, and in the accounting period month-end reporting.

- Inter-Plant Movements

Inter-Plant movements occur when inventory items are moved from one Plant to another. Inter-Plant movements between Operating Units require a documented agreement and must comply with applicable state affiliate transaction rules, which may require prior approval of the transaction by a state commission or state reporting requirements related to the transaction.

Emergency transfers are permitted. An emergency is a situation where there is an immediate need for an inventory item necessary to make repairs to protect against further loss or damage, prevent or minimize serious disruption in business, or protect Company assets.

- Intra-Plant Movements

Intra-Plant movements occur between Plant Storage Locations within the same Operating Unit. These movements must be recorded and approved by the storage location managers.

- Inventory Issuance

Inventory items are issued when removed from the storage location for use or when inventory items are drop shipped to a job site. Inventory items previously issued, but unused are to be returned to inventory and recorded. Meters are issued to work orders upon receipt. (see the Inventory Issuance and Movement Practice (SOP-PROC03))

- Receiving Inventory

Inventory items are physically inspected, sampled (when necessary), and compared to receiving documentation. Acceptable inventory items are to be recorded as a goods receipt. Discrepancies must be resolved with the vendor or Supply Chain in accordance with the Goods and Services Receipts Practice (PRA-PROC01/07).

Inventory Accuracy

Inventory accuracy must be verified through periodic and scheduled physical or cycle inventory counts, as described below. Variances resulting from inventory counts must be approved in accordance with the Inventory Count Practice (PRA-ACCT 01/05), where thresholds for write-off of inventory / materials and supplies are specified.

- Physical Inventory Counts

Physical inventory counts require a complete count of all inventory items of a specified storage location(s) and will be performed as deemed required by each Plant Accounting Services Department or when cycle counting results do not meet defined criteria approved by the Vice President & Controller, or designee.

POLICY DOCUMENT



- Cycle Counting

A cycle count is an inventory auditing procedure wherein a small subset of inventory in a specific location is counted on a specified day. Cycle counts contrast with traditional physical inventory in that a full physical inventory may stop operation at a facility while all items are counted at one time. Cycle counts are less disruptive to daily operations, provide an ongoing measure of inventory accuracy and procedure execution, and can be tailored to focus on items with higher value, higher movement volume, or that are critical to business processes.

- Returns

Items no longer required to support the Company must be returned to the vendor or manufacturer whenever possible. Warranty returns for manufacturer defects are governed by existing contracts that are in place with each vendor. Please contact the Supply Chain Department for assistance.

- Inventory Disposal and Recycling

Items no longer required to support the Company must be removed from inventory records or written down to net realizable value. The physical items must be clearly segregated and identified from regular inventory. These items must be disposed of in a timely fashion by means of selling, recycling, or salvage whenever possible, and specifically when required by any applicable Federal State and/or local laws, rules or regulations. Please also refer to the Asset Investment Recovery and Disposal Practice (PRA-PROC01/08).

Safeguarding Inventory

Access to inventory is restricted to authorized Company employees.

Inventory Valuation

Inventory is valued based on the corresponding quantities and prices for each specific goods receipt by multiplying quantities by average prices (Moving Average Method).

III. RESPONSIBILITIES

- Supply Chain Department- Responsible for enterprise inventory items, including approval of changes to MRP, and approval of inventory item number creation and maintenance.
- Plant Accounting Services Department – Responsible for overall inventory valuation and administration of inventory count.
- Inventory Managers/Supervisors – Responsible for the timely entry of inventory movements into the inventory management system, for establishing and monitoring MRP quantities, for ensuring inventory counting activities occur within requirements (see the Inventory Count Practice (PRA-ACCT01/05), and for policy adherence for inventory management activities within assigned locations, including counting, disposal, receiving, and shipping.

IV. DEFINITIONS

- Moving Average Method - A calculation of the total cost of all items purchased divided by the number of items in stock, which yields the weighted-average cost per unit.
- Material Replenishment Planning (MRP) – An inventory control system that plans, schedules and recommends purchase orders based on inventory balances and assumptions for expected inventory levels to satisfy production needs.

POLICY DOCUMENT



- Vendor Managed Inventory – An inventory management model where the vendor assumes the responsibility of managing supply levels for its customers based on shared information in order to maximize inventory efficiency and reduce risk of overstock and out of stock.
- Consignment Inventory – An inventory management model where the vendor-owned stock is stored at the Operating Unit location until the stock is consumed.
- Operating Unit – An internal business unit. Examples include West Virginia American Water (WVAW) and New Jersey American Water (NJAW).
- Annual Consumption – The amount of any item that is used/consumed within one calendar year.
- Plant – A designation for an Operating Unit used within the ERP system of the regulated businesses. These numbered units are prefixed with a D (Distribution), S (Sewer), or a P (Production).
- Storage Location – A physical location where the stock of materials are stored within a Plant.

V. MONITORING

Supply Chain provides the business tools on a monthly basis to manage/ monitor inventory with inventory stock data and days on hand reporting.

VI. WAIVERS

No deviations, changes or waivers shall be made to the contents of this policy except as noted in the policy or unless documented permission is granted by the policy owner with the concurrence of the executive sponsor.

VII. NON-COMPLIANCE

Non-compliance with this policy shall first be corrected through training and coaching. Repeat non-compliance may result in the removal of privileges and authority granted to individuals through this policy. Chronic non-compliance or malicious non-compliance may result in disciplinary action up to and including termination of employment.

VIII. MARKET-BASED BUSINESS VARIANCES

Given the diversity of contract scope and supporting technology systems within the market-based business (“MBB”) portfolio, unique protocols are developed by MBB for each of its different business units. The MBB’s adherence to this policy is waived in favor of any similar policies utilized by MBB and its business units.

CONTACT INFORMATION; MONITORING

Any questions related to this policy shall be directed to individuals in the following order:

Initial Contact: Sr. Manager, Supply Chain Support Services

1st Escalation: Director, National Categories and Corporate Procurement or Director, State Procurement

2nd Escalation: Chief Procurement Officer

POLICY DOCUMENT



Appendix – Summary of Practices Related to Inventory Policy

Policy	Related Practices
Inventory Policy (POL-OPS04)	Goods and Services Receipt (PRA-PROC01/07)
	Inventory Count (PRA-ACCT01/05)
	Inventory Issuance and Movement (SOP-PROC03)
	Materials Replenishment Planning (SOP-PROC04)
	Asset Investment Recovery and Disposal Practice (PRA-PROC01/08)

ITS OPERATIONS POLICY

Policy Number: POL-ITS02

Effective Date: 9/12/2016

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Linda Sullivan, Senior Vice President & Chief Financial Officer

Document Author: Robert Crump, Director, ITS Client Services & Computer Operations

I. PURPOSE

This policy provides the operational requirements for the Information Technology Services (ITS) Department functions in order to make available and maintain the Company’s equipment, systems, and networks to support the Company’s information resources and electronic communications needs. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy addresses the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance and information relevant to computerized information and to ensure that all operating systems and application software necessary to access, recreate, or generate the information is also protected and maintained. The foundation for conducting ITS operations will be backup and recovery of all information systems and applications, effective tape management to secure information and a solid change control process to ensure all changes to the Company’s computerized systems are properly requested and approved. American Water will streamline processes and take advantage of efficiencies in the industry through effective patch management of systems and software and utilizing automated Job Scheduling. More detailed guidance is found in the applicable practices, referenced in the Appendix to this policy and / or in the Standard Operating Procedures (SOPs) created and maintained by ITS.

Backup and Recovery

- Backup – ITS Client Services & Computer Operations will make backup copies of the necessary data files and programs to rebuild business systems identified by the documented business representatives or application owners.
- Storage of Information – ITS Client Services & Computer Operations will store these backup copies at a secure, a location sufficiently distant from the primary data center or server location to ensure their protection if the original system is destroyed.
- Restore – ITS Client Services & Computer Operations will test these backups to determine if the business identified processes, data files and programs can be recovered. These identified processes and the frequency of the backup testing (restores) must satisfy the individual system’s established business requirements.

Tape Management

- Retention – Each tape will be assigned a unique identification code and a retention date.
- Movement– Tape storage facilities will be approved by the Director of ITS Client Services & Computer Operations and secured via controlled access; and tapes will be transported by authorized employees or courier services.
- Maintenance – All incoming and outgoing tapes will be tracked through a tape inventory process and tape equipment will be maintained and cleaned by system operators and/or appropriate ITS staff.

Patch Management

The following do not apply to MBB or SCADA systems.

- Current Applications – Computer systems, networks, and applications will be maintained to the latest viable generally available vendor patch level.
- Legacy Applications (applications purposely no longer maintained at the current patch level) – May only be patched with vendor updates necessary for legal and regulatory compliance, or those patches that resolve break-fix issues.

Change Control

- Impact – ITS will establish a set of requirements to ensure that changes to the Information Technology (IT) environment do not adversely impact the expected availability of services provided to employees and external customers.
- Types – ITS will establish several kinds of changes to achieve the goals of effective service management while at the same time enabling rapid, reliable delivery.
- Process – All changes will be authorized requests that are tested/validated, documented, tracked and approved prior to implementation into the IT production environment.

Job Scheduler Access

The following does not apply to SCADA systems.

- Request – Access to production job scheduling tools is granted based on job roles and is requested through the User Access Request (UAR) process.
- Approval – The ITS Client Services & Computer Operations will approve any updates or changes that would permit or change job scheduler access.
- Review – Access to production job scheduling tools is reviewed on a monthly and semi-annual basis.

Problem Management

- Problems – All IT problems will be reported, recorded, managed, and appropriately communicated through the approved Problem Management tool.
- Process – ITS will commit appropriate resources to conduct Problem Management activities, such as Root Cause Analysis (RCA), Change Management Post Implementation Reviews (PIR) (where applicable), validation or creation of workarounds, and proactive trend analysis reviews.

III. RESPONSIBILITIES

- ITS Director Service & Quality Management, or his or her designee – Responsible for annual review of people who have access to the job schedulers.
- ITS Client Services & Computer Operations – Responsible for backup, recovery, management, and monitoring access of operational functions described in this policy.
- Enterprise Server & Storage Management – Responsible for developing the Patch Management plan for each application in accordance with business requirements.
- Change Approval Board (CAB) – Responsible for reviewing and approving changes to the Information Technology systems.
- Change Control Business Systems Analyst, or his or her designee – Responsible for monitoring changes in adherence to ITS policy.
- Manager of ITS Computer Operations, or his or her designee – Responsible for monthly review of changes to the job schedulers.

- Chief Information Officer (CIO) – Responsible for ensuring that all aspects of ITS Operations are performed and follow current control process and requirements.
- ITS Management Team - Team comprised of the CIO and direct reports that is responsible for performance, adherence and improvement opportunities for all of the activities identified in this policy.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to perform all computer operations functions to make available and maintain the equipment, systems, and networks necessary to the Company's operations. With effective tape management and backup and recovery processes in place, Company information assets are available and secure. With proper patch management, job scheduling and change control, ITS ensures that the information and processes necessary to keep the Company's information systems running effectively and as designed are sustained.

V. MONITORING

The ITS Client Services & Computer Operations group will monitor each area identified in this Policy as follows:

- Backup and Recovery & Tape Management: Logs will be reviewed daily by the appropriate service owner and any failures are reported to the appropriate ITS Manager.
- Patch Management: All activities will be monitored on a monthly basis by Security Operations and reported to the CIO.
- Change Control: Activities will be monitored weekly via the ITS Change Advisory Board by the ITS Change Management Analyst.
- Job Scheduler Access: Logs will be reviewed monthly by ITS Directors.
- Problem Management: Activities will be monitored daily by the ITS Problem Management Analyst.

Performance, adherence and improvement opportunities for all of these activities will be reviewed by the ITS Management Team on a semi-annual basis.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the Vice President & Chief Information Officer, or his or her designee. The Vice President & Chief Information Officer, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 9/30/2019

Approval Date: 11/30/2012

Last Reviewed: 9/12/2016

Appendix – Summary of Policies & Practices Related to ITS Operations

Policy	Related Practices
ITS Operations Policy	Back-up & Recovery Non-SCADA
	Tape Management
	Patch and Vulnerability Management
	Job Scheduler Access
	Problem Management
	Application Data Restore

Reviewed By	Version Reviewed	Key Comments/Changes
Mark S. Smith – Vice President & Chief Information Officer	Version 1	Final review of Version 1 Date: January 6, 2016
Linda Sullivan – Senior Vice President & Chief Financial Officer	Version 1	Version 1 approval Date: September 12, 2016

Names in **bold** have reviewed multiple versions of the document.

POLICY DOCUMENT



LEASE ACCOUNTING POLICY

Policy Number: POL-ACCT-04

Applicability: American Water Works Company, Inc. and its subsidiaries (the "Company")

Effective Date: March 15, 2020

Executive Sponsor: Vice President & Controller

Document Approver: Assistant Controller

Document Owner: Director Technical Accounting and Compliance

I. PURPOSE

This policy provides the requirements for identifying, and accounting for, operating leases based on the Financial Accounting Standards Board's ("FASB's") right of use model. This policy also provides the accounting requirements for finance leases. A more detailed explanation of this process is included in the corresponding Lease Accounting Practice.

II. POLICY STATEMENT

This policy addresses criteria for recognizing lease assets and lease liabilities and disclosing key information about leasing arrangements in the Company's financial statements, and identifying those responsible for ensuring the consistent and appropriate application of this policy.

Operating Lease

The FASB's right of use model reasons that a lessee, at operating lease commencement date, has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term. The lessor conveys that right to use the underlying asset at lease commencement, which is the point in time when it makes the underlying asset available for use by the lessee. As such, a lessee should recognize in the statement of financial position a lease liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for a lease term.

Under this model, a right-of-use asset exists in an operating lease or embedded lease arrangement if the following criteria have been met:

- The entire asset or a portion of the asset must be physically distinct
- The right to control the use of the identified asset is for a defined period of time
- The Company has the right to control and direct the use of the identified asset
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Short-term leases, which have a lease term of 12 months or less at commencement date, are not within the scope of the Lease Accounting Policy as the Company elected not to apply the recognition requirements of Accounting Standards Codification 842 – Leases to short-term leases.

Finance Lease

The Company shall classify, an account for, a lease as a financing lease when any of the following criteria have been met at lease commencement:

- The lease transfers ownership of the underlying asset to the lessee by the end of the lease term
- The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise
- The lease term is for the major part of the remaining economic life of the underlying asset

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- The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all of the fair value of the underlying asset
- The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term

III. RESPONSIBILITIES

General Accounting – Identify all right-of-use assets, both new and modified, included in operating leases or embedded in other arrangements when performing the finance review of contracts, and ensure timely processing of lease asset and lease liability journal entries.

Plant Accounting – Make certain all right-of-use assets are loaded into the lease accounting software, ensuring the appropriateness of inputs and the mathematical accuracy of outputs.

Accounting and Reporting – Ensure timely processing of right-of-use asset and lease liability journal entries.

External Reporting – Ensure the accuracy of lease assets and lease liabilities reported on the balance sheet and in the related footnote disclosure in the Company's quarterly and annual reporting to the Securities and Exchange Commission.

IV. DEFINITIONS

Lease – A contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (an identified asset) for a period of time in exchange for consideration.

Lease liability – A lessee's obligation to make the lease payments arising from a lease, measured on a discounted basis.

Lease modification – A change to the terms and conditions of a contract that results in a change in the scope of or the consideration for a lease (for example, a change to the terms and conditions of the contract that adds or terminates the right to use one or more underlying assets or shortens the contractual lease term).

Right-of-use asset – An asset that represents a lessee's right to use an underlying asset for the lease term.

Short-term lease – A lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise.

V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive sponsor of this policy, or his or her designee. The executive sponsor, or his or her designee, is responsible for tracking requests for waivers and decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VI. 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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VII. CONTACT INFORMATION; MONITORING
Director Technical Accounting and Compliance

Next Review By: 3/1/2023

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Appendix – Summary of Practices Related to Lease Accounting Policy

Policy	Related Practices
Lease Accounting	Lease Accounting
	Journal Entry
	Contract Management

LEAVES OF ABSENCE POLICY

Policy Number: POL-HR03

Effective Date: January 1, 2020

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Senior Vice President, Human Resources

Document Approver: Vice President, Compensation and Benefits

Document Owner: Manager, Leave Programs and Workers Comp.

I. PURPOSE

American Water is committed to the overall wellbeing of our employees and their families. This policy provides the requirements for taking an approved leave of absence from the Company unless otherwise stated in an applicable collective bargaining agreement. It addresses timing, key methods, approvals, reporting and roles/responsibilities.

II. POLICY STATEMENT

This section contains guidance relevant to leaves of absences as provided by law and/or American Water. Unless otherwise specified in this policy or in an applicable collective bargaining agreement, this policy establishes requirements that are to be followed by all employees on a leave of absence. Employees should refer to the related practice or contact their Human Resources Department with questions related to the subjects covered in this policy and with respect to leaves not expressly provided for herein.

Leaves of Absence

For all leaves, employees are required to communicate their requests for leave to their immediate supervisor/manager as well as the Company's Third-Party Administrator (TPA), The Hartford. Supervisors will coordinate with the TPA and American Water's Leave of Absence Coordinators on the employee's return to work. The Company reserves the right to request a return to work certificate from any employee returning from leave, unless otherwise provided by law.

An employee employed in the United States may qualify for leave under federal, state or municipal statutes, which may have different eligibility requirements. Employees outside of the United States should consult with their local HR Business Partner or HR Services for leave available to them.

Uniformed Services Leave

Unless otherwise provided by a collective bargaining agreement, where the Company provides benefits greater than those provided by federal or state law, those additional benefits cover full-time regular and part-time employees of the regulated and MBB businesses employed in the United States.

The employee must provide his or her immediate supervisor with notice that he/she will be engaging in active service, including where feasible, a copy of the orders directing the employee to report for duty within 30 days of active service. Failure to provide adequate notice may render the employee ineligible for the rights and benefits described in this policy.

The Company offers temporary and extended leave. For either option, employees may choose to use any or all accrued paid vacation or floating holidays during their absence.

- Temporary (Two-Week) Uniformed Services Employment and Reemployment Rights Act (USERRA) Leave: Eligible employees who must be absent from their job to participate in temporary uniformed duty are entitled for up to ten days of paid uniformed leave per year. The

company paid leave will not be reduced by any military pay. All benefits will continue during an employee's temporary uniformed leave.

- All Other (Extended) USERRA Leaves: Employees directed by the Uniformed Services to participate in extended duties that exceed ten working days will be placed on a paid leave of absence status for the length of their tour, not to exceed two (2) years and will be eligible for an unpaid leave for a period of as long as three (3) additional years, not to exceed a total of five (5) years of paid and unpaid leave, and will be entitled to the rights and benefits contained in the Company Leaves of Absence Practice. The company paid leave will not be reduced by any military pay received,

Short-Term and Long-Term Disability

The Company offers Short-Term Disability ("STD") and Long-Term Disability ("LTD") benefits to eligible full-time non-union employees. Employees are required to contact the Company's TPA in the event of an injury or if an absence is expected to last longer than 5 consecutive workdays; however, a claim must be filed within 31 days of disability even if the employee is using sick time or has filed a workers' compensation claim.

If a disability is certified by the Company's TPA, STD benefits will begin on the 8th day of a disability due to illness, including pregnancy, and on the 1st day of disability due to injury. The STD plan provides a maximum of fifty-two (52) weeks of job protection and the plan pays 75% of an employee's base pay for the period of substantiated disability. Disability benefits for union-represented employees are determined by their applicable collective bargaining agreement.

Full-time, non-union employees whose medical condition prevents them from returning to work at the end of the STD period may be eligible to apply for LTD. The LTD plan pays 60% of an employee's base pay.

Sick Leave and sick leave banks run concurrently with and offset any benefits under the STD and LTD plans. While an employee is receiving disability benefits, he/she may be required to periodically provide additional medical information documenting the continued disability. The employee is responsible for providing the requested documentation supporting the claim, and benefits will stop if the documentation is not provided.

Eligibility rules for STD or LTD are defined in the Summary Plan Descriptions (SPD). Employees may obtain the SPD applicable to them by contacting their Employee Relations Business Partner. The Company reserves the right to change, amend, or cancel its plans at any time. Part-time employees are not eligible for STD or LTD benefits.

Reinstatement, Return to Work after Disability Leave

In addition to any protections an employee may have under federal, state or municipal law, an employee on disability leave may still be able to return to either the position the employee held prior to going on leave or to a similar existing vacant position for which the employee is qualified, if the employee is able to return to work within a defined period of time based on years of service, and if the position the employee held prior to the leave has not otherwise been eliminated. Certain highly compensated employees are not eligible for reinstatement pursuant to this policy. This period of leave is called the "period of job protection" and the following schedule applies:

Length of Employment	Period of Job Protection
Less than 1 year	Not to exceed the period of employment before leave began
At least 1 year, but less than 5 years	12 months
5 years or more	18 months

If an employee is medically unable to return to work at the end of her/his period of job protection, the employee may still continue as an employee for an additional period of leave before her or his employment is terminated. The maximum period of leave, which includes the period of job protection, is based on the following schedule during which the employee must remain eligible for LTD benefits. During the additional period of leave, the employee is not guaranteed any job protection.

Length of Employment	Maximum Length of Leave before Separation of Employment
Less than 1 year	Not to exceed the period of employment before leave began
At least 1 year, but less than 5 years	18 months
5 years or more	24 months

Any determination as to whether a leave constitutes a continuation of a prior claim or the origination of a new claim will be made based on the terms of the Company's disability plans.

EXCEPTION: Any employee who has received notice that he or she is not performing satisfactorily and is on or is intended by the Company to be placed on a performance improvement plan at the time the leave commences will not qualify for job protection pursuant to this policy.

Appealing a Claim Denial; Status of Employment While Claim is on Appeal

If the Company's TPA denies an employee's disability claim, the Company still will provide a limited period of job protection contingent upon the employee filing an appeal with the TPA and providing the Company's LOA team with written proof of this filing within 10 business days of the denial. This will not affect an employee's ability to pursue disability benefits by filing an appeal within the time defined in the relevant Summary Plan Description but failing to comply with the 10 day-time frame will result in loss of job protection under this policy.

In circumstances where the appeal upholds the denial of benefits, the period of job protection will end as of the date of the appeal determination. In circumstances where the appeal results in an award of benefits, employees will be entitled to job protection in accordance with the job protection chart on page 2.

If an employee is medically released to return to work while an appeal is pending, the employee will be permitted to return. If, however, the employee's appeal is denied, the employee's employment may be terminated as of the date of the appeal decision, subject to all applicable laws.

Family Medical Leave Act (FMLA)

In accordance with federal law, eligible employees are granted up to 12 weeks of unpaid leave (or 26 weeks in the case of leave to care for an injured or ill family member of the armed services) of family and medical leave during any 12-month period. The Company will measure the 12-month period as a rolling 12-month period measured backward from the date an employee uses any leave provided under this policy unless otherwise provided under State law.

The leave may be taken continuously or intermittently depending on the circumstances of the leave. Intermittent or reduced leave schedules will only be permitted upon agreement by the Company.

- Types of Leaves Covered by FMLA

Employees absences due to the following may be eligible for leave under FMLA:

- The birth of a child or to care for that child, within one (1) year of birth;
- The placement of a child for adoption or foster care with the employee and to care for the newly placed child, within one (1) year of placement;
- To care for a spouse, child or parent with a serious health condition;
- The serious health condition of the employee;
- A qualifying exigency, medical or otherwise arising from a family member's call or order to active duty in the armed services; or

- To care for a covered service member who became injured or ill while on active military duty.
- Eligibility for FMLA

To qualify for FMLA leave under this policy, the employee must meet all of the following conditions:

 - The employee must have worked for American Water for a minimum of 12 months or 52 weeks (for purposes of this policy the 12 months need not be consecutive and may be based on separate periods of employment); and
 - The employee must have worked at least 1250 hours during the twelve-month period immediately before the date when the leave is requested to commence.

If the Company employs both spouses, and each wishes to take leave for: the birth of a child or to care for that child, within one (1) year of birth; or the placement of a child for adoption or foster care with the employee or to care for the newly placed child, within one (1) year of placement, the spouses may only take a combined total of 12 weeks.

If the Company employs both spouses, and each would like to take leave to care for a covered armed services member injured while on active duty, the spouses may only take a combined total of 12 or 26 weeks of leave. Part-time employees may be eligible for FMLA and should consult with their HR Business Partner and/or Leave of Absence Administrator regarding eligibility.

An employee may also qualify for leave under state or local law, which may have different eligibility requirements.
- Notice for FMLA Leave

Employees requesting FMLA leave must provide timely notice with an explanation of the reason(s) for the needed leave to their immediate supervisor and the Company's TPA. If the leave is foreseeable, the employee must provide 30 days' advance notice. If such advance notice is not possible, then the employee must provide notice as soon as practicable along with an explanation of the reasons why providing such notice was not practicable (e.g. an emergency hospitalization or the like), which is consistent with the Company's Time, Attendance and Paid Time Off policy/practice found on the Company Intranet.

The Company requires certification of a serious health condition from a healthcare provider. The employee is expected to provide certification within 15 days of the request or provide a reasonable explanation for any delay, and to continue to engage in diligent efforts to obtain the certification during any delay. Failure to provide the certification or to engage in good faith efforts to obtain the certification may result in a delay or denial of approval or continuation of leave (if currently on a leave).
- Return to Work after FMLA

An employee whose absence has been designated as FMLA-covered is eligible for reinstatement as provided by the FMLA. Should an employee qualify for protection under the Americans with Disabilities Act (ADA), the Company will engage in an interactive process with the employee to identify what, if any, accommodation may be granted.

The Company cannot and will not interfere with, restrain, or deny the exercise of any right provided under the FMLA, or discharge or discriminate against any person for opposing any practice made unlawful by the FMLA or for involvement in any proceeding under or relating to the FMLA. Any employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any Federal or State law prohibiting discrimination or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights. For additional information, the employee can contact the Department of Labor at 1-866-487-9243; TTY 1-877-889-5627, or www.wagehour.dol.gov.

Substitution of Paid Leave

- An employee who is using leave for his or her own serious medical condition, including pregnancy, and has accrued or earned paid time off (such as sick bank time, sick leave and vacation and/or floating holidays), must use their paid time off first before he or she may take the remainder of the twelve weeks as unpaid leave. If, however, an employee is on an approved STD leave, the employee is not required to use all of his/her earned paid time off, and instead only will receive STD benefits. An employee must use paid time off in the order prescribed above. Vacation and floating holidays are only used when there is no sick leave, sick leave bank or STD available.
- An employee who is using leave for the serious health condition of a family member, must use his/her Paid Family Leave (PFL) entitlement (see below) and all but 5 days of paid vacation and all floating holidays unless otherwise required by law and then take the remainder of the twelve (12) weeks as unpaid leave.
- An employee who is taking leave for the adoption or foster care of a child must use his/her PFL entitlement and all but five days of paid time off for vacation and all floating holidays first and then take the remainder of the twelve (12) weeks as unpaid leave.
- Leaves taken due to an employee's serious health condition, including pregnancy or birth of a child and workers' compensation leave (to the extent that it qualifies), will also be designated as FMLA leave and will run concurrently with FMLA leave, as well as any applicable state/local leave.

Paid Family Leave

Eligible employees may take 2 weeks of fully paid family leave for FMLA-qualifying events (except for a serious health condition of the employee). This benefit is administered in coordination with state family leave benefits, if applicable. (See FMLA section above for a list of FMLA-qualifying events.)

Eligibility

- All full-time and part-time union and non-union employees are eligible to apply for paid family leave.
- Employees are eligible on the first day of the month following his/her initial start date.
- Temporary workers, contractors, interns, co-ops, and project-based employees are not eligible for benefits under American Water's Paid Family Leave policy.

Details

1. Bonding: Employees may request leave to bond with a new child (or children) in connection with births, adoptions or placements of foster children occurring on or after January 1, 2020.
 - a. For purposes of adoption and foster care, the child must be age 17 or younger. The adoption of a new spouse's child is excluded from this policy.
 - b. The fact that a multiple birth, adoption or placement occurs (e.g., the birth of twins or adoption of siblings) does not increase the 2 weeks paid family leave granted for that event.
 - c. Eligible employees will receive a maximum of 2 weeks of paid family leave per birth, adoption or placement of a child/children.
 - d. Approved paid family leave may be taken at any time during the 12-month period immediately following the birth, adoption or placement of a child with the employee. The use of paid family leave must conclude within the 12-month period; paid family leave may not be used or extended beyond this 12-month time frame.
 - e. For employees who are the birth parents, the 2 weeks of paid family leave will commence at the conclusion of any short-term disability leave/benefit provided to the employee for the

employee's own medical recovery following childbirth. Eligible employees who become disabled in connection with a birth event must apply for short-term disability benefits as a condition of receiving the benefits provided under this policy.

- f. Employees may take paid family leave intermittently during the 12-month period. The minimum increment of time for intermittent usage is 1 week. Time can be taken up to 2 blocks of intermittent leave (i.e., weekly increments but no more than 2 separate leaves)
 - g. Intermittent time should be reported to the Company's TPA as soon as time is taken. In event it cannot be reported to the TPA right away, time must be reported within 2 business days from when the employee returns to work or it will be denied for untimely filing.
 - h. In no case will an employee receive more than 2 weeks of paid family leave in a rolling 52-week 12-month period, regardless of whether more than one birth, adoption or foster care placement event occurs within that 12-month time frame.
2. Care of a seriously ill family member: Employees may request leave to care for a sick family member.
- a. Eligible family members include parent, spouse and child. Those individuals not covered by paid family leave are in-laws, domestic partners, siblings, grandparents, and any other family members who are not the parent, spouse, or child of the employee.
 - b. The minimum increment of time for intermittent usage is 1 day.
3. Leave for Military Exigency: Employees may request leave for any qualifying exigency arising from the foreign deployment of the employee's spouse, son, daughter, or parent with the Armed Forces to deal with certain arrangements when a family member serving in the military is deployed to a foreign country for leaves occurring on or after January 01, 2020.
- a. Eligible family members include Parent or Child, whether natural, step, adoptive or foster, as well as Spouses.
 - b. The minimum increment of time for intermittent usage is 1 day.
4. Military caregiver leave: Military caregiver leave allows an eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember with a serious injury or illness to take two weeks of paid leave, which will run concurrently with FMLA leave taken for the same purpose.
- a. Eligible family members include the spouse, son, daughter, parent, or next of kin.
 - b. Can take 2 weeks of paid leave under these circumstances, and those two weeks will run concurrently with FMLA leave taken for the same purpose.
 - c. The minimum increment of time for intermittent usage is 1 day.

Requests for Paid Family Leave

1. The employee must provide his or her supervisor and the TPA with notice of the request for leave at least 30 days in advance of need for time off.
 - a. If 30 days advance notice is not possible because of unforeseeable situation, the employee must provide notice of the need for leave as soon as possible and practical. In the case of leave for a qualifying exigency event, the employee must give notice of the need for such leave as soon as possible, regardless of how far in advance the leave is needed.

2. The employee must complete the necessary forms and provide all documentation as required by the TPA within 15 business days.
3. As is the case with all company policies, the organization has the exclusive right to interpret and administer this policy, as well as the right to make exceptions to this policy.

Coordination with Other Benefits and Policies

1. This paid family leave benefit will run concurrently with Family and Medical Leave Act (FMLA) leave entitlements. Thus, any leave taken under this policy that falls under the definition of circumstances qualifying for FMLA leave will be counted against the 12 weeks of available FMLA leave per a 12-month period. All other requirements and provisions under the FMLA will apply. In no case will the total amount of leave—whether paid or unpaid—granted to the employee under the FMLA exceed 12 weeks during the 12-month FMLA period. Please refer to the Leaves of Absence Policy for further guidance on the FMLA.
2. To the extent possible, this paid family leave benefit will also run concurrently with any applicable statutory paid family leave programs, such as those in California, New Jersey, and New York. Paid family leave will be offset by any state or locally administered paid family leave benefits, when applicable.
 - a. Employees may be required to inform the state in which they work to live of pay received under AW's PFL program, if that state offers paid family leave benefits.
 - b. Employees are required to provide documentation of any benefits received from the State to AW's Leave of Absence Coordinators.
 - c. Any overpayments of Company PFL benefits should be reported to AW's Leave of Absence Coordinators and will be recouped via payroll.
3. Please contact the Company's TPA to determine whether or not the state in which you work has a state paid family leave benefit and how it may coordinate with this leave benefit.
4. After the paid family leave benefit (and any short-term disability leave for birth parents) is exhausted, the balance of FMLA leave (if applicable) will be compensated through employee's accrued sick, vacation and personal time (or through a state-administered PFL program, if applicable). Upon exhaustion of accrued sick, vacation and personal time, any remaining leave will be unpaid.
 - a. Refer to state sick leave laws, Collective Bargaining Agreements, and Company policy for eligible time that can be used for family members. Your HRBP and/or ERBP may be able to assist you with understanding how these laws, agreements and policies work together.
 - b. All but 5 vacation days and all floating holidays must be used before taking unpaid FMLA leave.
5. The company will maintain all benefits for employees during the paid family leave period just as if they were taking any other company paid leave such as paid vacation or paid sick leave.
6. If a company holiday occurs while the employee is on paid family leave, the holiday will be covered by PFL at 100% of regular pay. In no circumstances will PFL be extended beyond due to the occurrence of a holiday during the PFL period.
 - a. An employee who takes paid family leave that does not qualify for FMLA leave will be afforded the same level of job protection for the period of time that the employee is on paid family leave as the employee would receive if on FMLA-qualifying leave.

Compensation

1. Each week of paid family leave is compensated at 100 percent of the employee's regular, straight-time weekly pay. Paid family leave will be paid on a biweekly basis on regularly scheduled pay dates. Employees must have the claim/time approved by TPA one week before AW's pay date. If not approved one week before, the paid family leave pay will go on following paycheck. No exceptions will be made.
 - a. Employees who live or work in a state with statutory paid family leave benefits will receive the difference of the benefits from the state to receive 100 percent of their regular, straight-time weekly pay.
2. Upon termination of the individual's employment at the company, he or she will not be paid for any unused paid family leave for which he or she was eligible.

Benefits

Except as otherwise provided in this policy or by collective bargaining agreement, employee health benefits will continue while an employee is on an approved leave at the same level and under the same conditions as if the employee had continued to work.

III. RESPONSIBILITIES

- Employees are responsible for complying with this policy.

Those responsibilities include, (1) initiating their leave of absence by contacting their supervisor/manager and the Company's TPA; (2) completing the required paperwork on a timely basis; (3) providing adequate documentation to support any leave request; (4) responding to Company questions designed to determine whether the absence is potentially FMLA qualifying; (5) consulting with the LOA Administrator in advance and make a "reasonable effort" to schedule foreseeable leave for planned medical treatment (whether continuous, intermittent or reduced schedule) so as not to unduly disrupt the Company's operations; and (5) consulting with the LOA Administrator to discuss and resolve any dispute about whether leave qualifies as FMLA leave.
- The immediate supervisor is responsible for reporting all employee absences of three days or longer to HR Services and coordinating with the Human Resources Business Partner on the employee's return to work.
- The Company's TPA is responsible for approving leave requests under this policy, supplying all required leave of absence paperwork, and monitoring the administration of leave. The Company's TPA will retain all documents, documentation of discussions and resolution of any issues related to an FMLA qualifying leave for 3 years. The American Water Leave of Absence Coordinator will track and report to the HR Business Partner each quarter the number of employees currently out on FMLA and any disciplinary actions under this policy.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objective to assure employees are aware of leaves that are available to them and to assure fair and consistent treatment of all employees.

V. MONITORING

The Company's TPA will track and report to the HR Directors annually the number of employees currently out on Company leaves of absence under this policy.

VI. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

Any employee who violates or circumvents this policy may be subject to disciplinary action up to and including termination.

Next Review By: 1/1/2023

Approval Date: 1/10/2020

Last Reviewed: 1/10/2020

Appendix – Summary of Practices Related to Leaves of Absence Policy

Policy	Related Practices
	Leaves of Absence

POLICY DOCUMENT



PERFORMANCE MANAGEMENT POLICY

Policy Number: POL-HR08

Effective Date: 6/30/2019

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Executive Sponsor: SVP, Human Resources

Document Approver: VP, Talent Management

Document Owner: Director, Leadership & Org Development

I. PURPOSE

American Water is committed to providing feedback and performance information to all employees to enable them to reach their full potential.

II. POLICY STATEMENT

This policy provides information on performance management. It addresses timing, key methods, approvals, reporting and roles/responsibilities, unless otherwise specified in this policy or an applicable collective bargaining agreement.

Performance and Development Programs

Performance management programs encourage constructive and ongoing feedback across the organization to provide accountability for performance goals and expectations, support and enhance professional development, and provide performance information to inform compensation and promotional decisions. Supervisors and employees are encouraged to have regular and ongoing conversations to discuss performance, revisit and revise established goals and adjust them as necessary, and discuss focus areas for development.

The formal Performance Review process is required to be conducted annually and completed in myEmployeeCenter. A year-end performance review is required in order for the employee to be considered for a merit-based increase and annual performance plan bonus (APP) (the terms of which are based on plan eligibility requirements).

The fundamental elements of the performance review process are:

- Performance Planning/Goal Setting – Performance goals are identified at the beginning of the year and should align with American Water’s goals and values. These goals should be reviewed and updated throughout the year, as business needs change. Additional goals may be added, and others may be removed from the goal plan, if no longer applicable. Individuals also identify development goals and are encouraged to have development conversations with their direct manager throughout the year.
- Performance Feedback – Feedback is information about observed behavior and results that can be positive and/or constructive. Check-in meetings should be held regularly over the course of the year, including the Mid-Year Review, which is a documented check-in between the employee and his/her direct manager that takes place during the summer months.
- Year-End Review – This is the documentation and discussion of the employee’s performance that takes place toward the end of the year. The Year-End Review summarizes goal performance, areas of achievement, areas for improvement, and an evaluation of behaviors associated with Company values.

An employee receiving an overall rating of Underperformed may have a detailed Performance Improvement Plan (PIP) or Performance Evaluation Plan (PEP) established to address the areas of concern and detailing the changes in performance and or behaviors that are required in order for the employee to be able to meet the performance

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standards of his/her role. Employees with an overall rating of Underperformed will not be eligible for merit increases, and may not be eligible for APP.

RESPONSIBILITIES

- Employees are required to engage in the performance management process including: myEmployeeCenter, setting performance and development goals, participating in feedback sessions, reviewing and updating their performance and development goals over the course of the year, and participating in mid-year and year-end performance review process.
- Supervisors are responsible for ensuring that all direct reports (including new hires) are informed about the Performance Management process and that goals are set in a timely fashion and regularly reviewed using myEmployeeCenter. Supervisors are also responsible for having regular check-in conversations and completing the mid-year and year-end performance reviews according to company guidelines and timelines.
- The Talent Management Center of Excellence is responsible for providing the tools, information, and resources to facilitate learning and completion of the core performance management activities.

III. MONITORING

Human Resources will monitor specific activities to be completed related to compliance with this policy.

IV. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

V. NON-COMPLIANCE

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

Next Review By: 6/30/2022
Approval Date: 6/30/2019
Last Reviewed: 6/19/2019



PHYSICAL SECURITY AND PREPAREDNESS POLICY

Policy Number: POL-OPS02

Effective Date: 1/1/2016

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together "American Water" or the "Company"), except as noted below under "Purpose"

ELT Sponsor: Linda Sullivan, Senior Vice President and Chief Financial Officer

Document Author: Nicholas Santillo Jr., Vice President Internal Audit and Chief Security Officer

I. PURPOSE

This policy provides the requirements for facility and other physical security and preparedness, assessment of security risks, identification of effective controls and incident management. It addresses timing, key methods, approvals, reporting and roles/responsibilities. For the Market Based Business (MBB), security measures, assessments and security technology are only implemented at MBB locations when contracted for and coordinated with the MBB client.

II. STRATEGIC OBJECTIVE

This policy addresses strategic objective to reduce risks resulting from physical security and business continuity related vulnerabilities.

III. POLICY STATEMENT

Physical security and preparedness failures can adversely affect operational and financial performance, cause harm to employees or the public, and harm the reputation and brand of the Company. Effective management of security and preparedness is an essential risk control. Established risk controls will support business goals and objectives through the implementation of standards, best practices and, technology; and will comply with applicable statutory or regulatory requirements.

The Company will ensure that suitable processes are in place to adequately assess security risks and to identify and provide effective control measures for the protection of assets in a manner appropriate to the assessed risk.

Adoption of Standards

Related practices and security program initiatives will be developed consistent with security related standards and guidelines published by the American Society for Industrial Security (ASIS), American Water Works Associations (AWWA) and/or other standards organizations.

The company will utilize whenever possible SAFETY ACT designated suppliers. The SAFETY ACT (Support Anti-terrorism by Fostering Effective Technologies Act of 2002) relates to designated and/or certified contractors, vendors, or suppliers of security products or services whenever possible. The SAFETY ACT provides certain liability protections against acts of terrorism when certified or designated contractors are utilized.

Security and Risk Assessments

Security assessments will be conducted on an ongoing basis utilizing industry standard tools and methodologies. All hazard risk and resiliency assessments will be completed as a component of engineering comprehensive planning studies. The security team will collaborate with engineering teams on the inclusion of malevolent threats and security controls to these studies.

Security Measures

The type and degree of security measures which are deployed to Company assets and facilities are determined based on various data sources (such as threat information, security assessments, area crime data, operations



input, and historical security incident data) that are specific to the asset and operating environment. Security concepts shall be integrated as part of the design on facility engineering projects.

Security Technology

To ensure integration and capability with enterprise security and Information Technology (IT) systems, only approved enterprise security technologies (e.g. security cameras, card access systems, electronic lock systems, burglar alarm systems, fire alarm systems) are permitted for use at Company facilities. Existing systems currently in use are permitted to remain in use until they are replaced or upgraded. Security and IT teams will collaborate to continually evaluate, test, and approve new security technologies for the Company.

Facility Access Control

Access to all Company owned and leased property is limited to authorized persons in the conduct of official activities and as approved by the Facility Security Coordinator (FSC) or local management in accordance with the Facility Security Coordinator Practice.

Preparedness Planning

The Company will apply a holistic, all hazards approach to Preparedness Planning. This approach will be informed by engineering studies, ongoing risk and security assessments, consultation with operational business units, and liaison with external public and private sector partners. The goal of preparedness planning is increased workforce, supply chain and operational resilience.

Business Continuity Management

Business Continuity Management is defined as a holistic management process that identifies potential threats to an organization and the impacts to business operations those threats, if realized, might cause, and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities. Business Continuity Management will consist of Preparedness & Planning activities; Exercises & Training; Incident Response; and Business Interruption Management. Security will have enterprise ownership and coordination of the Business Continuity Management Program, and will coordinate with business units in developing and implementing their operational level activities. Incidents and events which occur at or involve Company employees, property or assets are a potential risk to the business and therefore are managed in accordance with the Incident Management Practice and Business Continuity Management Practice.

Pre-Employment Screening

Human Resources will establish suitable processes to ensure that all prospective new staff members are subject to background screening of a type appropriate to the sensitivity of the position for which they are being considered. Transferred employees may also receive additional background screening depending on the sensitivity of their new position in comparison to their current assignment. The adjudication of background screening processes is managed through appropriate Human Resources processes. This screening will be conducted in accordance with any applicable collective bargaining agreements.

IV. RESPONSIBILITIES

In acknowledgement of the diversity of commercial and operational environments, the responsibility for the implementation of this policy is as follows:

- All employees and authorized contractors must wear and openly display the standard Company Identification Access Badge visibly while on any Company property or Company business.
- All employees and authorized contractors have an obligation to report any suspicious activity, security incidents, deficiencies and/or violations of this policy to their supervisor or contractor's Company sponsor immediately when the incident or violation is discovered. The supervisor or management shall immediately report the situation to the Security Hotline and complete the security incident report form located on the intranet. Employees covered under a collective bargaining agreement may have a union representative present, if desired, when reporting any security incidents or violations of this policy.



- Employees who receive a visitor at any Company facility or property must arrange for a host of the visitor. The host must be an employee or authorized contractor and is responsible to ensure the visitor understands local safety and security procedures of the facility at which the visitor will be located.
- The ELT is accountable for ensuring the physical security and preparedness program is appropriately resourced to ensure the continuous management and reduction of operational risks to the business.
- Subsidiary lead (State President or equivalent) is responsible for ensuring compliance with this policy, and for assigning a designated FSC for each operation and facility under their management.
- Subsidiary management is responsible for ensuring proper use and compliance of deployed security controls, technology and procedures and for preparedness planning activities.
- The Security department has overall organizational responsibility to ensure that active and effective risk control measures are implemented to reduce losses from security risks at a cost that is proportionate to the threat and coordinated with subsidiary leadership and management. Security is responsible for conducting security assessments and assessing physical security risk of company assets; and recommending, managing, and coordinating risk mitigation solutions. Security is responsible to coordinate and facilitate security exercises and coordinate with business operations on preparedness activities.
- Engineering is responsible for conducting all hazard risk and resiliency assessments and comprehensive planning studies.
- Human Resources is responsible for establishing processes for background screening for prospective new employees that is appropriate to the sensitivity of the position for which they are being considered.
- The FSC's are responsible for coordinating and managing security control systems, technology, and procedures at their facilities of responsibility.
- Security staff are responsible to coordinate with subsidiary operations on the implementation and operation of this Policy and any associated practices and strategies. Security is responsible for conducting security assessments and assessing physical security risk of company assets; and recommending, managing, and coordinating risk mitigation solutions. Security is responsible to coordinate and facilitate security exercises and coordinate with business operations on preparedness activities.
- Procurement is responsible to ensure that SAFETY ACT designated and/or certified contractors are utilized whenever possible when procuring contractors, vendors, or suppliers of security products or services.

V. MONITORING

The Security department is responsible for managing the Security and Preparedness Program, ensuring collaboration and integration of the program enterprise wide, and monitoring the requirements of this policy.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

Any employee who violates or circumvents the policy may be subject to disciplinary action up to and including



termination.

Next Review By: 1/1/2019

Approval Date: 11/30/2012

Last Reviewed: 1/1/2016



Appendix – Summary Practices Related to Physical Security Policy

Policy	Related Practices
Physical and Preparedness Security Policy	Facility Security Coordinator
	Data Center Physical Security
	Procurement
	Finished Water Storage
	Incident & Event Management
	Release of System Maps for Official Use Practice

POLICY DOCUMENT



Policy Management Policy

Policy Number: POL-LEG06

Effective Date: 8/1/2018

Applicability: American Water Works Co Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Policy Owner: Compliance & Ethics Manager

Policy Approver: Chief Compliance Officer

Executive Sponsor: EVP, General Counsel and Secretary

I. PURPOSE

Policies are an important part of our business operations because they inform, and guide our decisions and actions. Policies should always be based on our values. The purpose of this policy is to help make sure that all American Water policies and practices are properly managed. This policy will help us make sure that all of our policies are accurate, accessible, easy to understand, uniform and up to date. This policy management policy includes the guidelines for creating, updating and retiring a policy. It includes:

- How to write a policy;
- What reviews and approvals are required;
- When a policy should be created, reviewed, updated and/or retired;

Use clear, active language when you write a policy. Generally, policies should be written at an eighth grade reading level. Some policies involve very technical areas (e.g., accounting and finance) or are based on laws or regulations that require specific language. Otherwise, policies should be written without a lot of jargon or “legalese”.

The purpose statement of a policy should simply summarize the policy’s content and goals. It should provide the reason for having the policy.

II. POLICY STATEMENT

This policy provides the framework for how the Company manages its policies and practices. Policy management includes creating new policies, updating existing policies and retiring or replacing policies. Generally, policies serve two main purposes; (i) set expectations for employee behaviors and actions (ii) guide employees on how to perform specific day to day business activities.

The Executive Sponsor and Policy or Practice Owner must have an identifiable reason before a policy or practice is created, updated or retired. They must follow the requirements of this policy and the practices linked to it when they take any action with their policy or practice.

Some policies talk about topics or areas that apply to every employee, like the Respect and Dignity Policy or the Work Place Conduct Policy. While some policies, like the Intangible Asset Accounting Policy or the Compliance and Hedging Policy talk about specific technical activities and requirements. These technical policies are usually used by fewer employees and may be specific to certain departments or job activities. In both cases, the policy owner must think about who the policy is intended for when creating or updating a policy.

Generally, policies that deal with broad issues that impact many employees should be written at an eight grade level to ensure the content is easily understood. Technical policies should also be written as simply as possible to ensure the business requirements are understood by the employees performing those day to day activities, but they may be required to include specialized words and phrases.

Depending on the topic, most policies will require review by other functions/business lines within the Company (e.g. labor relations, legal or operations). This review will ensure the Company understands all of the impacts of a policy before any action is taken.

The "official" version of all policies and practices will be located on the Company intranet (MySource), to make sure they are accessible to all employees. Policy Owners will review policies and practices annually and update them at least every three years to make sure policies are current and accurate. Policy Owners should collaborate with the Policy Approver and Executive Sponsor when updating a policy or practice to make sure all updates are accurate. The Compliance and Ethics department will maintain a single standard template for all Company policies to ensure all policies are uniform. The Compliance and Ethics department will maintain a schedule of all required policy updates and will maintain the official copy of all retired and current policies to ensure the integrity of the documents.

III. RESPONSIBILITIES

The Compliance and Ethics Department will solely maintain all official policy documents and will manage the development, maintenance and retirement of policies.

Policy Owner is responsible for writing the policy and receiving feedback and approval from the Policy Approver.

Policy Approver is considered to be a subject matter expert and is responsible for collaborating and providing feedback to the Policy Owner for the policy document.

Executive Sponsor is a member of American Water's Executive Leadership Team who is ultimately responsible for enacting and maintaining company policies. Executive approval is required prior to a policy being created or updated, communicated to employees and published on MySource.

Based on corporate governance, certain policies may also require approval by others on the ELT or the Company's Board of Directors

IV. DEFINITIONS

The Company: American Water Works Company, Inc. and each of its subsidiaries, either individually or collectively, as the context may require

Policy: A system of values and principles to guide decisions. A policy is a statement of intent, and is implemented as a practice or procedure.

Governing Body: For purposes of this policy, governing bodies include: Formal steering committees (e.g. Enterprise Risk Management Policy), the Executive Leadership Team (e.g. Respect and Dignity Policy) and the Board of Directors (e.g. Insider Trading Policy).

V. WAIVERS; MODIFICATIONS

Not Applicable

VI. NON-COMPLIANCE

Any employee who violates or circumvents [this policy], by not following the process of creating, updating or retiring a policy as described in the Policy Management Practice, may be subject to disciplinary action up to and including termination.

VII. CONTACT INFORMATION; MONITORING

Questions about this policy should be directed to the Compliance and Ethics Manager or Chief Compliance Officer.

POLICY DOCUMENT



Appendix – Summary of Related Policies & Practices

Policy	Related Practice
Policy Management Policy	Policy Management Practice

Political Contribution Policy

Policy Number: POL-COMMEA02

Effective Date: 12/31/18

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

ELT Sponsors: Senior Vice President, Business Development and Government Affairs

Document Author: Chief SEC & Corporate Governance Counsel and Director, Corporate Counsel

I. PURPOSE

This Policy governs the (1) approval and reporting of Political Contributions and (2) reporting of certain Third-Party Payments, each as defined in this Policy. This Policy applies equally to the Company’s regulated and market-based businesses.

II. POLICY STATEMENT

In furtherance of its business strategy and objectives, the Company participates responsibly in the political process and, where appropriate, the Company may make reasonable political contributions consistent with all applicable federal, state and local laws and reporting requirements. Political contributions of the Company reflect the Company’s interests and those of its customers and not those of its individual employees, officers and directors.

The Company also holds memberships in a variety of industry, trade and business associations. These memberships enable the Company to understand the views of others, obtain feedback on its positions, and voice its viewpoints on proposed legislation and regulatory matters. While the Company does not always support or agree with every position taken by an association or its leadership or membership, the Company believes that its participation in these associations are important to its overall success and to protect its customers.

As part of the Company’s commitment to good governance principles and transparency, the Company has adopted this Policy to specify oversight by the Parent Company’s Board of Directors (the “Board”) over the structure and processes surrounding Political Contributions and Third-Party Payments, and the public disclosure of certain information as described in this Policy.

III. POLITICAL CONTRIBUTIONS

This Policy requires that all direct contributions or expenditures (in cash or in kind) of the Company to a political party, a candidate for an elected office or his or her campaign, or a political action committee (“PAC”) be made only (1) by the American Water Works Company, Inc. Employee Federal PAC (the “Federal PAC”) or (2) to, or through, a PAC sponsored by or associated with an American Water subsidiary or line of business (a “Subsidiary PAC”) in accordance with applicable law (such contributions or expenditures are referred to in this Policy as “Political Contributions”). This Policy prohibits the Company from making political contributions outside of the United States.

Contributions and payments (in cash or in kind) made by the Company for or in connection with referendums, ballot initiatives, condemnation actions, or other similar matters or activities in support of a core business function of American Water are not Political Contributions, unless made to or in support of a political party, a candidate for an elected office or his or her campaign (in which case, such contributions and payments would be subject to this Policy). For purposes of this Policy, a core business function of the Company includes, but is not limited to, the

acquisition or disposition of a water or wastewater system or other business, or any issue impacting or affecting the operation of any of the Company's current or future regulated or market-based businesses.

A payment made by the Company to a trade association or tax-exempt organization (other than a PAC, Section 527 organization or similar entity) (a "Third-Party") is also not a Political Contribution, even if the Third-Party uses any portion of the payment for political purposes.

a. Approval Requirement

The Chief Executive Officer of the Parent Company must approve Political Contributions made by the Parent Company. All Political Contributions made by a subsidiary of the Parent Company must be approved by the subsidiary's or line of business' President, or similar officer. Separate approval is not required for political contributions made by the Federal PAC or a Subsidiary PAC, which are governed by such PAC's own charter, policies and procedures. A Political Contribution made by the Parent Company or a subsidiary of the Parent Company must also comply with all applicable limitations and requirements imposed by the Authorization and Limitation of Corporate Authority or any delegation of authority issued thereunder.

b. Public Reporting Obligations

The Company will publicly disclose on its website, on an annual basis and within 180 days after the end of a fiscal year, beginning with the 2018 fiscal year, this Policy and the following information with respect to Political Contributions made during that fiscal year:

- For each Political Contribution to a Subsidiary PAC, the date, form and amount of contribution, the title of the approver, and the name of the recipient Subsidiary PAC; and
- For each Political Contribution made by the Federal PAC or a Subsidiary PAC, the date, form and amount of contribution, and recipient name.

The Company will not disclose the names of, or the amount contributed by, any donor (other than the Company) to the Federal PAC or any Subsidiary PAC.

c. Employees' Personal Political Contributions

The Company's employees have the opportunity, as individuals, to make political contributions as they desire, using their personal resources and subject to any applicable legal restrictions. Employees' political contributions, including contributions to PACs, are not subject to this Policy. Employees will not be reimbursed directly or indirectly through compensation increases for personal political contributions, and the Company will not pressure or coerce employees to make personal political contributions or take any retaliatory action against employees who do not.

IV. PUBLIC REPORTING OF THIRD-PARTY PAYMENTS

The Company will publicly disclose on its website on an annual basis, 180 days after the end of a fiscal year, beginning with the 2018 fiscal year, its payments to a Third-Party, where the amount paid during a fiscal year exceeds \$50,000 (individually or in the aggregate), and where the Third-Party informs the Company in writing that a portion of such payment was used for lobbying expenditures or political contributions considered non-deductible under Section 162(e)(1)(B) of the Internal Revenue Code (each, a "Third-Party Payment"). The Company will disclose the following information with respect to Third-Party Payments made during a fiscal year:

- Date, form and amount of payment (including the portion disclosed to the Company as being non-deductible for U.S. federal income tax purposes), and recipient name.

V. RESPONSIBILITIES

The Senior Vice President, Business Development and Government Affairs, in consultation with the General Counsel, acts as a resource with respect to questions regarding this Policy and shall interpret any of the provisions of the Policy with respect to specific facts and circumstances.

VI. STRATEGIC OBJECTIVE

This Policy addresses the Company's strategic objectives to (1) participate responsibly in the political process to further the interests of the Company and its various stakeholders, and (2) support transparency and public disclosure of information related to the Company's Political Contributions and Third-Party Payments.

VII. MONITORING

The Board will annually review the effectiveness of this Policy, and will review and approve in advance the public disclosures contemplated by this Policy.

VIII. WAIVERS

Compliance with this Policy cannot be waived.

IX. NON-COMPLIANCE

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

Next Review By: 12/31/2021

Approval Date: 12/07/2018

Last Reviewed: 12/07/2018

Appendix – Summary of Policies & Practices Related to Political Contribution Policy

Policy	Related Practices
Code of Ethics	Authorization and Limitation of Corporate Authority

POLICY DOCUMENT



Procurement Policy

Policy Number: POL- PROC01

Effective Date: 04/29/19

Applicability: American Water Works Company, Inc., and its controlled subsidiaries as described below (together "American Water" or the "company")

Executive Sponsor: Chief Financial Officer

Document Approver: Chief Procurement Officer

Document Owner: Senior Manager, Supply Chain Support Services

I. PURPOSE

This policy provides requirements to conduct procurement activities and process payments to suppliers. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy applies to the procurement activities of the regulated business and to the procurement activities of the market based businesses (MBBs). The policy highlights differences between the regulated and MBB's, where applicable.

Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in procurement and payment activities. More detailed guidance is found in the applicable practices, which are referenced in Appendix A of this policy.

II. POLICY STATEMENT

This policy establishes requirements for all employees involved in procuring goods or services in an effort to:

- Ensure the company leverages its spend and achieves the best value when procuring goods and services
- Protect the company from risks and liabilities in the procurement process
- Ensure company suppliers share its values and ethics
- Ensure fair and equitable competition amongst suppliers

1. Requirement to Engage Supply Chain

- a. To ensure your good or service is purchased with your need date in mind, it is highly recommended to engage supply chain as early as possible in the process
- b. The intent of this section II.1 is not to cause undue burden to the business or significantly impact operations. The business and supply chain shall jointly employ common sense to ensure the spirit of this section is met while also meeting business needs. Emergencies and immediate needs outside normal business hours shall follow section II.4.a.
- c. All regulated employees must contact a representative of supply chain for advice and direction for any new purchase not already under contract as outlined in this section II.1.c. All MBB employees must contact Senior Management for advice and direction for any new purchase in the categories listed below.
 - i. Any purchase which involves computer hardware, software, integration of any software or device with company systems, or other projects requiring supplier access to company systems
 - ii. Any purchase of a good or service involving hazardous materials or chemicals
 - iii. Any purchase involving company confidential information or personally identifiable information of employees or customer information
 - iv. Any service which involves a supplier performing work on company property or performing work on behalf of the company in the public
 - v. Any one-time purchase or total annual purchase of a good expected to be greater than \$25,000

- d. For inventory, catalog, P-Card, or travel purchases, self-help may be an option. See Table 1, Buying Channel Matrix in Appendix B for instructions on using the most appropriate buying channel.

2. How to Procure a Good or Service

- a. The business is responsible for determining its material and service needs. Supply Chain will work jointly with the business to source the need, select a supplier(s) capable of fulfilling the need, and to finalize a contract or agreement
- b. Refer to the Procurement Practice, PRA-PROC01/03, for the process flow on how to procure a need
- c. Emergencies, Capital Work, T&I related software and project work, fleet, travel, real estate and contingent labor are covered in section II.4

3. Competitive Bidding and Sole Sourcing

- a. A competitive bid is required for any one-time purchase or total annual purchase expected to be greater than \$250,000. A competitive bid ensures the Company receives fair-market pricing, introduces a diverse supplier mix, and ensures transparency in the award and contracting process. The following exceptions apply:
 - i. Sole Source Justification is completed and approved by a business unit leader of Grade 60 or higher and has the concurrence of a supply chain leader of Grade 45 or higher. MBB approval shall be by the Vice President or President of the business unit.
 - ii. A documented Sole Source Justification is on-file pertaining to this good or service
 - iii. Active contract in place with agreed upon pricing for the good or service
 - iv. Good or service is governed by a documented strategy approved by a business unit leader of Grade 60 or higher and a supply chain leader of Grade 45 or higher. MBB approval shall be by the Vice President or President of the business unit.
 - v. Purchases considered an emergency per section II.4.a
- b. It is highly encouraged that all competitive bids be electronic and facilitated using the Coupa Sourcing System. This will streamline the bid process, maintain a permanent record and facilitate easier collaboration
- c. All competitive bids greater than \$250,000 shall be electronic and facilitated using the Coupa Sourcing System. MBB's do not utilize the Coupa Sourcing System and shall keep electronic copies of Sole Source Justification approvals in their system of choice
- d. Reference the Procurement Practice, PRA-PROC01/03 for more details pertaining to competitive bidding and sole sourcing

4. Categories of Procurement and Exceptions

- a. Emergency Work
 - i. Emergency work is typically work related to restoring customer service in an outage, work related to a life-saving event or an incident with the potential to cause immediate and significant environmental impact or non-compliance.
 - ii. Poor planning or failing to communicate a need in a timely manner does not constitute an emergency. All employees are encouraged to use common sense when following the emergency procedures in this section II.4.a
 - iii. During emergencies, efforts should be made to engage contractors and suppliers with whom the company has an existing agreement for the service or materials required. If such contractor or supplier is not available, other contractors or suppliers should be utilized as necessary
 - iv. In the case of an emergency, process the purchase requisition when the urgency of the event has passed and you have agreed to the cost with the contractor or supplier
 - v. The emergency services; or goods needed for the services, will need a purchase requisition to confirm the agreed cost with the supplier and allow the supplier to put a PO number on their invoice
- b. Capital Work
 - i. All procurement related activities associated with Capital Work shall be governed by this policy and the Procurement Practice
 - ii. Capital program management shall be governed by the Capital Policy and the Capital Project Delivery Practice
- c. T&I Work
 - i. All T&I procurement related activities are governed by this policy and the Procurement Practice.

- ii. Work with your T&I business partner and your supply chain representative for any need per 2.1.c.i of this policy
- d. Fleet procurement needs shall follow the provisions of the Fleet Policy, POL-PROC05
- e. Travel shall follow the provisions of the Employee Travel and Business Expenditure Policy, POL-PROC02
- f. Until the Real Estate Purchasing and Leasing Practice is developed, Service Company and MBB employees should contact their supply chain representative for guidance. Regulated State employees should contact their head of engineering for guidance.
- g. Contingent Labor and Independent Contractor needs are the responsibility of Talent Acquisitions

5. Supplier Management

- a. Selecting a supplier is the joint responsibility of the business and of supply chain. Consideration must always be given to **total value or total cost of ownership**, including safety, assurance of supply, quality, service, innovation, and regulatory requirements
- b. All supplier award decision matrices shall be documented and uploaded to the Contract Management System
- c. Supplier Master Data
 - i. Supply chain is responsible for adding to and maintaining supplier master files within the company's enterprise systems
 - ii. All efforts should be made to use existing approved suppliers
 - iii. If it is necessary to add a new supplier, supply chain will conduct a risk assessment prior to creating a new supplier
- d. Except in the case of an emergency, purchase orders may not be placed and services shall not commence from a supplier until the risk assessment is complete, a certificate of insurance is on file and supplier has met all contractor safety requirements
- e. Supplier Performance Issues
 - i. The line of business who is utilizing a service shall have the first level of responsibility for managing supplier performance and for providing performance feedback. The same is true for goods purchased through local suppliers. For goods purchased through national agreements, contact your supply chain representative to provide feedback
 - ii. If a supplier is not performing in accordance with the contract and feedback has been provided, document performance discrepancies and contact your supply chain representative immediately for guidance on how to proceed
- f. Gifts from Suppliers
 - i. All employees shall follow the company Code of Ethics as it relates to accepting gifts from suppliers
 - ii. If employees have any doubt whether a supplier gift is appropriate, they should contact their manager or the compliance and ethics department
- g. For any additional information related to Supplier Management, reference the Supplier Management Practice

6. Contracts Requirement

- a. Many different combinations of documents constitute a "contract". The definition of a contract is in the Contract Management Policy
- b. Reference Section III of the Contract Management Policy to determine if a contract is required to fulfill your procurement need
- c. Table 2 in Appendix B of this policy, outlines who is authorized to sign a contract for a good or service covered under this Procurement Policy
- d. Refer to the Contract Management Policy and the Contract Management Practice for additional requirements

7. Supplier Diversity

- a. The Company is committed to the inclusion and growth of small and diverse businesses

- b. Every attempt shall be made to include one or more certified and qualified small or diverse business to requests for proposals (RFP)
- c. The team facilitating the RFP shall solely determine the weight, if any, given to a diverse business during an award decision. This team shall ensure award decisions are made per section II.5.a of this policy
- d. Refer to the Supplier Diversity Practice, PRA-PRO01/11, for additional details and requirements

8. Ethical Sourcing

- a. Ethical sourcing is the process of ensuring products and services are obtained through responsible and sustainable methods
- b. The Company will not procure goods or services from sources who engage in the following behaviors:
 - i. Fail to pay their employees a fair and legal wage
 - ii. Violate the human rights of their employees
 - iii. Fail to keep their places of business clean and safe
 - iv. Engage in environmental abuses
 - v. Any other abuse, infraction or violation of law deemed serious enough to disqualify a supplier from doing business with the Company
- c. Any issues or concerns related to ethical sourcing should be reported immediately to the Chief Procurement Officer and to the Chief Compliance Officer or the Confidential Ethics Hotline at 877-207-4888

9. Buy America and Other Federal Acts

- a. The Company is required to follow the provisions of certain federal acts including, Buy America, Davis-Bacon, etc. in cases where federal funds are used for certain construction projects
- b. Supply Chain and the business shall collaborate in determining the applicable federal acts for a given project
- c. Buy America is the most common federal act related to company projects and its provisions only apply to iron, steel, and manufactured goods used in the construction of a federally funded project
- d. Buy America provisions are not to be confused with the Buy American Act of 1933 which does not apply to the Company
- e. Refer to the Buy America Practice, PRA-PROC01/09, for details associated with Buy America provisions

III. RESPONSIBILITIES

See RACI diagram in Table 3 of Appendix B for a matrix of responsibilities

IV. DEFINITIONS

AX – Enterprise resource planning system for the market based business (MBB). All MBB PO's are issued in AX

Business Unit or "The Business" – line of business requesting the need and who will work with supply chain to source and contract the need

Buy America – act passed by Congress which requires Department of Transportation funded projects to use US made steel, iron and other manufactured products. This act is different from Buy American, which does not apply to private companies

Certificate of Insurance – certificate issued by an insurance company as proof of coverages a named business entity carries

Contract – any legally binding agreement between two or more persons or entities to do or not to do a particular thing in return for a valuable benefit known as consideration. Consideration does not need to be money

Coupa – enterprise procurement system which includes an electronic catalog, sourcing, contract management and supplier information management. Purchasing requests are to be made through this system

Documented Strategy – functional leadership and supply chain leadership jointly agree a specific supplier or approach will be taken for a documented period of time related to a good or service. Eg. US Pipe is our preferred pipe supplier, so purchases made through US pipe do not necessarily need to be competitively bid

Goods – tangible items such as materials, equipment and chemicals used in the everyday operation of the business. For the purposes of this policy, purchased water is excluded

Purchasing Card (P-Card) – company credit card used to purchase business related travel, meals or for other business related emergency needs

Personally Identifiable Information (PII) – any information used to identify a person and distinguish them from another person. Eg. Employee ID number, social security number, home address, etc.

Purchase Order (PO) – document issued to a supplier authorizing them to provide a good or service in return for a certain consideration

Purchase Request (PR) – request submitted internally for the purchase of a specific good or service and once approved by an authorized approver via delegation of authority, converts to a PO

Request for Proposal (RFP) – document used as a part of the competitive solicitation process to request commercial information such as pricing, delivery terms, contract terms, etc. for a good or a service. Other variants are Request for Solution, Request for Information, etc.

SAP – Enterprise resource planning system for the regulated business

Service – Activities provided by people such as physical labor or consulting

Sole Source – the award of a contract to a supplier or suppliers without executing a formal RFP process

Supplier Master Data – only truth of information in Company systems related to a supplier's legal ability to sell a good or service to the Company

T&I – Technology and Innovation department

VOW – Value of Work. This is a type of purchase order used for capital projects and is issued via the SAP system

V. WAIVERS; MODIFICATIONS

No deviations, changes or waivers shall be made to the contents of this policy except as noted in the policy or unless documented permission is granted by the policy owner with the concurrence of the executive sponsor.

VI. NON-COMPLIANCE

Non-compliance with this policy shall first be corrected through training and coaching. Repeat non-compliance may result in the removal of privileges and authority granted to individuals through this policy. Chronic non-compliance or malicious non-compliance may result in disciplinary action up to and including termination of employment.

VII. CONTACT INFORMATION; MONITORING

Any questions related to this policy shall be directed to individuals in the following order:

Initial Contact: Sr. Manager, Supply Chain Support Services

1st Escalation: Director, National Categories and Corporate Procurement or Director, State Procurement

2nd Escalation: Chief Procurement Officer

POLICY DOCUMENT



Appendix A – Summary of Policies & Practices Related to the Procurement Policy

Policy	Related Practice
Procurement Policy	Procurement Practice
	Supplier Diversity Practice
	Buy America Practice
Capital Policy	Capital Project Delivery
Fleet Policy	
Employee Travel and Business Expenditures Policy	
Code of Ethics	
Contract Management Policy	Contract Management Practice

POLICY DOCUMENT



Appendix B – Policy Exhibits

Table 1: Buying Channel Matrix

Procurement / Payment Method	Description of Method		Allowable Uses	Prohibited Uses
Purchase Order	Purchase orders are the preferred method of procuring most goods and services. Whenever a specific request is being made for the delivery of goods or services, a PO shall be used		<ul style="list-style-type: none"> • Goods and services 	<ul style="list-style-type: none"> • Suppliers that do not provide an invoice (See EDR) • Suppliers that will not accept a PO (see P-Card and Standard Invoice)
	Material Requirements Planning (MRP)	MRP is an option for inventory purchases where the system recommends what, when, and how much to buy	<ul style="list-style-type: none"> • Inventory items 	<ul style="list-style-type: none"> • MRP can only be used for materials that have a part number
	Purchase Requisitions (PR's)	PR's are used to generate most purchase orders with the exception of capital projects	<ul style="list-style-type: none"> • Inventory items • Other goods and services 	<ul style="list-style-type: none"> • Capital projects
	Value of Work (VOW)	VOW PO's are a specific type within the SAP system designed to automatically accrue work in progress based on a set schedule	<ul style="list-style-type: none"> • Capital projects 	<ul style="list-style-type: none"> • Goods, including when services are provided at the time of receipt
	Urgent PO	Urgent PO's are PO's created directly in Coupa or AX and are used for emergencies and situations that cannot be addressed by other PO types.	<ul style="list-style-type: none"> • Emergencies when shopping carts are not available • Meter warranty returns • Other inventory returns 	<ul style="list-style-type: none"> • Any purchase not constituting an allowable use
Standard Invoice	Paying via an invoice is on an exception basis only and shall be used only in cases where PO's are not accepted or per the allowable uses section.		<ul style="list-style-type: none"> • Leases • Legal fees and expenses • Suppliers who will not accept a PO 	<ul style="list-style-type: none"> • Any purchase not constituting an allowable use

<p>Electronic Disbursement Request / Check Request</p>	<p>EDR's / Check Requests are used only for those suppliers that do not provide an invoice</p>	<ul style="list-style-type: none"> • Government payments • Customer refunds • Donations • Easements and land purchases 	<ul style="list-style-type: none"> • Goods and services
<p>Purchasing Card (P-Card)</p>	<p>P-Cards are used for high volume, low value transactions (generally < \$ 500) and where other payment methods are not accepted. P-Cards are the preferred payment method for purchases from on-line AW specific supplier portals. P-Card's may be used for travel and entertainment.</p>	<ul style="list-style-type: none"> • Travel, meals, & entertainment • Purchases from supplier portals • Subscriptions • Training and seminars • Emergency purchases 	<ul style="list-style-type: none"> • Inventory items • Services • Transactions over P-Card transaction limit where other methods are accepted (split purchases are prohibited)

Table 2: Authorized Signers of Goods and Services Contracts Covered by this Policy

Contract Type	Supply Chain	Subsidiary	Service Company
Service Company Master Service Agreement	Grade 40 and up for all Service Company Agreements	None	Any officer of the Service Company
Subsidiary Master Service Agreement	None	Any functional lead or officer of the subsidiary	None
Service Company Stand-Alone Agreement	Shall follow the Delegation of Authority according to the dollar value of the agreement	None	Shall follow the Delegation of Authority according to the dollar value of the agreement and shall only be signed by an individual in the function purchasing the good or service
Subsidiary Stand-Alone Agreement	None	Shall only be signed by a functional lead or officer of the subsidiary per the Delegation of Authority according to the dollar value of the agreement. MBB – shall only be signed by an officer of the business unit	None
Service Company Scope of Work	Shall follow the Delegation of Authority according to the dollar value of the agreement	None	Shall follow the Delegation of Authority according to the dollar value of the agreement and shall only be signed by an individual in the function purchasing the good or service
Subsidiary Scope of Work	None	Shall follow the Delegation of Authority according to the dollar value of the agreement	None
Non-Disclosure Agreements with potential Suppliers	Grade 40 and up	None MBB – shall only be signed by an officer of the business unit	Any officer of the company or member of the legal department of Grade 50 and up
Letters of Intent	None	None	General Counsel or Deputy General Counsel only

Table 3: RACI Diagram

The RACI diagram in the table below outlines roles and responsibilities associated with the different activities discussed in this policy.

R = Responsible: person who performs an activity or does the work

A = Accountable: person who is ultimately accountable and has Yes/No/Veto

C = Consulted: person that needs to feedback and contribute to the activity

I = Informed: person that needs to know of the decision or action

	Supply Chain	Functional and Operating Units	Legal	Accounts Payable
Policy Management	A, R	C, I	C, I	C, I
Requesting a good or service	C, I	A, R	C	
Sourcing a good or service	R, C	A, R, C	C	
Sole Source Justification	C, I	A, R		
Procurement Strategies	A*, R, C	A*, R, C		
Contract Negotiations and Execution	A*, R, C	A*, R, C	R, C	I
Payment Methods	C	R		A
Supplier Master Data	A, R	I		C, I
Supplier Performance Feedback and Management	A*, R, C, I	A*, R, C, I	C, I	
Submitting a Purchase Request	C, I	A, R		
Supplier Diversity in the Procurement Process	R, C	A, R, C		
Ethical Sourcing in the Procurement Process	R, C	A, R, C		
Federal Acts and Buy America in the Procurement Process	R, C	A, R, C		

A* = Functional and Operating Units are accountable in cases where the event is at the subsidiary level.
Supply Chain is accountable in cases where the event is at the national level.

POLICY DOCUMENT



PURCHASING CARD POLICY

Policy Number: POL-PROC02

Effective Date: 3/1/13

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together "American Water" or the "Company")

ELT Sponsor: John Bigelow, Senior Vice President of Business Services

Document Author: Donna Grosser, Director of PTP Services

I. PURPOSE

This policy provides requirements for use of the purchasing card. It addresses timing, approvals, reporting and roles/responsibilities. The policy highlights differences between the regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to the administration, use and reporting related to purchasing cards (P-cards). P-cards are Company credit cards issued to employees for use in conducting business activities. The P-card is not used for personal use by cardholders. Unless otherwise specified, the statements, activities and processes described in this section are requirements to be followed by all employees involved in P-card related activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

Administration

- Issuance

Employees are eligible to obtain and use a P-card upon completion of training and after Supervisors (the Approvers) submit requests for P-cards on their behalf. Contractors are not eligible to receive or use P-cards.

- Limits

P-cards are established with transaction and billing cycle purchasing limits set forth in the Purchasing Card Practice. The Accounts Payable Department has authority to adjust P-card limits when a Waiver Request Form is completed and approved by the Functional Lead (Vice President or above in either Corporate Center or Business Services) or Operating Unit Lead (State President or above).

- Cardholder

Potential cardholders complete P-card training prior to issuance of the P-card. Once received, cardholders are responsible for properly safeguarding P-cards, processing transactions in a timely manner, and maintaining required supporting documentation. Lost or stolen cards should be immediately reported to the issuing credit card company and the Accounts Payable Department. Cardholders return the P-card at the request of the Company and prior to separation.

- Cardholder Approver

Approvers review expenditures, including required itemized receipts, for complete and accurate coding and sufficiency of descriptive transaction documentation. Expenses are submitted and approved timely. For cardholders that are separating from the Company, the approver collects the P-card and expense documentation.

Transacting

- Allowable Expenses

For regulated businesses, allowable expenses include high volume / low dollar items, emergency purchases, travel and entertainment (T&E), subscriptions, membership fees, training and seminars, non-travel meal purchases and purchases through supplier portals.

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For MBB, in addition to the items above, P-cards are used to purchase goods through supplier portals and for goods and services where P-cards are accepted.

- Non-Allowable Expenses

For both the regulated business and MBB, P-cards will not be used for the following types of purchases: inventory, education & tuition, fleet vehicle expenses covered by the Company's fleet management provider, relocation, regular commute expenses, donations, fines, penalties, traffic violations, or any personal activities. The Company may seek reimbursement for non-allowable expenses. The Supply Chain department may establish preferred methods for procurement of other types of purchases where a P-card should not be used and will inform employees of those methods on its intranet site.

Processing

- Expense Submittals

Expenses are submitted after expenses are incurred, but no later than 30 days after the occurrence. If expenses are not submitted and approved 60 days after occurrence, the employee's P-card privileges are revoked and require Functional or Operating Unit Lead approval to re-establish privileges.

- Splitting Transactions

Purchases that exceed the single transaction limit are not permitted. Splitting a purchase at the point of sale into multiple transactions to prevent exceeding the single purchase limit is prohibited.

- Disputed Charges

Invalid and disputed charges are immediately reported by the cardholder to the issuing credit card company and the Accounts Payable Department.

- Personal Charges

If a P-card is incorrectly used for personal expenses, the charge is to be flagged in the expense reporting system by the cardholder. If the expense is not reimbursed to the Company within 60 days, the P-card may be deactivated and will require Functional or Operating Unit Lead approval to re-establish privileges.

- Supporting Documentation

Employees submit appropriate documentation through the P-card system electronic workflow for approver review. Expenses are submitted no later than 30 days after they are incurred. A receipt is included for all transactions greater than \$75, except for lodging and airfare which require a receipt at all times.

Cardholders provide general ledger account coding and document the business reason for the expense in the P-card system. Business reason includes what expense was incurred/procured, who was involved, where the transaction took place, and why the transaction was necessary. When multiple employees are present, the highest ranking employee pays for the meal and all individuals present are listed on the receipt. For large groups, it is acceptable to provide a name for the group (i.e. Executive Management or State Presidents) and the number of attendees.

III. RESPONSIBILITIES

- Cardholder – Responsible for ensuring all expenditures are relevant to the business needs of the Company, expense coding related to transaction activity is accurate and that expenditures are compliance with policy.
- Cardholder Approver – Responsible for approving employee expenses, ensuring adequate supporting documentation and policy compliance (see "Supporting Documentation" above and Purchase Card Practice for details).
- The approver also requests card cancellation for terminated cardholders.
- Accounts Payable Department– Responsible for processing payments to the credit card company, administrative functions, issuance, cancellations, data tracking, and reviews related to the entire P-card system. The Accounts Payable Department also sends confirmation of card cancellation to the Cardholder Approver or Human Resources Department (HR). Cancelled P-cards are to be destroyed by the Cardholder Approver or HR.

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- Human Resources Department – Responsible for notifying the Accounts Payable Department of employee transfers and terminations, at the time an employee leaves the Company.
- Supply Chain Department – Responsible for determining types of procurement methods for which P-cards should not be used in addition to those listed in this policy, and for informing employees of those methods.

IV. STRATEGIC OBJECTIVE

This policy addresses strategic objectives of purchasing card use, which is to streamline the purchasing and accounts payable process by reducing the paperwork generated by small dollar, high volume transactions, eliminating the need for purchase orders and facilitating quick payment to vendors.

V. MONITORING

The Accounts Payable Department will perform random reviews of employee travel and business expenditures greater than \$100 in a day. Expenses that are prohibited, not substantiated with a clear business purpose, or deemed extravagant are escalated to the Functional or Operating Unit Lead. The Company may seek reimbursement for unqualified expenses.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team (ELT) Sponsor of this policy, or his or her designee. The ELT Sponsor, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VII. NON-COMPLIANCE

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

Next Review By: 3/6/16

Approval Date: 3/6/13

Last Reviewed: 3/6/13

POLICY DOCUMENT



Appendix – Summary of Practices Related to Purchasing Cards

Policy	Related Practices
Purchasing Card	Purchasing Card

POLICY DOCUMENT



RECRUITMENT AND STAFFING POLICY

Policy Number: POL-HR-01

Applicability: American Water Works Company, Inc. and its subsidiaries

Effective Date: January 1, 2019

Executive Sponsor: SVP, Human Resources

Document Approver: VP, Talent Management & Org Effectiveness

Document Owner: Director, Recruitment and Talent

I. PURPOSE

This policy addresses the requirements to recruit qualified candidates and staff for open positions. This policy should be read in conjunction with the practice listed in the Appendix section of this policy. It addresses timing, key methods, approvals, reporting and roles/ responsibilities. This policy addresses the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to recruitment and staffing. Unless otherwise specified in this policy or a collective bargaining agreement, this policy establishes requirements that are to be followed by all employees involved in recruitment and staffing. Employees should refer to the related practices or contact their Human Resources Department with questions related to the subjects covered in this policy.

III. RESPONSIBILITIES

Form I-9 Employment Eligibility Verification

All new American Water employees working in the U.S. must present sufficient unexpired documentation in conjunction with completion of Form I-9 in order for the Company to verify they are legally authorized to work in the United States. New hires are required to complete Section 1 of Form I-9 by the end of their first day of employment. New hires have three (3) business days from the first day of employment to present documentation to their manager or HR business partner establishing their (1) identity; and (2) employment authorization to work in the United States. Managers and/or HR business partners are required to review the new hire's physical documents presented and complete Section 2 of Form I-9 by the end of the new hire's third day of employment. (Please note: For rehired employees, in the event Section 3, Reverification and Rehires, on Form I-9 cannot be completed, rehires will be required to complete a new Form I-9, and may be required to present sufficient unexpired documentation, if necessary. If this situation occurs, the same 3-day rule that applies to new hires would apply to a rehire's completion of Form I-9, as well.)

To determine whether Form I-9 documentation is valid, American Water uses the E-Verify system's photo matching tool to match the photograph appearing on some permanent resident cards, employment authorization cards, and U.S. passports with the official U.S. government photograph. E-Verify also checks data from driver's licenses and identification cards issued by some states.

IMPORTANT: If, through the use of E-Verify, American Water cannot confirm your employment eligibility, we are required to give you written instructions and an opportunity to contact the Department of Homeland Security and/or the Social Security Administration before taking adverse action against you, including terminating your employment. American Water will not use E-Verify to pre-screen job applicants and may not limit or influence the choice of documents employees present for use on the Form I-9.

Pre-Employment

To ensure we employ the best candidates for our jobs, the Company partners with a reputable, accredited organization that provides comprehensive, in-depth pre-employment screening, including, but not limited to, criminal and/or other background checks, drug testing, and physical evaluation/exams. Pre-employment activities are initiated upon acceptance of an offer of employment. All offers are contingent upon the successful

completion of all applicable pre-employment screenings and, where applicable, execution of confidentiality, IP/invention assignment, and/or non-competition agreements.

Employees Acquired through Mergers and Acquisitions

Individuals identified as candidates for employment through mergers and acquisitions must successfully complete the Company's required pre-employment screening, which may include background checks, drug testing, job related physical evaluation/exams, etc. and any other employee agreements, subject to contract negotiations and in compliance with collective bargaining agreements (CBAs).

Employment of Non-U.S. Citizens

The Company will comply with all applicable laws, regulations and procedures governing the employment of individuals who are not United States citizens. The Company will determine on a case-by-case basis whether or not it will sponsor an employee for visa, visa extension or permanent resident status. Such a determination is made without regard to national origin. The Company will only hire non-immigrant candidates (people who enter the U.S. on a temporary basis – whether for tourism, business, temporary work, or study) when there is a clear business necessity, and there are no other qualified U.S. applicants.

Any employee who receives assistance with their work status from American Water will be required to complete two (2) full years of service after the process is completed. An employee may be required to repay those costs if they voluntarily leave the company within a two year period. The repayment of these fees will comply with state, local and federal labor law(s).

Local Human Resources is responsible for compliance monitoring and will coordinate with the position's Supervisor or Hiring Manager to decide upon and implement all procedures. The Legal Department will work with the HR business partner and recruiter on necessary actions to initiate any work status exercises and should be consulted prior to any discussions with candidates or hiring managers regarding immigration status. Exceptions to the above are required in writing by the business unit senior leader, HR Director, and the VP, Talent Management.

Job Posting and Selection

As a federal contractor and in compliance with the Vietnam Era Veterans Readjustment Assistance Act (VEVRAA), open positions are advertised through the Company's posting system, both internally and externally, to meet the talent needs of the company. Exceptions to this requirement include executive/ senior management, in-line promotions, and positions lasting three days or less. Each position will have an authorized and approved job description.

Regular full and part time position openings through salary level 60 will be posted internally via the Career Opportunities site for at least five (5) business days or union bid process when applicable. **Note:** *Positions with a defined succession plan, involved in a reorganization, or identified as a development or interim role may not require posting.*

All regulated and market based employees, both union and non-union, are eligible to apply for a position if they have been in their current position for one (1) year unless their current position has been eliminated in which case an employee can apply earlier. Before applying for an internal position, the employee should inform his/her supervisor. Any exception to these requirements must be approved by the current manager and HR Director.

Internal applicants who post for a position are expected to have a satisfactory performance record and/or have no disciplinary actions received within the last 12 months. Employees will be selected for posted job openings based on individual merit and the ability to meet job qualifications with or without accommodations. Employees who have demonstrated prerequisite qualifications may be given priority consideration for posted positions. American Water reserves the right to make selection decisions that are in its best interests, including without limitation determining to recruit externally. The cost of external recruitment is charged directly to the hiring department.

Hiring managers are responsible for conducting interviews and selecting the interview team. Talent Acquisition will prepare a written offer letter that will be contingent on successful completion of the above requirements. Results will be reviewed by Talent Acquisition and the HR business partner. Hiring managers are prohibited from conducting independent pre-employment activities, such as background and reference checks, other tests, assessments, etc. The hiring manager will be notified once all pre-employment activities are completed.

Rehiring of former employees is permitted. Prior to any contact with the former employee, Talent Acquisition will reach out to the local HR business partner to confirm that the former employee is eligible for rehire. If approved, Talent Acquisition can proceed with the candidate.

Development Roles/Opportunities

The company reserves the right to identify certain positions as a “development role” for an identified employee based on business needs and the individual’s interests and career goals. This may be an opportunity for an employee to assume new responsibilities outside of their current job scope or function. *Recruitment for these roles may deviate from the standard recruitment process.*

Interim Roles

For employees who temporarily assume additional responsibilities of a higher level position, a recommended monthly stipend will be provided to them to reward additional performance and their efforts to ensure business continuity. This monthly stipend will be determined by Compensation and the HR business partner.

Rehiring a Retiree

If a retiree is being considered for rehire, HR business partner and Legal should be consulted.

External Search Agency Referral

The use of an outside agency, contingency or retained, to augment the regular recruitment process is requested by the hiring manager and approved by the Director, Recruitment and Talent Acquisition.

A **contingency** recruiter/agency earns a fee only when/if we hire someone. A **retained search** consultant is paid in advance to conduct a search that usually results in a hiring. The retained search firm is being paid to conduct the search. Use of such agencies should be limited, and the engagement will be initiated by the recruiter. The costs for such services are charged directly to the hiring department. Agreements with search firms must be approved by Supply Chain before recruitment begins. A complete list of approved search partners is maintained on the Talent Acquisition Sharepoint site.

Regular Part-Time Employment

The use of part-time employment is encouraged as appropriate to meet business needs. A regular part-time employee is an employee who fills an ongoing approved budgeted position, and works no more than 35 hours a week. Regular part-time employees may be eligible to participate in certain benefits and paid time off offered by the Company according to the terms of the Compensation and Benefits Policy and the Time, Attendance and Paid Time Off Policy.

Interns and Co-ops

American Water is supportive of a variety of programs designed to expose individuals, primarily college age students, to the water industry. Inspiring young people of all ages to take an interest in water resources, become active environmental stewards, and ultimately, turn these behaviors into career pursuits is the goal of the American Water “internship” programs. Programs include:

- **Internship:** Internships are typically one-time work or service experiences related to the student’s major or career goal. The internship plan generally involves students working in professional settings under American Water supervision and monitoring by practicing professionals. Internships are typically paid, and the student may or may not receive academic credit for performing the internship. (Note: The matter of pay is dictated by the Fair Labor Standards Act and applicable state or local law.)
- **Co-op:** Cooperative education (co-op) provides students with multiple periods of work in which the work is related to the student’s major or career goal. The typical program plan is for students to alternate terms of full-time classroom study with terms of full-time, discipline-related employment. Since program participation involves multiple work terms, the typical participant will work three or four work terms, thus gaining a year or more of career-related work experience before graduation. Virtually all co-op positions are paid and the vast majority involves some form of academic credit.
- **Part-time/seasonal:** Opportunities for applicants enrolled in college or trade school and have not yet completed their program. Applicants must be at least 18 years old.

All details, from inception to hire to exit, must be coordinated through Talent Acquisition and the HR business partners. Consistent messaging, onboarding, training and compliance is essential to a successful program, across all divisions and entities of American Water.

Employment of Relatives

Employment of more than one member of a family (e.g., parents, spouse, domestic partner, siblings, in-laws, children, step family, grandparent, aunt, uncle, niece, nephew) is permitted. Employment of someone who has a social relationship (friend, roommate, dating/intimate relationships) is permitted. Employment decisions are based on each applicant's qualifications and work history.

Employment of relatives/friends in positions where they would supervise or be subject to the supervision of a relative/friend, direct or control the work of a relative/friend, or have any review or sign-off responsibility with a relative/friend is prohibited. American Water reserves the right to make selection decisions that are in the Company's best interests. Decisions are based on selecting the most qualified candidate.

Temporary Staff

When temporary, or contingent, help is needed, hiring managers may request assistance from our managed service provider (MSP) by working with their respective HR business partner. All non-employees must successfully complete a criminal background check, which may be procured through the temporary agency; and proof of successful completion must be provided to the Company. Non-employees are temporary or contingent staff and are not employees of American Water, and therefore, are not eligible for compensation or benefits through American Water.

When requesting a temporary worker, the hiring manager must clearly define a specific expiration date for the assignment. American Water's managed service provider (MSP) will provide escalation reports to monitor those substitute or temporary workers who are nearing the recommended best practice threshold of 2,080 hours and/or 12 months. If there is a business case to retain a temporary worker for longer than the above defined period, the hiring manager will need to work with their respective HR Director to get an exception approved.

Generally, temporary workers can be given access to Company systems (i.e. SAP, ADP, myAccess) and Company property to fulfill the requirements of the assignment. Temporary workers **will not** have access to Employee Self-Service or Manager Self-Service and **will not have the ability to approve any transactions** on behalf of the company, such as purchases, invoices, and requisitions. All temporary workers will operate in an individual contributor capacity, and should not provide direct management of American Water employees.

Activities performed by temporary staff that could bind or commit American Water financially (such as purchasing, requisitioning, and contracting) must be reviewed and approved in advance by the HR business partner.

Consultants/Contractors (1099's)

An individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax¹.

The use of an Independent Consultant/Contractor (IC) by American Water shall be strictly monitored and approved by the Legal Department. The IC engagement will be evaluated for duration, business requirement and compliance factors.

Should the IC engagement be declined by the Legal Department, a person can be routed to our MSP to be brought into the company on a temporary worker requisition. Refer to the Delegation of Authority Policy for additional guidance. Authority for actions which are solely delegated to the Human Resources department are found in the Delegation of Authority Practice

Employee Referral Program

American Water recognizes that one of the leading sources of talent is our current employee population. In order to encourage our employees to refer talent from their network, the Company offers an employee referral program that enlists employee assistance in sourcing qualified candidates. The referral must be for a full-time position. Part-time, temporary, summer and co-op positions do not qualify.

¹ IRS.gov – Independent Contractor Defined 7.Jul.2016

Employees in salary levels 45 and below and who are not in the selection process, are eligible to refer a friend/family member to a posted position. Employees in salary levels 50 and above, Human Resources employees involved in the hiring process, or any employee directly involved in the selection process are not eligible for referral reward and should be encouraged to refer their network as good faith works to increase our talent base for the company's continued success as well as their own.

Employees who refer a candidate who would be considered a "rehire" are eligible for the referral reward provided the candidate has not worked for American Water and its subsidiaries in the past 12 months. The employee would be recognized as being responsible for referring the candidate to the attention of the company upon application. **NOTE:** *The HR business partner should be consulted to confirm that the candidate is eligible for rehire.*

Referrals must be sent through the Career Opportunities site to be eligible for the employee referral reward and the referred candidate must apply to the position through that link. The selected candidate must pass all pre-employment qualifications required for the position. If the selected candidate is hired and remains an active employee for ninety (90) calendar days, the referring employee will be eligible for a referral award. The referring employee must be an employee at the time of payment of the award and solely responsible for bringing the candidate to the attention of the Company upon application.

Payment structure is based on position type (standard vs. hard to fill), determined in advance by the HR business partner. Hard to fill positions are those that require unique skills and knowledge; are not readily replaceable; and/or have market scarcity.

The structure for employee referral bonuses is as follows:

Position Type	Amount
Standard	\$1,000
Hard to fill	\$2,000

Relocation

American Water may provide relocation assistance to reduce inconvenience and financial burdens incurred during the assignment of an exempt employee to a new work location.

All relocation assistance is provided through the Company's approved relocation vendor. Any employee who participates in the relocation program will be required to complete two (2) full years of service after the relocation is completed or will be required to reimburse the Company for the value of relocation benefits received on a pro-rated basis. For each full month the employee remains employed with the Company, the amount of reimbursement is reduced by one-twenty-fourth (1/24) of the gross relocation benefits received. Eligibility for relocation benefits is based on salary level. Employees should consult with their recruiter or HR business partner to determine whether or not relocation is available for their new or transfer position and to obtain additional information on the package for which they are eligible.

RELOCATION MATRIX

Relocation Package	AW Red	AW White	AW Blue	AW Red (MLS)	AW White (MLS)	AW Blue (MLS)	AW University/ College	AW FAR
Eligibility	Levels 35-22	Levels 45-40	Level 50+	Levels 35-22	Levels 45-40	Level 50+	Levels 35-22	Levels 45-22

Vacation Exceptions for New Hires

Vacation eligibility and hours awarded are outlined in the [Time, Attendance and Paid Time Off Policy](#). If a legitimate business need exists that warrants a vacation exception, written approval must be obtained from both the HR Director and Hiring Manager. Salary positions graded at level 35 and above may be considered for exceptions.

Sign-on Bonus

A sign-on bonus may be considered (a) for **new** employees with unique, critical skills or for critical occupations where there is a documented shortage in the labor market and recruitment or retention difficulty exists or (b) in an effort to replace income that someone is leaving behind to accept employment with American Water (i.e.

annual bonus payout). Bonus amounts are at the discretion of the hiring manager and must fall within the department budget.

Sign-on bonuses for salary level 50 and above not exceeding \$25K should be reviewed by the Director, Compensation. Sign-on bonuses exceeding \$25K require VP, Compensation and Benefits approval. Sign-on bonuses for salary level 45 and below exceeding \$5,000 must be approved by the Manager, Compensation. Sign-on bonuses will be paid out within the first 60 days of the employee's hire date and are processed by the HR business partner. In the event that the employee voluntarily leaves the Company in the first year of employment, the employee may be required to pay back a prorated portion based on time in position. Deviations from this requirement are treated as exceptions and need to be approved by the local senior business leader and HR Director.

Employee Agreements

Employees may be required to sign one or more of the following employee agreements:

- **Intellectual Property Agreement:** Required for all new hires. This agreement sets forth the rights and responsibilities of the employee/company concerning intellectual property created prior to and during employment with American Water and is required as a condition of employment, administered through the offer letter.
- **Confidentiality Acknowledgement:** Required for all non-union employees. This acknowledgement serves as a contract by which employees of American Water agree not to disclose confidential information that is shared as a necessary part of doing business.
- **Limited Non-Compete Agreement:** Active Technology & Innovation employees in salary grades 35-45 are required to sign this agreement defining limitations on future employment (with competing water utility companies) in the event they are voluntarily or involuntarily terminated from American Water.
- **Non-Compete, Non-Solicitation and Non-Disclosure Agreement:** Required for selected positions, newly hired or transfer/ promotion, based on job responsibilities and grade level. This agreement, subject to state law, serves as a covenant not to compete where designated employees agree not to enter into a similar professional capacity or trade in competition against American Water.

IV. DEFINITIONS

Special terms used within the Policy are defined in the respective sections.

V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VI. NON-COMPLIANCE

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

VII. CONTACT INFORMATION; MONITORING

Human Resources recruiters are responsible for monitoring all aspects of the recruiting and staffing process. The Talent Management Center of Expertise is responsible for monitoring the overall staffing and recruitment process.

POLICY DOCUMENT



Appendix – Summary of Policies & Practices Related to RECRUITMENT AND STAFFING POLICY

Policy	Related Practice
Recruitment and Staffing Policy	Recruitment and Staffing Practice
Delegation of Authority	Delegation of Authority

POLICY DOCUMENT



Regulation FD Policy

Policy Number: POL-LEG07

Executive Sponsor: EVP, General Counsel & Corporate Secretary

Applicability: American Water Works Company, Inc., and its subsidiaries (together “American Water” or the “Company”)

Document Approver: Chief SEC & Corporate Governance Counsel

Effective Date: 03/01/2020

Document Owner: Director, Corporate Counsel

I. PURPOSE

This Policy:

- promotes compliance with Regulation FD (Fair Disclosure) by personnel of American Water;
- describes the authority of personnel of American Water to communicate with market participants; and
- ensures proper and consistent communications by authorized spokespersons with market participants.

This Policy applies to all directors, officers, employees, and contractors of the Company, including external directors of the subsidiaries of American Water.

II. POLICY STATEMENT

The Securities and Exchange Commission (the “SEC”) has adopted a set of rules, Regulation FD, which prohibits the selective disclosure of material nonpublic information by the Company or senior officials thereof, to certain market participants and investors, or “Enumerated Persons,” as described in Section IV. Selective disclosure occurs when a company or its senior officials discloses material nonpublic information, such as earnings information, to certain market participants or investors, before disclosing the information to the general public.

The Company is committed, consistent with legal and regulatory requirements, to maintaining an active and open dialogue with its existing and potential investors. However, it is also important to ensure that communications with Enumerated Persons with respect to material, nonpublic information is not selectively disclosed in violation of Regulation FD.

III. AUTHORIZED SPOKESPERSONS

The Company’s Chief Executive Officer, Chief Financial Officer and the Vice President, Investor Relations, or his or her designee (collectively, the “Authorized Spokespersons”) are authorized to communicate with Enumerated Persons. The Vice President, Investor Relations, or his or her designee, is responsible for coordinating communications by the Chief Executive Officer and the Chief Financial Officer. All other officers, directors, employees or contractors of the Company may not communicate with Enumerated Persons, except for permitted communications described under Section V or when specifically authorized to do so by an Authorized Spokesperson and only when an Authorized Spokesperson is present.

Inquiries from analysts, investors and other Enumerated Persons received by any person other than an Authorized Spokesperson should be forwarded to the Vice President, Investor Relations, or his or her designee. Under no circumstances should any attempt be made to respond to these inquiries without prior authorization from the Chief Executive Officer, Chief Financial Officer or Vice President, Investor Relations, or his or her designee.

IV. ENUMERATED PERSONS

Except as provided for under Section V, this Policy prohibits selective disclosure to certain market participants or investors, referred to as Enumerated Persons, including:

- broker-dealers and persons associated with them, including investment analysts;
- investment advisers, certain institutional investment managers and their associated persons;
- investment companies, hedge funds, and affiliated persons; and
- any investor under circumstances in which it is reasonably foreseeable that the investor would purchase or sell securities on the basis of the information.

V. PERMITTED COMMUNICATIONS

Notwithstanding anything to the contrary in this Policy, the following communications by persons other than Authorized Spokespersons with Enumerated Persons are not prohibited by this Policy:

- ordinary course communications among employees or directors on matters that are related to the employees' or directors' duties at the Company;
- ordinary course communications between employees or directors and Enumerated Persons on matters that are related to the employees' or directors' duties at the Company;
- ordinary course communications with customers, suppliers or strategic partners;
- communications with the press or news organizations, or any government agency; and
- communications with third parties, such as legal counsel, accountants and investment bankers, who owe the Company a duty of trust or confidence or have expressly agreed to keep the communicated information confidential.

All communications, even if not prohibited by this Policy, are subject to the Company's Insider Trading and Prohibited Transactions Policy, the Personal Securities Trading and Preclearance Practice, and the Code of Ethics.

VI. PUBLIC DISCLOSURE OF MATERIAL COMPANY INFORMATION

Whenever an Authorized Spokesperson desires to disclose or discuss nonpublic Company information with anyone who is or might be an Enumerated Person, there must be a determination made prior to such disclosure, and, to the extent practicable, in consultation with the Company's Chief SEC Counsel or his or her designee, whether the information is material.

Information is considered "material" if a reasonable investor would consider that information important in the context of the total mix of information in making a decision to buy, hold or sell a Company security. Any information that could reasonably be expected to affect the price of the Company's securities, whether positive or negative, should be considered material. There is no bright-line standard or numerical test for assessing materiality, even with respect to financial information or similar data.

Some examples of information that could be regarded as material are:

- Quarterly and annual earnings or losses and other similar financial information;

- Earnings guidance or projections about earnings or other financial information; including amendments to or confirmations of any previously announced guidance, or the decision to suspend the use of such guidance;
- Dividend changes;
- A current, proposed or contemplated offering of securities;
- Establishing, modifying or terminating a repurchase program for securities;
- Pending or proposed acquisitions, mergers, joint ventures, divestitures or tender offers;
- Pending or proposed new or expanding businesses, products or services, including establishing new service territories;
- The acquisition or loss of a significant contract or customer;
- A restructuring of assets, personnel or operations;
- Significant changes to the Board of Directors or senior management;
- Significant related party transactions;
- Bank borrowings or other financing transactions, other than in the ordinary course of the Company's business;
- Regulatory developments of significant impact;
- Pending or threatened significant litigation, including the resolution of or other significant developments in such litigation;
- Severe liquidity problems or impending bankruptcy;
- A significant disruption to the Company's operations;
- A loss or potential loss, or breach or unauthorized access, to its properties or assets, including infrastructure, facilities or information technology;
- A change in auditors or notification that the auditor's reports may no longer be relied upon; or
- An imposition of a ban on trading in securities.

If the determination is made that the information to be disclosed is material, the information must be disclosed via a means reasonably designed to provide broad, non-exclusionary distribution to the public before or at the same time that the information is disclosed to the Enumerated Person. Methods of broad, public distribution include filing a Form 8-K or issuing a press release through one or more widely circulated national news or wire services.

If the Company learns that it has unintentionally disclosed material nonpublic information, it must publicly disseminate the information as soon as reasonably practicable, but no later than either 24 hours after discovery of the unintentional disclosure or prior to the commencement of the next day's trading on the New York Stock Exchange, if later. If an unintentional disclosure is made, an Authorized Spokesperson should immediately notify the Chief Financial Officer or Vice President, Investor Relations, and ask the recipient, in writing, to keep the disclosed material nonpublic information confidential.

If a director or an employee of the Company learns of information that causes the employee to believe that a disclosure (other than forward-looking disclosures) may have been misleading or inaccurate when made or may no longer be true, such person should report that information immediately to the Chief SEC Counsel and the Vice President, Investor Relations, or their respective designee.

VII. EARNINGS CALLS

The public must be given adequate advance notice of any public conference call, including quarterly earnings conference calls and webcasts. Reasonable advance public notice of each public conference call or webcast will be made by issuing a press release through a national news or wire service.

Quarterly earnings conference calls will be recorded and posted on the Company's website within 24 hours following the call. Web replay of the calls will be available for a reasonable period of time after the conference call, as determined by the Vice President, Investor Relations with the advice of the Chief SEC Counsel and Communications departments.

VIII. GUIDANCE, QUIET PERIOD AND ANALYST REPORTS

No one, including any Authorized Spokesperson, may provide “comfort” with respect to any earnings guidance or estimate, or otherwise “walk the Street” up or down (i.e., suggest adjustments to an analyst’s estimates). If an analyst inquires as to the reliability of a previously, publicly disseminated projection, the spokesperson should follow the “no comment” policy noted below. Any “comfort” or discussions of earnings guidance will be deemed an update and must be disseminated in accordance with Regulation FD and this Policy.

Other than publicly disseminated statements, the Company will observe a “quiet period,” during which the Company shall not comment on its earnings estimates or other prospective financial results for the period for the Company. The quiet period will begin 14 days prior to the scheduled quarter-end earnings call date and continue until the Company’s earnings information for the applicable period is filed with the SEC.

The Company does not comment or provide feedback on earnings or financial models or the conclusions, recommendations or opinions contained in analyst reports. Any comments by an Authorized Spokesperson on an analyst report must be limited to correcting factual errors in publicly available, historical information, or mathematical errors. No Company employee should distribute copies of, or refer to, analyst’s reports to anyone outside the Company, except to third parties that owe the Company a duty of trust or confidence.

IX. ANALYST MEETINGS, INVESTMENT BANKER CONFERENCES AND ROADSHOWS

The Company may, from time to time, participate in analyst meetings, investment banker conferences and non-deal roadshows. Prior to the meeting, conference or roadshow, the Company will disclose either through a press release, an open conference call or a webcast, or any combination of these methods, any material information that is not already public and which may be discussed or presented at the meeting, conference or the roadshow.

X. USE OF SOCIAL MEDIA AND NETWORKS

Use of social networks, including corporate blogs, employee blogs, chat boards, Facebook, Twitter and similar modes of communication, to disclose material, nonpublic information is considered selective disclosure and is a violation of Regulation FD and this policy. The use of social media and networks is covered separately by the Company’s [Social Media Guidelines Practice](#).

XI. RUMORS

The Company does not comment on or respond to rumors, except as may be required by the New York Stock Exchange pursuant to its Timely Alert/Material News Policy. When it is learned that rumors about the Company are circulating, unless further disclosure is required, Authorized Spokespersons should state only that it is Company policy to not comment on rumors.

XII. NON-COMPLIANCE

Violations of Regulation FD are subject to enforcement actions by the SEC, which may include an administrative action seeking a cease-and-desist order, or a civil action against the Company or an individual seeking an injunction, an officer or director bar, and/or civil money penalties. In addition, an individual’s failure to comply with this Policy may subject the individual to Company-imposed sanctions, including termination of employment or service for cause, whether or not the individual’s failure to comply results in a violation of Regulation FD or other applicable law or regulation.

XIII. STRATEGIC OBJECTIVE

This Policy addresses strategic objectives for compliance with Regulation FD, and to provide guidance on communications with Enumerated Persons and by Authorized Spokespersons.

XIV. WAIVERS; MODIFICATIONS

Compliance with this Policy cannot be waived. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different or additional policies and practices at any time.

XV. DEFINITIONS

The following definitions apply to this Policy:

- **Authorized Spokespersons** mean:
 - the Company's Chief Executive Officer;
 - the Company's Chief Financial Officer;
 - the Company's Vice President, Investor Relations, or his or her designee; and
 - other officers or employees of the Company, to the extent
 - such officers or employees are specifically authorized by the Chief Executive Officer or the Chief Financial Officer to speak with an Enumerated Person with respect to a particular topic or for a particular purpose, and
 - the Chief Executive Officer, the Chief Financial Officer or the Vice President, Investor Relations is also present.
- **Enumerated Persons** mean:
 - broker-dealers and persons associated with them, including their investment analysts;
 - investment advisers, certain institutional investment managers and their associated persons and analysts;
 - investment companies, hedge funds, and affiliated persons; and
 - any investor under circumstances in which it is reasonably foreseeable that the investor would purchase or sell securities on the basis of the disclosed, material nonpublic information.
- **Form 8-K** is an SEC form that the Company is required to file after a reportable event occurs, or that may be used to publicly disclose information in compliance with Regulation FD.
- **Regulation FD** is a regulation promulgated by the SEC that prohibits public companies from selectively disclosing material nonpublic information to market participants and investors.
- **SEC** means the U.S. Securities and Exchange Commission.

XVI. CONTACT INFORMATION

Any person who has a question about this Policy or its application should obtain additional guidance from the Company's Chief SEC Counsel, or his or her designee, or, in their absence, from the Company's General Counsel

POLICY DOCUMENT



REGULATORY ACCOUNTING POLICY

Policy Number: POL-ACCT02

Applicability: American Water Works Company, Inc. and its subsidiaries (the “company”)

Effective Date: 12/1/2018

Executive Sponsor: Vice President & Controller

Document Approver: Assistant Controller

Document Owner: Divisional Controller

I. PURPOSE

This policy establishes requirements to be followed when accounting for regulatory activities. It addresses timing, key methods, approvals, recognition, reporting and roles/responsibilities.

II. POLICY STATEMENT

This policy addresses the strategic objectives to identify regulatory assets and regulatory liabilities to be recognized under U.S. Generally Accepted Accounting Principles (GAAP). This section contains guidance relevant to accounting for regulatory assets and liabilities. Unless otherwise specified, this policy establishes requirements that are to be followed by employees involved in regulatory accounting activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

Regulatory Asset and Liability Accounting

Regulatory assets and liabilities are accounted for in accordance with the Accounting Standards Codification (ASC) 980, Regulated Operations. Under the guidance of ASC 980, regulated companies are allowed to defer costs and credits on their balance sheet as regulatory assets and liabilities when it is probable that those costs and credits will be recognized in the rate making process in a period different from the period in which they would have been reflected in income by an unregulated company. These deferred regulatory assets and liabilities are then reflected in the income statement in the period in which the same amounts are reflected in the rates charged for service.

Rate Orders

Final general rate case approval is documented in the Memorandum of Approved Rate Case Changes (“Accounting Memo”) that is approved no later than 15 business days after the date of the final rate order. Based on the terms of the final rate order, appropriate adjustments are made in the general ledger and are reported in the financial statements on a timely basis. Other rate orders or actions by the regulating body that will cause a change in the regulated accounting of the company will be communicated through Regulatory Asset and Liability Authorization Forms (“authorization form”). Authorization forms are updated and reapproved when there is a significant change to the life, value or validity of the regulatory item. A new form is not required for an item that is disallowed and written off.

III. RESPONSIBILITIES

- Accounting
 - Ensure proper establishment of, and accounting for, regulatory assets and liabilities.
 - Prepare, review and approve authorization forms prior to establishing a regulatory asset or liability.

POLICY DOCUMENT



- Regulatory Operations
 - Prepare, review and approve authorization forms and provide associated support.
 - Notify Accounting and Tax of changes needed to previously approved authorization forms.
 - Maintain approved authorization forms.
 - Conduct review meetings before quarter end to assess whether the regulatory assets and liabilities meet the criteria for probable future recovery and document results through issuance of meeting minutes with a copy sent to the VP & Controller.
 - Prepare the Accounting Memo and submit it to be approved no later than 15 business days after the date of the rate order.
- Regulatory Services
 - Approve authorization forms.
- Income Tax Department
 - Notify the operating unit Rates Department of a change in a tax rate and discuss impact of recoverability of income taxes through rates.
 - Draft and approve authorization forms related to income taxes.

IV. DEFINITIONS

- Regulatory Asset - Costs that have been deferred to future periods when it is probable that the regulator will allow for recovery through rates charged to customers.
- Regulatory Liability - Revenues received from customers to fund expected costs that have not yet been incurred, or amounts received that are required to be refunded to ratepayers through future rate reductions.
- Regulatory Authorization Form - The form that authorizes the establishment of (or change to) a regulatory asset or liability in the general ledger.
- Quarter End – March 31, June 30, Sept. 30 and Dec. 31

V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team (ELT) sponsor of this policy, or his or her designee. The ELT sponsor, or his or her designee, is responsible for tracking requests for waivers and decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VI. NONCOMPLIANCE

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

VII. CONTACT INFORMATION; MONITORING

Nicole DeFeo, Divisional Controller
Daniel Manes, Assistant Controller

POLICY DOCUMENT



Next Review By: 12/31/2021

Approval Date: 12/1/2018

POLICY DOCUMENT



Appendix – Summary of Practices Related to Regulatory Accounting

Policy	Related Practices
Regulatory Accounting	Regulatory Accounting Practice
	Journal Entry Practice

Related Person Transaction Policy

Policy Number: POL-LEG02

Effective Date: 01/01/18

Applicability: American Water Works Company, Inc., and its subsidiaries (collectively, “American Water” or the “Company”)

ELT Sponsor: Executive Vice President, General Counsel and Secretary

Document Author: Chief SEC & Corporate Governance Counsel

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 the Company’s filings with the Securities and Exchange Commission; or
- unless properly approved, be challenged by a stockholder of the Company under Section 144 of the General Corporate Law of the State of Delaware.

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

II. POLICY STATEMENT

Related person transactions are prohibited unless prior written approval is granted in accordance with this Policy. Because of the nature of related person transactions, they 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 does not exist. 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* is:

- a person who is, or was at any time during the Company’s current or last completed fiscal year:
 - a director or executive officer, including directors and executive of subsidiaries of the Company; or
 - a director nominee
- a person who, at the time in which a related person transaction occurred or existed
 - is an employee (other than an executive officer) of the Company or any subsidiary; or
 - beneficially owns (as defined under the Securities Exchange Act of 1934, as amended, and related rules) more than 5% of any class of any of the Company’s voting securities (a “5% Shareholder”)
- an immediate family member of any of the foregoing

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.

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 director 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;
- a transaction that is specifically contemplated by provisions of the governing documents of the Company or any subsidiary;
- 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; or
- employment by the Company or any subsidiary 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.

Before any related person transaction is approved, the following factors should be considered:

- 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 of, and the potential benefits to the Company of, the transaction; and
- any other information regarding the related person transaction or the related person that are material 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 only so long as those interests outweigh any negative effects that may arise from allowing the transaction to occur. The approver may, in its sole discretion, impose such conditions as it deems appropriate on the Company or the related person in connection with approval of the related person transaction.

III. RESPONSIBILITIES

Approval for a related person transaction may only be granted in writing in advance by the following:

- related person transactions involving corporate officers and directors of the Company, or any employee in salary grade levels 60 through 100 may be approved only by the disinterested members of the Audit Committee (the "Audit Committee") of the Board of Directors of American Water Works Company, Inc. (the "Board"), or the disinterested members of the Board
- related person transactions involving all other employees or directors of a subsidiary or affiliate of American Water may be approved only by the Ethics Committee. The Ethics Committee may, at its discretion, refer such matters to the Audit Committee for its decision, but will in any case report all such approvals to the Audit Committee.
- The Ethics Committee may, in its discretion, delegate review and approval of related person transactions to the Company's Chief Compliance Officer if (i) the transaction is otherwise subject to its review and approval of the Ethics Committee and (ii) the dollar value of the amount involved in the related person transaction is less than \$5,000. Such delegation will be in writing and will be communicated to the Audit Committee.

Any decision approved by the Board must be communicated promptly to the Audit Committee and the Ethics Committee.

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

- The material facts as to a director's or officer's relationship or interest and as to 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 executive officers shall be reviewed and, if appropriate, approved by the Executive Development and Compensation Committee of the Board (or a group of independent directors of the Company performing a similar function) in the manner specified in that committee's charter.

All approvals granted under this Policy must be reported to the General Counsel, or his or her designee, and to the Chief SEC & Corporate Governance 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.

IV. STRATEGIC OBJECTIVE

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.

V. MONITORING

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.

VI. WAIVERS

Compliance with this Policy cannot be waived.

VII. NON-COMPLIANCE

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

Next Review By: 11/30/2020

Approval Date: 12/08/2017

Last Reviewed: 10/31/2017

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

Policy	Related Practices
Code of Ethics	

Reviewed By	Version Reviewed	Key Comments/Changes
Jeffrey M. Taylor, Chief SEC & Corporate Governance Counsel	Version 1	First attempt at policy revision for discussion purposes.
Michael A. Sgro, Executive Vice President, General Counsel and Secretary	Version 2	Basic feedback.
Linda G. Sullivan, Executive Vice President and Chief Financial Officer	Version 3	Stakeholder feedback.
Walter J. Lynch, Executive Vice President and Chief Operating Officer	Version 3	Stakeholder feedback.
Jeffrey M. Taylor, Chief SEC & Corporate Governance Counsel	Version 4	Incorporated feedback and cleanup; prepared for submission.

Names in **bold** have reviewed multiple versions of the document.



RESPECT AND DIGNITY IN THE WORKPLACE POLICY

Policy Number: POL-HR11

Effective Date: 10/19/2018

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Executive Sponsor: Senior Vice President, Human Resources
Document Approver: Director, HR Business Partner
Document Owner: Director, Employment and Labor Counsel

RESPECT AND DIGNITY IN THE WORKPLACE POLICY

PURPOSE

American Water is committed to a workplace in which all individuals are treated with mutual respect and dignity. In keeping with our values, American Water has zero tolerance for discrimination, harassment or retaliation as described in this policy. This means the Company will not tolerate any form of discrimination, harassment or retaliation by or towards any employee, vendor, customer, or other person in our workplace. Also, such behaviors are not allowed at a customer location, while operating a company vehicle, in public locations, or on our job sites. This policy also prohibits discrimination, harassment or retaliation while on Company business trips, or at business related social events or at any time outside of work. It is important to understand that discrimination, harassment and retaliation that occurs outside of work is still prohibited by this policy because it may impact the Company, its reputation or its name. A guiding principle of your employment with the Company is to treat **everyone** with respect and dignity and always be professional and courteous.

POLICY STATEMENT

This policy applies to many situations and many different behaviors. So, we have included sections about our commitment to equal employment and non-discrimination, to a harassment free workplace, and one describing other types of harassment. We have also included sections about a couple of areas that people do not always think about when they think of respect and dignity at work: using emails, texts and social media, and romantic or sexual relationships between Company employees. These are two places this policy applies but as you know, they are not the only two places it applies.

- **Emails, Social Media and other Computer Systems**

The use of e-mail, text messaging, voicemail, social media programs, like Facebook®, Twitter®, Instagram® or Snapchat® to name a few, or the Internet can be violations of this policy because they can be acts of discrimination, retaliation or harassment. Employees may not generate, forward, share or post any message, picture or image that the Company considers offensive based on race, sex, gender, age, national origin, or any other protected characteristic set forth in this policy or protected under federal, state or local law. It does not matter if an employee claims the offensive material was intended as “humor” Although using Company systems, platforms or software for such material is strictly prohibited, it does not matter if the messages, pictures or images were generated or received on personal email, texts, social media or other electronic means if the employee is in anyway associated with American Water. Employees who post discriminatory, harassing or other improper content online may be subject to disciplinary action, up to and including termination of employment, even if they have not explicitly identified themselves as American Water employees in their posting.

- **Consensual Relationships**

Consensual romantic and/or sexual relationships in the workplace can create a risk of harassing, discriminatory or other improper conduct. Sometimes, because of an employee’s position in the Company, they are never allowed to have a romantic or sexual relationship with another employee. Under this policy, a romantic or sexual relationship may exist even after only a short time. In fact, even a single romantic or sexual encounter can constitute a “relationship” under this policy. If employees are in such relationship the Company will consider the situation carefully and, if appropriate, will take action.

POLICY DOCUMENT



The Company may make a change in the responsibilities of the employees involved in the relationship or make a transfer of location within the office to diminish or eliminate the workplace contact between the employees. The following guidelines govern romantic or sexual relationships between Company employees:

- Consensual relationships between members of the Company’s Executive Leadership Team and other employees within the Company are prohibited.
- No employee holding a managerial or supervisory position may engage in a consensual relationship with a Company employee in his or her chain of command.
- While managerial or supervisory employees may engage in consensual relationships with other employees who are not in their chain of command, employees involved in such relationships must be careful to avoid letting their relationship become harassing or discriminatory, or adversely impact their work performance and must maintain professionalism in the workplace at all times.
- Consensual relationships that may create a conflict of interest or create circumstances of undue influence also are prohibited.
- Sexual activity in the workplace or in any location where individuals are conducting business on behalf of the Company is strictly prohibited.

These guidelines apply to all Company employees, as well individuals who are temporary or contract workers for the Company.

Commitment to Equal Employment Opportunity and Non-Discrimination

American Water is committed to ensuring equal employment opportunity for all employees, including qualified employment applicants. Discrimination in employment on the basis of any classification protected under federal, state or local law is a violation of our policy and is illegal. Equal employment opportunity is provided to all employees and applicants for employment without regard the following characteristics (“protected characteristics”):

- Race
- color
- religious creed
- sex (including pregnancy, childbirth, breastfeeding and related medical conditions)
- sexual orientation
- gender identity or expression
- genetic information
- disability (whether mental, intellectual, learning, or physical)
- ancestry
- national origin
- alienage or citizenship status
- denial of medical, or family care leave
- age
- medical condition
- marital status
- engagement in protest of illegal discrimination related to one of these categories
- military status
- veteran status
- pregnancy disability leave
- Any other factor prohibited under federal, state or local law.

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This equal employment opportunity policy applies to all employment policies and practices, including but not limited to recruiting, hiring, advertising, promotion, transfer, reductions in force, training, employee development, compensation and fringe benefits, discipline and termination.

Because this policy is core to our values and how we operate, any employee who has a question or concern regarding this policy should bring it to the attention of his or her manager or Employee Relations Business Partner or the confidential ethics hotline at 1-877-207-4888. Any person found to have violated this policy will be disciplined, up to and including termination. Any applicant or employee filing a complaint or assisting in the investigation of a complaint is protected from retaliation, coercion, intimidation, interference, and discrimination.

Commitment to a Harassment Free Workplace

American Water has a longstanding commitment to maintaining a work environment that respects the dignity and worth of each individual. Inappropriate workplace behavior and unlawful harassment are wholly inconsistent with this commitment, and create the potential to damage the Company's reputation. The purpose of this policy is not to regulate the personal morality of employees, but rather to allow a work environment that is free from all forms of harassment based on any protected characteristic.

No Tolerance For Discriminatory Harassment: American Water has zero tolerance for any discriminatory harassment, including sexual harassment, and considers it to be a form of employee misconduct and a serious offense. American Water expects its employees to avoid any behavior that could be interpreted or perceived as discriminatory harassment. This policy applies to all discriminatory harassment occurring in the work environment whether at the company, or in other work-related settings, and applies regardless of the gender of the individuals involved. This policy covers all American Water employees (including supervisory or managerial employees) and applicants for employment. This policy also covers unlawful discriminatory harassment and retaliation by or towards a non-employee (e.g., customers, family members, suppliers, volunteers, contractors, interns, third party employees, etc.) to the extent that it affects the work environment or interferes with the performance of work. Anyone who believes that he or she has been harassed should report the problem using the procedures in this policy. American Water will investigate a reported incident to the extent practicable and will take remedial action where appropriate.

Sexual Harassment Defined: For purposes of this policy, sexual harassment includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual or gender-based nature when:

- submission to such conduct is either explicitly or implicitly made a term or condition of an individual's employment; or
- submission to or rejection of such conduct is used as the basis for employment decisions affecting the individual; or
- such conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile, or offensive working environment.

Some examples of what may constitute sexual harassment are: threatening or taking adverse employment action, such as discharge or demotion, if sexual favors are not granted; demands for sexual favors, whether or not in exchange for favorable or preferential treatment; unwelcome and repeated flirtations, propositions or advances; unwelcome physical contact; whistling; leering; improper gestures; offensive, derogatory or degrading remarks; unwelcome comments about appearance; sexual jokes or use of sexually explicit or offensive language; gender or sex-based pranks; the display of sexually suggestive objects or pictures in work areas; and the communication of any of the above via any electronic means, including via text messages or internet/social media postings. This list of examples is not intended to be all-inclusive.

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Sexual harassment may involve individuals of the same or different gender and is prohibited whether directed toward men or women and regardless of whether the targeted individual accepts or rejects the advances or other offensive behavior. Sexual harassment may also occur even when the behavior at issue is found to be offensive to individuals other than the person to whom the harassment was directed.

Other Harassment Defined: For purposes of this policy, other discriminatory harassment is defined as verbal or physical conduct that denigrates or shows hostility or aversion toward an individual because of any protected characteristic, and that:

- creates an intimidating, hostile, or offensive work environment; or
- unreasonably interferes with an individual's work performance.

Some examples of such harassment are: using epithets or slurs; mocking, ridiculing or mimicking another's culture, accent, appearance or customs; threatening, intimidating or engaging in hostile or offensive acts based on an individual's race, color, gender, sexual orientation, religion, national origin, disability, veteran status or any other protected characteristic; displaying on walls, bulletin boards, or elsewhere in the company, or circulating in the workplace, written or graphic material that denigrates or shows hostility toward a person or group because of an individual's race, color, gender, sexual orientation, age, religion, national origin, disability, veteran status or any other protected characteristic. This list of examples is not intended to be all-inclusive.

Reporting Policy Violations

Employees who believe they have been the subject of discriminatory, retaliatory or harassing conduct defined in this policy, should promptly report the matter to either their manager, their Employee Relations Business Partner, the Confidential Ethics Hotline at 1.877.207.4888, or by completing the Complaint Form attached in Appendix B.

Reporting Responsibilities of Employees and Supervisors

If an employee believes he or she has witnessed prohibited harassment, discrimination, retaliation or other inappropriate behavior as defined in this policy, the employee also must notify his or her manager, their Employee Relations Business Partner or contact the Confidential Ethics Hotline at 1.877.207.4888.

Employees with supervisory or managerial responsibilities over one or more other employees must report any complaints of violations of this Policy to Human Resources or the Confidential Ethics Hotline (1.877.207.4888) for prompt investigation. Supervisory or managerial employees who fail to report complaints of violations of this Policy may be subject to corrective action.

Investigation of Complaints

American Water is committed to promptly investigating every complaint and effectively resolving any instance of harassment or discrimination. The steps taken during an investigation will vary depending upon the nature of the allegations. Each person making a complaint, the alleged harasser/discriminator and all knowledgeable employees have an obligation to cooperate fully with an investigation. The investigation may include individual interviews with those involved and, when necessary, with individuals who may have observed the alleged conduct or may have relevant knowledge. Confidentiality will be maintained throughout the investigation to the extent practical and appropriate under the circumstances, considering the sensitive interests of all concerned.

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Protection Against Retaliation

The Company will not tolerate any coercion, intimidation or retaliation directed at any individual who objects to prohibited discrimination or harassment, makes a complaint, assists in an investigation, or assists or testified in related proceedings. Retaliation is unlawful and a serious violation of this policy and will be treated with the same corrective action as the harassment or discriminatory conduct itself. Acts of retaliation must be reported immediately to a manager, their Employee Relations Business Partner or to the Confidential Ethics Hotline at 1.877.207.4888 and will be investigated promptly.

Illinois Employees: Certain employees who make good faith reports of sexual harassment may be protected from retaliation by the Illinois State Officials and Employee Ethics Act, the Illinois Whistleblower Act, and/or the Illinois Human Rights Act.

New York Employees: Discriminatory harassment (including sexual harassment) and retaliation are prohibited by Title VII of the Civil Rights Act of 1964 and the New York State Human Rights Law. Individuals who feel they may have suffered from violations of these laws (or applicable local laws) may, in addition to the utilizing the reporting mechanisms above, pursue redress through a civil action or by means of an administrative charge through the U.S. Equal Employment Opportunity Commission or the New York State Division of Human Rights.

Responsive Action

Any person found to have committed prohibited discrimination, harassment and/or retaliation will be subject to disciplinary action including, but not limited to, oral or written reprimand, referral to formal counseling, disciplinary suspension, or termination of employment.

Knowingly False or Bad Faith Malicious Accusations

Knowingly false or bad faith complaints of prohibited harassment - as opposed to complaints that, even if erroneous, are made in good faith - may be the subject of appropriate corrective action.

POLICY DOCUMENT



Appendix A – Summary of Policies & Practices Related to RESPECT AND DIGNITY IN THE WORKPLACE

Policy	Related Practice
Respect and Dignity in the Workplace	Respect and Dignity in the Workplace
Code of Ethics	
Workplace Conduct and Behavior	Workplace Conduct and Behavior

POLICY DOCUMENT



Appendix B – Complaint Form for Reporting Sexual Harassment

Complaint Form for Reporting Sexual Harassment

New York State Labor Law requires all employers to adopt a sexual harassment prevention policy that includes a complaint form to report alleged incidents of sexual harassment.

If you believe you have been subjected to sexual harassment, you are encouraged to complete this form and submit it to the Compliance and Ethics department via email to: aw-coe@amwater.com If you are more comfortable reporting verbally you can contact the **Confidential Hotline at: 877-207-4888**

All claims of sexual harassment will be investigated.

For additional resources, visit: ny.gov/programs/combating-sexual-harassment-workplace

COMPLAINANT INFORMATION:

Name:	Work Location:
Work Address:	Work Phone:
Job Title:	Email:
Select Preferred Communication Method:	<input type="checkbox"/> Email <input type="checkbox"/> Phone <input type="checkbox"/> In Person

SUPERVISORY INFORMATION:

Immediate Supervisor's Name:	
Work Address:	Work Phone:
Job Title:	

POLICY DOCUMENT



Appendix B – Complaint Form for Reporting Sexual Harassment

COMPLAINT INFORMATION:

1. Your complaint of Sexual Harassment is made about:

Name:	Title:
Work Address:	Work Phone:
Relationship to you:	<input type="checkbox"/> Supervisor <input type="checkbox"/> Subordinate <input type="checkbox"/> Co-Worker <input type="checkbox"/> Other

2. Date(s) sexual harassment occurred:

Is the sexual harassing continuing? Yes No

3. Please list the name and contact information of any witnesses or individuals who may have information related to your complaint.

The last question is optional, but may help the investigation.

4. Have you previously complained or provided information (verbal or written) about related incidents? If yes, when and to whom did you complain or provide information?

If you have retained legal counsel and would like us to work with them, please provide their contact information.

Signature: _____ Date: _____

POLICY DOCUMENT



REVENUE AND RECEIVABLES POLICY

Policy Number: POL-FIN05

Applicability: American Water Works Company, Inc. and its subsidiaries (the “Company”)

Effective Date: 4/30/2019

Executive Sponsor: Vice President & Controller

Document Approver: Assistant Controller

Document Owner: Divisional Controller

I. PURPOSE

This policy provides the requirements to conduct activities related to revenue and accounts receivable (receivables). It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to billing, revenue recognition (including unbilled revenue and allowance for doubtful accounts), cash receipts, and cash collections. The Company complies with federal, state, and local regulatory requirements applicable to billing, collecting and accounting for revenue and receivables. These activities are recorded in accordance with accounting principles generally accepted in the United States (GAAP). Unless otherwise specified, this policy establishes requirements to be followed by all employees involved in revenue and receivables activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

Billing

Customer accounts are established after evaluation and approval by the Customer Service Center.

- Billing Amounts and Frequency

For regulated activities, bills are generated at a frequency in accordance with a tariff approved by the state Public Utility Commission (Commission) or other regulatory bodies. Estimated meter reads are permitted under certain conditions based on regulatory and Company requirements, with actual meter reads being obtained in subsequent periods as required. Budget billing plans may be used when appropriate in accordance with regulatory requirements.

For MBB, customers are billed in accordance with contractual terms and conditions.

- Billing Adjustments

Billing adjustments are made to correct billing errors, assess or remove fees, and make other discretionary adjustments. These adjustments are approved in accordance with the Delegation of Authority and posted to the current accounting period.

- Late Payment Charges

Late payment charges are applied as permitted by regulations and contractual provisions.

Revenue Recognition

Qualifying revenues are recognized in accordance with Accounting Standards Codification (“ASC”) Topic 606, Revenue From Contracts With Customers, and all related amendments (collectively, “ASC 606” or the “standard”), Revenue associated with alternative revenue programs and lease contracts are outside the scope of ASC 606 and accounted for under other existing GAAP.

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract’s transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

- Regulated Businesses Revenue

Revenue is generated primarily from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and wastewater services, as the promise to transfer the individual good or service is not separately identifiable from other promises within the contract and, therefore, is not distinct. Revenues are recognized over time, as services are provided. There are generally no significant financing components or variable consideration. Revenues include amounts billed to customers on a cycle basis, and unbilled amounts calculated based on estimated usage from the date of the meter reading associated with the latest customer bill, to the end of the accounting period. The amounts that the Company has a right to invoice are determined by each customer’s actual usage, an indicator that the invoice amount corresponds directly to the value transferred to the customer.

- Interim Rate Revenue

Certain subsidiaries who have recently filed for new customer rates are authorized by the Commission to bill customers for the service provided under interim rates, which is subject to refund dependent on the amount ultimately authorized in the final rate order. In such cases, the Company conducts a probability based assessment of the likely outcomes to determine the percentage of billed revenue to be recognized until a final Commission order is issued. A reserve liability is recorded against revenue related to interim rates if the Company makes a determination that it is probable that the Commission will ultimately authorize a lower amount. This treatment is aligned with ASC 606-10-32-10 which requires that an entity recognize a refund liability if the entity receives consideration from a customer and expects to refund some or all of that consideration to the customer.

- Alternative Revenues

Revenue associated with alternative revenue programs is outside the scope of ASC 606 and accounted for under other existing GAAP.

Three of our jurisdictions, California, Illinois and New York, have adopted revenue stability mechanisms which permit us to collect state Commission authorized revenue for a given period, which is not tied to the volume of water sold during that period, thereby lessening the impact of weather variability. The Company records increases or decreases to revenue for the difference between what it billed to its customers and that which was authorized by the Commission, with an offset to a regulatory asset or liability balancing account.

Alternative revenue is recognized according to ASC 980-605-25-4, which permits recognition of revenue if all of the following conditions are met: (i) The program is established by an order from the utility's regulatory commission that allows for automatic adjustment of future rates. Verification of the adjustment to future rates by the regulator would not preclude the adjustment from being considered automatic. (ii) The amount of additional revenues for the period is objectively determinable and is probable of recovery. (iii) The additional revenues will be collected within 24 months following the end of the annual period in which they are recognized.

- Market-Based Businesses Revenue

Through various protection programs, the Company provides fixed fee services to domestic homeowners and smaller commercial customers to protect against repair costs. Most of the contracts have a one-year term and each service is a separate performance obligation, satisfied over time, as the customers simultaneously receive and consume the benefits provided from the service. Customers are obligated to pay for the protection programs ratably over 12 months or via a one-time, annual fee, with revenues recognized ratably over time for these services. Advances from customers are deferred until the performance obligation is satisfied.

The Company's Market-Based Businesses also have long-term, fixed fee contracts to operate and maintain water and wastewater facilities with the U.S. government on various military bases and facilities owned by municipal and industrial customers, as well as shorter-term contracts that provide customized water transfer solutions for shale natural gas companies. Billing and revenue recognition for the fixed fee revenues occurs ratably over the term of the contract, as customers simultaneously receive and consume the benefits provided by the Company. Additionally, these contracts allow the company to make capital improvements to underlying infrastructure, which are initiated through separate modifications or amendments to the original contract, whereby stand-alone, fixed pricing is separately stated for each improvement. These capital improvements are separate performance obligations, with revenue recognized over time based on performance completed at the end of each reporting period. Losses on contracts are recognized during the period in which the loss first becomes probable and estimable. Billings are recorded to Accounts Receivable based upon contract terms. Revenues recognized during the period in excess of billings on construction contracts are recorded as unbilled revenues, with billings in excess of revenues recorded as other current liabilities until the recognition criteria are met. Changes in contract performance and related estimated contract profitability may result in revisions to costs and revenues, and are recognized in the period in which revisions are determined.

- Contract Balances
Contract assets and contract liabilities are the result of timing differences between revenue recognition, billings and cash collections. In the Market-Based Businesses, certain contracts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Contract assets are recorded when billing occurs after revenue recognition, and are reclassified to accounts receivable when billed and the right to consideration becomes unconditional. Contract liabilities are recorded when the Company receives advances from customers prior to satisfying contractual performance obligations, particularly for construction contracts and home warranty protection program contracts, and are recognized as revenue when the associated performance obligations are satisfied.
- Allowance for Doubtful Accounts
The allowance for doubtful accounts is a provision for bad debt expense calculated by state, or line of business (for MBB), as a percentage of open, past due items based on accounts receivable aging. The estimated doubtful percentage is determined periodically by Accounting and approved by the Vice President and Controller and/or Designee and the Assistant Controller. Discretionary adjustments to the reserve for doubtful accounts are approved by the Assistant Controller and/or Designee.
- Unbilled Revenue
Accrued Utility Revenue (AUR) is based on a standard process to estimate the value of utility services rendered from the last meter read, or estimated meter read, to the end of the accounting period (i.e. unbilled revenue). The discretionary adjustments made to AUR are reviewed and approved according to the Journal Entry Practice.
- Payment Receipts
Customer payments are received, safeguarded, properly accounted, and applied to customer accounts timely.

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III. RESPONSIBILITIES

- Accounting – Responsible for calculating the regulated doubtful percentage annually by state or operating unit, recording journal entries and reconciling accounts.
- Revenue Analytics – Responsible for preparing the unbilled revenue calculation.
- Customer Service Relations Center – Responsible for evaluating and approving new customer accounts for regulated operating units.
- Credit and Collection Function – Responsible for reviewing and writing off bankrupt and deceased customers.
- Assistant Controller or Designee – Responsible for approving discretionary adjustments related to the allowance for doubtful accounts. Responsible for reviewing and approving the uncollectable percentages related to the allowance for doubtful accounts on an annual basis.
- Operating unit Finance/Divisional CFO's – Responsible for the monitoring of Accrued Revenue, Allowance for Doubtful Accounts, and write-offs.
- Vice President of Customer Service – Responsible for monitoring credit, billing, and collections activities for regulated operating units.

IV. DEFINITIONS

V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team (ELT) Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VI. NON-COMPLIANCE

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

VII. CONTACT INFORMATION; MONITORING

John Houseman, Divisional Controller
Daniel Manes, Assistant Controller

Next Review By: 12/31/2021

POLICY DOCUMENT



Appendix – Summary of Practices Related to Revenue and Receivables

Policy	Related Practices
Revenue and Receivables	Regulated Accrued Utility Revenue Practice
	Regulated Utility Allowance for Doubtful Accounts Practice
	Regulated Utility Accounts Receivable Write-off Practice

Sensitive Information Security Policy

Policy Number: POL-ITS04

Effective Date: 1/1/16

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Linda Sullivan, Senior Vice President and Chief Financial Officer

Document Author: Nicholas Santillo Jr., Vice President Internal Audit and Chief Security Officer

I. PURPOSE

This policy provides a minimum set of security requirements for managing and protecting personal and other information that has been entrusted to the Company. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy applies equally to the regulated and market-based businesses (MBB).

II. STRATEGIC OBJECTIVE

This policy addresses strategic objectives to mitigate risk of unauthorized and potentially illegal access to the Company’s customer and employee personal information, which could lead to financial penalties and reputational damage to the Company.

III. POLICY STATEMENT

Sensitive Information Defined

Sensitive information includes information of a personal nature that is required to be obtained and retained by the Company in furtherance of the Company’s operations. Examples of sensitive information include, but are not limited to:

- Personally identifiable information, commonly known as PII, is information that can be used to uniquely identify or locate a single individual. PII is defined as an individual’s first name or first initial and last name combined with one or more of the following data elements: (i) social security number, (ii) driver’s license number or state issued ID card number, (iii) account number, credit card number, or debit card number combined with any security code, access code, PIN or password needed to access an account.
- Information about a person’s family or household members.
- Medical information, Personal health insurance information.
- Unique biometric data and Individual taxpayer identification number.
- Employment history and performance information, both with the Company and any information about previous employment and background checks.
- Financial information, including bank account numbers, salary information and credit histories.
- Any other information that is marked as “confidential,” “personal,” “restricted,” or “sensitive”.

General Requirements

- The Company will collect, use, store, or disclose sensitive information only for required business purposes and in conformity with applicable legal requirements.
- The Company will evaluate and implement technical and administrative controls to minimize the potential of unauthorized access to Company controlled sensitive information.
- Sensitive information collected by the Company will be processed and used in accordance with applicable statutory, regulatory and professional standards.

- Employees using Company information systems and resources may only access sensitive information in the execution of their assigned duties.
- All employees requiring access to Company controlled sensitive information must obtain written authorization from the appropriate data owner. All authorized employees must comply with Company policy and practices regarding their responsibility to protect the information to which they have been given access and abide by all Company policies and practices relating to such information, including pursuant to this policy.
- Sensitive information can never be stored or processed on personally owned information systems or personally owned portable media. This does not apply to an employee with respect to the employee's own personal information.
- Sensitive information cannot be transferred to removable information systems or storage media without prior written authorization by the Chief Security Officer. All Company laptops and company portable media containing sensitive information are required to have company approved encryption software installed to ensure the confidentiality of information in the event of theft or loss.
- Sensitive information may only be released to third parties pursuant to a contract approved by the legal department under the Contract Administration Policy and Procurement Practice and with appropriate security controls reviewed and approved by the Chief Security Officer.
- E-mail containing sensitive information must be sent using the Company designated email system and must be encrypted by the sending user. Employees shall not send or receive email containing sensitive information unencrypted or using any external email systems.
- Representatives of government, law enforcement agencies or designated auditors, in the course of their business, may be allowed access to sensitive information. The Company, through the Legal Department, will ensure timely and full response to legal obligations for disclosure of Company controlled sensitive information.
- In the event any employee becomes aware of unauthorized access to sensitive information, the employee must notify their supervisor, and the Ethics or Security Hotline. The Security, Ethics and Compliance, Legal, and Risk Management Departments will coordinate the Company's response.

Requirements Specific to Employee Sensitive Information

- Current and former employee personnel files are maintained by the Human Resources Department and are considered sensitive and confidential.
- Managers and supervisors may only have access to employee personnel file information on a need-to-know basis. For example, a manager or supervisor considering the hire of a former employee or transfer of a current employee may be granted limited access to the electronic personnel file to review past performance and job history information.
- All hard copy records are maintained in locked, secure areas with access limited to those who have a need for such access.
- As required by law, some employee records, such as those pertaining to medical issues and internal investigations are maintained in separate files.
- Electronic employee personnel files are to be reviewed only in the Human Resource department locations and in the presence of a Human Resources employee. These files may not be duplicated in any way or viewed outside of the Human Resources department unless required by the Law Department or otherwise required by law. In circumstances requiring duplication of an employee personnel record, such duplication will be done by Human Resources staff.
- *Employee Personnel Files.*
 - Employees, or their representative, may request access to and copies of their basic electronic personnel file upon written request to the Human Resources Department.

- Depending upon the circumstances, employees may be provided access to records pertaining to internal investigations, with appropriate redactions to protect the rights of others.
- Former employees will not be granted access to their files unless otherwise required by law.
- Employees may provide a written response to any document in the electronic personnel file. Written responses will be scanned and added to the electronic personnel file.
- Access laws may vary from state to state. If this policy is inconsistent with any state or local laws, access will be granted in accordance with legal requirements.

Requirements Imposed by the Health Insurance Portability and Accountability Act of 1996 (HIPAA)

The HIPAA Security Rules (45 C.F.R. 160, 162 and 164) require that the Company establish a HIPAA Security Officer. The Chief Security Officer is the Company's designated HIPAA Security Officer. The HIPAA Security Officer is responsible for:

- Understanding the HIPAA Security Rules and how they apply within the Company.
- Developing appropriate policies and procedures to comply with the HIPAA Security Rules.
- Overseeing the security of electronic protected health information (as defined in the HIPAA Security Rules, "ePHI") within the Company.
- Monitoring compliance with security policies and procedures with respect to ePHI.
- Identifying and evaluating threats to the confidentiality and integrity of ePHI.
- Responding to actual or suspected breaches in the confidentiality or integrity of ePHI.

IV. RESPONSIBILITIES

- All employees are responsible for ensuring that Company information systems and resources access sensitive information in the execution of their assigned duties only.
- Members of the Human Resources Department are responsible for maintaining employee records pursuant to this policy and applicable Human Resources practices.
- The Chief Security Officer is responsible for establishing controls necessary to adequately protect sensitive information and monitoring compliance with this policy. The position will coordinate with the Company's legal and regulatory departments to ensure that the definitions of Company sensitive information and the minimum risk controls set forth in this policy continue to be accurate and current with statutory and regulatory requirements. The position will serve as the Company's Data Privacy Officer and HIPAA Security Officer.

V. MONITORING

All users of Company information systems or resources are responsible for safeguarding any sensitive information they have access to and to report any incidents that may have compromised the confidentiality of sensitive information or violations of this policy to the Ethics or Security Hotline. Employees covered under a collective bargaining agreement may have a union representative present, if desired, when reporting any security incidents or violations of this policy.

The Chief Security Officer shall report to the General Counsel or his/her designee any violations of this policy.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 1/1/19

Approval Date: 11/30/12

Last Reviewed: 1/1/16

Appendix – Summary of Policies & Practices Related to Sensitive Information Security Policy

Policy	Related Policies and Practices
Sensitive Information Security Policy	Cyber and Information Security Policy

POLICY DOCUMENT



SEPARATION OF EMPLOYMENT POLICY

Policy Number: POL-HR06

Effective Date: 6/30/2019

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: SVP, Human Resources

Document Approver: VP, HR Operations

Document Author: Director, HR Business Partner

I. PURPOSE

American Water is committed to treating all employees fairly, through all stages of employment: from the initial recruitment, hiring, and onboarding, for the duration of an employee’s tenure with the Company, and finally, during any separation of employment. Employees may leave the Company for a variety of reasons. Regardless of the reason, we strive to ensure that all separations from employment are handled fairly, efficiently, and in compliance with applicable federal and state laws. This policy provides the requirements regarding separation from employment, and severance benefits, if applicable.

II. POLICY STATEMENT

Unless otherwise specified in this policy or in an applicable collective bargaining agreement or employment contract, this policy establishes the actions to be taken by employees regarding separation of employment. Employees should refer to the related practices referred in the Appendix section of this policy or contact Human Resources with questions related to the subjects covered in this policy.

Separation from employment includes termination (voluntary or involuntary), resignation, retirement, job abandonment, release, reduction in force, or death. All separations must be coordinated with Human Resources. The policy also applies to the separation and off-boarding of non-employees.

Types of Separation

- Involuntary Termination

All employees are employees at will, unless otherwise specified by contract; and the Company reserves the right to terminate employment of at will employees at any time. The Company also has the right to terminate the services of a non-employee at any time for any reason consistent with applicable law.

- Voluntary Termination/Resignation

Employees who elect to leave the Company voluntarily must provide to their immediate Supervisor/Manager advance written notice of their intention to resign at least two (2) weeks prior to the date of separation. Resigning employees will be paid for all time worked no later than the next regularly scheduled pay period, unless otherwise required by law.

- Retirement

Employees who elect to retire are expected to provide advance written notice of their planned retirement date to their immediate Supervisor/Manager at least two (2) months prior to the date of retirement, unless more notice is required under the applicable retirement plan document.

- Job Abandonment

Employees who do not report to work and do not contact their Supervisor/Manager for three (3) consecutive workdays will be considered to have abandoned their job, effective at the end of their normal shift on the third day. Employees who are separated due to job abandonment are ineligible for rehire.

POLICY DOCUMENT



- Release

Release occurs at the conclusion of temporary or seasonal employment, including but not limited to non-employees as defined in the Separation of Employment Practice.

- Reduction in Force

An employee may be separated from the Company due to downsizing, reorganization, lack of work, technological or structural changes or other similar business conditions. The Company retains the right, in its sole discretion, to determine when a reduction in force is necessary and whether an employee is affected by a reduction in force. The head of each Business Unit or Function, or his or her designee, will determine when a reduction in force is necessary, define and designate the affected units and/or work groups, and the extent of the reductions in force required. The notice period to the impacted employee(s) may vary depending on the situation.

- Death

In the unfortunate event of a death of an employee, their employment will be deemed terminated effective as of the date of death.

Separation Process

- Exit Interview

When appropriate, Human Resources may schedule an exit interview with a departing employee.

- Return of Property

All American Water property, including, among other things, keys, computers, access codes, cell phones, ID badges, gas cards, Company vehicles, maintenance cards, purchase cards, proprietary and confidential information, and any other information as otherwise determined by the Company, must be returned to the Company at the time of separation. At the time of separation, all access by the separated employee or non-employee to the Company's computer systems and /or buildings will be terminated.

Rehire

Employees who were part of an involuntary reduction in force, as well as those employees who voluntarily resigned with appropriate professional notice, may be eligible for rehire if they had a satisfactory work record while employed with the Company. An application must be submitted to Human Resources and the former employee must meet all minimum qualifications and requirements of the new position, including any qualifying exam. Supervisors/Managers must obtain approval from Human Resources prior to rehiring a former employee. Additional approval from the Legal Department and VP, Compensation and Benefits is required prior to rehiring a retired employee. Rehired employees begin benefits just as any other new employee, except as otherwise stated in applicable benefits plan documents. Previous tenure will be considered in calculating service, leave accruals, vacation accruals, and like benefits if the former employee is rehired within twelve (12) months of prior employment. In addition, if rehired within a year of the separation date, former employees will be required to pay back a pro-rated amount of any severance payment received, pursuant to the terms of a severance agreement, if applicable. Former employees who were terminated for cause or who resigned in lieu of termination from employment for cause will be ineligible for rehire.

Termination of Benefits

- Benefits

- Health Benefits - An employee's benefits will terminate on the last day of the month in which their employment ends, unless otherwise provided in a severance agreement or required by law. An employee (and his or her eligible dependents (if any) shall be eligible to continue to participate in the health care plans under which he or she was covered immediately prior to termination, pursuant to the federal Consolidated Omnibus Budget Reconciliation Act ("COBRA"). The employee will be billed appropriately for coverage(s) elected under COBRA. For more information on COBRA, employees can contact the Benefits Service Center at 1-866-777-8426, option 2, prompt 2.

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- Life Insurance

An employee's life insurance benefits will terminate on the last day of the month in which their employment ends. Employees interested in converting their Basic and/or Voluntary Life Insurance to an individual policy must follow the terms of the policy documents.

- Disability

Eligibility for disability benefits will terminate on the last day of employment. Disability benefits for employees who are on an approved disability on their last day of work however, will continue pursuant to the terms of the plan.

- APP (Annual Performance Plan)

The treatment of APP in the event of separation is covered in the APP plan brochure.

- Long Term Performance Plan (LTPP)

The treatment of long-term incentive compensation in the event of separation is covered in the LTPP grant documents.

- Vacation/Floating Holidays

Except in the case of retirement, employees who are separating from their employment who have completed one (1) full year of service will be paid for unused, earned vacation time in accordance with the accrual provisions of the Time, Attendance and Paid Time Off Policy, unless otherwise required by law or specified by contract. Floating holidays are not paid out at the time of separation from employment, except as otherwise required by law. If a separated employee has taken more floating holidays and/or vacation days than he or she has actually earned as of the date of separation, the employee will be required to pay back those days, and such repayment will be deducted from the employee's final paycheck, where permissible by law. Where required by law, such employees are expected to authorize such deductions in writing from their final pay.

Retiring employees are expected to use all accrued and unused vacation, personal days and/or floating holidays prior to their effective retirement date.

Severance Benefits

The Company may provide severance and other related benefits to eligible full-time, regular **non-union** employees employed in the United States in the event of certain involuntary terminations of employment, provided the employee signs and does not revoke (if applicable) a Waiver and Release Agreement in a form to be provided by the Company, which may include restrictive covenant provisions. In the event of a reduction in force, severance may be set forth in a special severance program and approved by the functional lead or state president. No severance pursuant to this Policy will be paid in the event of: (1) termination for unsatisfactory job performance (as determined solely by the Company); (2) termination for cause, which includes terminable violations of the Company's Code of Ethics or other serious misconduct; (3) death of the employee; (4) retirement; (5) qualification for total/permanent disability under a group benefit plan; (6) an opportunity for continuous employment with a successor (e.g. a sale of assets) or (7) voluntarily resignation. If eligible, the severance will be determined based upon the weekly rate of the employee's annual base salary in effect as of the date of termination of employment.

Severance Pay will be based on the employee's full years of completed service based on the following:

- For each full year of service up to twenty (20) years, one (1) week of base pay with a minimum severance payment as defined below.
- For each full year of service beyond twenty (20) years, one and one-half (1 ½) weeks of base pay for each full year of service.
- Maximum benefit is fifty-two (52) weeks.

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- The following minimum severance benefits apply:

Salary Level	Minimum Severance after 1 full year of service	At least 5 yrs of service, but less than 10 yrs	10 or more years of service
10 - 20	4 weeks	8 weeks	12 weeks
22 - 35	8 weeks	12 weeks	16 weeks
40 - 55	12 weeks	18 weeks	26 weeks
60 - 62	26 weeks	34 weeks	39 weeks

Above level 65: please refer to the Executive Severance Policy

Provided the Waiver and Release is signed and not revoked, eligible employees will receive Company-paid COBRA benefits consistent with the chart below.

Salary Level	Company-paid COBRA Benefits after 1 full year of service	At least 5 yrs of service, but less than 10 yrs	10 or more years of service
10 and above	8 weeks	12 weeks	16 weeks

At the end of the period of Company-paid COBRA benefits, COBRA coverage may be continued by the eligible employee at his or her own expense, for the remaining balance of the statutory coverage period.

If an employee is otherwise eligible to retire at the time of termination, he or she may, if eligible for retiree healthcare, begin retiree healthcare at the appropriate contribution levels after the Company-paid COBRA period expires.

Additional Severance Items

- Retirement Benefits

An employee who is otherwise eligible to receive retirement benefits does not accrue service under any American Water retirement plan after the date employment is terminated, regardless of whether Severance Pay is provided after such termination.

- Outplacement Services

Each eligible regular full-time non-union employee is entitled to outplacement services through a designated provider arranged by the Company and subject to such terms and conditions as the Company, in its sole discretion, determines appropriate. No cash shall be paid in lieu of such fees and costs. Outplacement services will be provided as follows:

Salary Level	Length of Program
10 - 25	up to 2 months
30 - 35	up to 3 months
45 - 55	up to 4 months
60 - 62	up to 6 months

Above level 65: please refer to the Executive Severance Policy

- Employee Assistance

All eligible regular full-time non-union employees and their dependents may continue to access the Employee Assistance Program for six (6) months after the employee is separated.

- Section 409A of the Internal Revenue Code

POLICY DOCUMENT



The Company's policy on severance is intended to comply with Section 409A of the Internal Revenue Code.

III. RESPONSIBILITIES

- All employees are responsible for complying with this policy, including understanding their obligations upon separation of employment, such as adequate notice, and return of property.
- Supervisors/Managers are responsible for consulting with Human Resources to determine the appropriate method of separation, initiating terminations, and consulting with Legal and/or Labor Relations as necessary to ensure fair and consistent employment decisions. Supervisors/Managers are also responsible for collecting all company property from the separated employee at the time of separation.
- Human Resources, Legal, and Labor Relations are responsible for assisting Supervisors/Managers to ensure fair and consistent employment decisions.
- Human Resources is responsible for providing the relevant termination documentation, conducting exit interviews when appropriate, and monitoring unemployment compensation claims.
- The Finance department will identify the costs and financial impacts of any reduction in force and will establish the proper accounting required.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to assure fair and consistent treatment of all employees.

V. MONITORING

Human Resources is responsible for monitoring adherence to the Separation of Employment policy and practice.

VI. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 6/30/2022

Approval Date: 6/30/2019

Last Reviewed: 6/19/2019

POLICY DOCUMENT



Appendix – Summary of Practices Related to Separation of Employment Policy

Policy	Related Practices
Separation of Employment Policy	Separation of Employment Practice

POLICY DOCUMENT



Small Unmanned Aerial Systems Policy

Policy Number: POL-OPS06

Effective Date: May 15, 2020

Executive Sponsor: Senior Vice President, Chief Operations Excellence & Safety Officer

Applicability: American Water Works Company Inc., and its controlled subsidiaries as described below (together “American Water” or the “company”).

Document Approver: Senior Vice President –Chief Operational Excellence & Safety Officer

Document Owner: Vice President – Corporate Engineering

I. PURPOSE

American Water’s use of Small Unmanned Aerial Systems (sUAS, also commonly referred to herein as “drones”) is expanding rapidly for a variety of applications that provide significant business value. Drones offer American Water Operations a cost-effective and timely option to gather data about company assets and service areas. However, despite the positive benefits of drone usage, piloting a drone introduces risk to the crew, people and property in the immediate area, as well as reputational and security risk to the company. The purpose of this policy is to establish necessary guidelines for flying commercial drones, ensuring the safest possible operations for customers, employees and the general public.

II. POLICY STATEMENT

Safety is our No. 1 priority in everything we do, followed closely by the relationships we maintain with our customers and with the communities we serve. As such, no drone may be operated for work-related activity or on company-owned property by an American Water employee or an American Water contractor without satisfying specific minimum risk mitigation, Title 14 CFR part 107 certification, aviation insurance and safety procedures described below.

American Water minimum requirements to fly a drone are as follows:

- Flight operations using drones for commercial purposes are governed by the Federal Aviation Administration (FAA) Title 14 CFR part 107. A summary can be found here: https://www.faa.gov/uas/media/Part_107_Summary.pdf. All pilots must comply with all federal, state and local laws, and shall hold valid part 107 certifications and follow all rules therein, except to the degree operations are conducted pursuant to a valid waiver granted by the FAA under Part 107 or other type of authorization.
- Due to potential cybersecurity concerns, all drones flown by American Water and its subsidiary companies shall be on the approved manufacturer/brand list. This list is maintained by the Drone Governance Committee and configured per established security requirements.
- All drones shall be registered with the FAA for commercial use.
- All American Water subsidiary companies that operate drones shall be required to have a formal Unmanned Aircraft System Program (UASP) that adopts the American Water sUAS Safety Management System (SMS), with specific State Addendums where appropriate. The UASP shall include clearly defines roles, responsibilities, standard operating procedures, and accountabilities. The business unit sUAS organizational structure shall include, at a minimum, a director-level executive sponsor, sUAS program manager, a sUAS Safety Officer, and FAA certified pilots. The UASP shall include the following elements, at a minimum (which are all included within the American Water sUAS SMS):

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- *Safety Management Systems Manual* – Describes safety requirements, reporting structure and program requirements for the use of sUAS.
 - *Flight Operations Manual* - Describes company flight procedures, risks and checklist procedures.
 - *Accident Incident Response Manual* - Describes company accident and incident response procedures and chain of command.
 - *Aviation Training Program Manual* - Describes required training for all administrators, program managers, program executive sponsors, pilots, visual observers and payload operators. All required training must be documented and available for audit review.
- All business units sUAS staff must complete sUAS SMS training in LEARN, as scheduled and proctored by the AW Geospatial Operational Services group. Training must be completed for new sUAS team members and annually for all existing team members. Prerequisites for training include (1) Part 107 FAA Certification and (2) written signature confirming employee having read & understood the American Water SMS manual.
 - All American Water drone equipment (aircraft, components controlling the aircraft and, if appropriate, camera/sensor), drone pilots and UASPs must be on file with the corporate Risk Management department. American Water carries a drone-specific aviation liability policy that covers all subsidiary companies.
 - All flights performed by American Water or any of its contractors must create sUAS flight plans through an American Water-approved application; follow defined mission request and communication workflows, which includes notifying the American Water Security Hotline at 866-801-1123 at the time of flight; and manage mission planning, approval, and logging through the Drone Logbook.
 - All contractors who perform drone flights must meet the established contractor safety requirements, as stated in the American Water SMS Manual, and prove they have a sufficient UASP in place that meets the American Water standards as defined herein, subject to review by the subsidiary operating company sUAS program manager or the American Water Drone Governance Committee.

This policy document provides the minimum requirements for any American Water employee or contractor to fly a commercial drone for company business. It is not intended to encompass all safety, security, and customer-related issues. More detailed information is provided in supporting drone-related practices and the UASP for each American Water subsidiary company that is using commercial drones.

III. RESPONSIBILITIES

A Drone Governance Committee (“committee”) shall be established to maximize business value from sUAS usage within American Water, and also to oversee compliance with this policy. The committee members shall be senior representatives from the following functions or companies: corporate Security; Corporate Risk Management; Enterprise Asset Performance; Corporate Engineering; Geospatial Operational Services, Technology & Innovation (GIS); state operating company or market-based business unit (two sUAS program managers; one Operations, one sUAS executive sponsor). The makeup and membership of the committee shall be reviewed annually by the document approver in coordination with the committee chair. See the Appendix for current membership.

A Drone Managers Community of Practice (CoP) meeting occurs monthly, and includes all sUAS business unit UAV Program Managers, Safety Officers, and (optionally) Executive Sponsors. The CoP meeting shall be chaired by the Geospatial Operational Services lead. The standing agenda will include safety alerts, safety topics, report-outs, compliance topics, regulatory topics, technology topics, security alerts, and other UAS related topics,

The committee shall review and update this policy every three years or as needed in coordination with the policy owner.

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IV. DEFINITIONS

Small Unmanned Aerial Systems (sUAS): commonly referred to as “drones,” is defined by the Federal Aviation Administration as an unmanned aircraft weighing between 0.55 and 55.0 pounds and, including everything that is onboard or otherwise attached to the aircraft, and the components that control and communicate with the aircraft, can be flown without the possibility of direct human intervention from within or on the aircraft.

V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team sponsor of this policy, or his or her designee. The sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintenance of documentation related to each

waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VI. NONCOMPLIANCE

Any employee who violates or circumvents the policy may be subject to disciplinary action.

VII. CONTACT INFORMATION; MONITORING

All questions related to this policy can be directed to the document owner.

POLICY DOCUMENT



Appendix A – Drone Governance Committee Membership

Drone Governance Committee Membership		
Function / Company	Designated Representative	Title
Security	Ben Force	Information & Cyber Security
Risk Management	Roger Hammer	Director, Insurance & Risk Management
Asset Performance Management	Shawn Allen	Senior EAM Project Manager
One Water Engineering	David Choate (Committee Chair)	Vice President, Engineering
T&I/GIS	Ann Myslinski	Principal Technologist
Geospatial Operational Services	Chris Kahn	Senior GIS Manager, Geospatial Operations Services
State Operating Company or MBB Business Unit – sUAS Program Manager	John Moore	Senior Supervisor – Operations, Illinois American Water
State Operating Company or MBB Business Unit – sUAS Program Manager	Stephen San Nicolas	GIS Project Manager, California American Water
State Operating Company or MBB Business Unit – sUAS Executive Sponsor	Don Shields	Vice President, Engineering, New Jersey American Water
State Operating Company or MBB Business Unit – sUAS Executive Sponsor	Brent O’Neil	Director, Engineering, Illinois American Water
State Operating Company or MBB Business Unit – sUAS Executive Sponsor	Kurt Stafford	Director Engineering, Kentucky American Water
Supply Chain	Marie Geist	Senior Buyer, Corporate Procurement
Legal	Liz Triscari	Director Corporate Counsel, Mid Atlantic

POLICY DOCUMENT



SMALL UNMANNED AIRCRAFT DATA PRIVACY POLICY

Effective Date: June 25, 2020

Executive Sponsor: Senior Vice President, Chief Operations Excellence & Safety Officer

Policy Number: POL-OPS07

Document Approver: Senior Vice President, Chief Operations Excellence & Safety Officer

Applicability: American Water Works Company, Inc., and its controlled subsidiaries as described below (together “American Water” or the “Company”)

Document Owner: Vice President, Corporate Engineering

I. PURPOSE

American Water utilizes Small Unmanned Aircraft (commonly referred to as “drones”) for operation purposes. Safety is our No. 1 priority in everything we do, followed closely by the relationships we maintain with our customers and the communities we serve. As such, all drones operated and used by American Water employees and contractors, must be in accordance with American Water’s Small Unmanned Aerial Systems Policy and must be carried out in a manner that respects and protects personal privacy consistent with the United States Constitution and Federal, State, and local law. This Small Unmanned Aircraft Data Privacy Policy applies to the collection, use, dissemination, and deletion of any data collected during the operation of unmanned aircraft systems (the “Privacy Policy”).

The SMS Safety Action Group and Drone Governance Committee will periodically review and update the Privacy Policy. The Privacy Policy will be available to the public upon request. All concerns raised regarding privacy or data retention issues related to American Water’s use of drones will be directed to the Unmanned Aircraft System Program Manager for the business unit operating the drone. To the degree this Privacy Policy conflicts with other portions of the American Water Safety Management Systems Manuals, this Privacy Policy will control.

I. ACCEPTABLE PURPOSES FOR COLLECTING INFORMATION

American Water uses drones for:

- Mapping American Water’s network of pipelines and other infrastructure to identify impediments, such as encroachments, that may interfere with its operations and to survey potential new locations for installing infrastructure;
- Monitoring existing infrastructure such as water tanks and other facilities; and,
- Securing American Water’s infrastructure from trespassers or other intrusions.

American Water’s drones are not used in conjunction with law enforcement activities.

II. OPERATIONS

American Water’s drones take off from, and land on, public property, property American Water owns, or property it has permission to use. Per federal regulations, American Water takes steps before conducting any flights to ensure that it does not operate unmanned aircraft over people who are not participating in the flight. Occasionally, however, drone flights may fly over private property not owned by American Water. If this occurs, American Water uses its best efforts to ensure that its drones do not interfere with people or property on the ground.

III. INFORMATION COLLECTED

American Water collects digital images and videos of properties or assets associated with current or potential American Water operations as well as some thermal images for security purposes.

Specific information American Water collects includes:

- Digital images of an area taken at higher altitudes used to generate composite images showing a larger field of vision from an aerial vantage point.
- Digital images and occasionally video of its infrastructure and facilities from various angles for monitoring purposes.
- Thermal images of its own property to identify potential security concerns.

American Water's drones do not collect any personally identifiable information or biometric data. Despite taking steps to ensure that it does not operate unmanned aircraft over people who are not participating in the flight, it is possible that drones may inadvertently capture images of individuals or their property. Any such images are captured unintentionally.

IV. FURTHER DISCLOSURE OF INFORMATION

American Water uses information the drones collect primarily for internal purposes as described above. American Water may further disclose the information in limited circumstances including, for example, to contractors American Water hires to perform services in connection with its operations. American Water may also disclose maps it creates from collected images with other public utility companies, but the underlying images are not disclosed. To the extent necessary, American Water uses best efforts to de-identify any images of individuals that may have been inadvertently captured before further disclosing such images and does not intentionally disclose such images without appropriate permission.

V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive leadership team sponsor of this policy, or his or her designee. The sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintenance of documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VI. NON-COMPLIANCE

Any American Water employee or any contractor working on behalf of American Water who violates this Privacy Policy may be subject to disciplinary action up to and including termination.

VII. CONTACT INFORMATION; MONITORING

Senior GIS Manager, Geospatial Operational Services is responsible for answering questions and applicability of the Policy.

POLICY DOCUMENT



Appendix – Summary of Policies & Practices Related to Small Unmanned Aircraft Data Privacy Policy

Policy	Related Practice
Small Unmanned Aerial Systems Policy	

Solicitation and Distribution Policy

Practice Number: POL-HR09

ELT Sponsor: Brenda Holdnak, SVP, Human Resources

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Document Author: Melanie Kennedy, VP, Human Resources and Labor Relations

Effective Date: April 1, 2016

I. PURPOSE

These guidelines apply to all American Water employees however are not intended to unilaterally modify any existing union contractual provision or established mutual practice. These guidelines are designed to help maintain a safe and appropriate environment for the delivery of services to our customers, to protect our employees, to prevent undue interference with operations, and to protect American Water property, equipment, and supplies, while respecting the rights of our employees.

II. SUMMARY

American Water and its subsidiaries restrict the activities of third parties and non-employees on its property. Therefore, significantly different standards apply to them.

A. Guidelines Applicable to Third Parties and Non-Employees:

Solicitation, distribution of literature and food and other items, trespass, and posting of literature by third parties or non-employees on the property of American Water and its subsidiaries is prohibited at all times. Third parties and non-employees are not permitted access to American Water property. This restriction does not apply to representatives of labor organizations that may access the company property for the purpose of representing members pursuant to the terms of a collective bargaining agreement, provided they do not interfere with the performance of work.

B. Guidelines Applicable to Employees:

The work of every employee deserves his or her full attention. Therefore, no employee is permitted to engage in verbal solicitation or distribute literature to any other employee while on working time or when the verbal solicitation or distribution is directed to an employee while they are on working time.

Distribution of literature by or to employees is also prohibited at all times in work areas.

C. Bulletin Boards:

Each American Water facility has established official bulletin boards, which are set aside for official government or regulatory notices, facility announcements, schedule, job openings or other communications by the facility for the benefit of team members. No non-employee, third party or employee is permitted to post personal or other notices on these official facility bulletin boards.

American Water facilities may set up bulletin boards in hallways and break rooms for the posting of general information or items of personal interest to employees, such as birth announcements, community events, or offering personal items for sale. Employees are permitted to post personal notices on these bulletin boards. Non-employees may not utilize these bulletin boards in any fashion. Personal postings are not permitted, in other American Water areas, such as, locker rooms and hallways. Personal postings are not permitted that violate federal or state laws, including postings that would constitute harassment or bullying of other employees. Personal postings are also prohibited which constitute any type of political campaign activity for candidates for elective office or constitute campaigning regarding issues on the ballot in any federal, state, or local election.

Labor organizations and employees represented by such may post materials on designated bulletin boards on American Water property pursuant to the terms of a collective bargaining agreement or mutual practice, provided no such material is patently offensive or interferes with the performance of work.

D. Restriction of Off-Duty Access by Employees:

Employees who are not scheduled to work should not be in any work area when they are not on duty except in brief periods when they are reporting to work or immediately after the completion of their shift of work.

Further, off-duty employees may attend educational events, and social events such as retirement parties and celebrations in non-work areas.

E. Buttons, Badges and Insignia:

During work time in working areas, employees may not wear buttons or similar insignia that are patently offensive, that interfere with the performance of work that could disparage the Company's products or services, or otherwise create a safety or security risk. This expressly prohibits wearing any buttons or similar insignia that obscures or otherwise covers any badge, logo or other Company identification.

F. Company Sponsored, Charitable Organization and Events

American Water from time-to-time sponsors certain charitable and education organizations and events that are closely aligned with its mission and values. Company representatives may solicit contributions for such organizations and encourage attendance at such events during work time provided such solicitation or distribution does not interfere with work related activities or pose any type of safety risk to team members.

III. WAIVERS

Any deviation, waiver or exception from this practice requires the prior written approval of the Document Approver of this practice. If the deviation, waiver or exception conflicts with any policy, approval from the ELT Sponsor of that policy is required. The Document Approver, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

IV. DEFINITIONS

When used in this guidance these terms have the following meanings:

- Employees: Persons who are employed by American Water, its subsidiaries, American Water vendors and contractors authorized to perform services for American Water.
- Non-Employees: Persons who are not employed by American Water, its subsidiaries, vendors or contractors authorized to perform services for American Water.
- Third Party or Third Parties: Companies or organizations that are not American Water subsidiaries, American Water vendors and contractors, and individuals not authorized to perform services for American Water.
- Working Time: Any time during which an employee is working or required to be engaged in performing work. This does not include meal and break periods or other periods when employees are not engaged in or required to be engaged in performing work.

V. MONITORING

Human Resources is responsible for monitoring compliance with this Policy.

VI. NON-COMPLIANCE

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

Next Review By: 4/1/19

Approval Date: 3/30/16

Last Reviewed: 3/30/16

Subsidiary Management Policy

Policy Number: POL-LEG05

Effective Date: 01/01/2018

Applicability: American Water Works Company, Inc., and its subsidiaries

ELT Sponsor: Executive Vice President, General Counsel and Secretary

Document Author: Chief SEC and Corporate Governance Counsel

I. PURPOSE

This policy provides the requirements relating to the creation, acquisition, dissolution and/or disposition of the subsidiaries of American Water Works Company, Inc., and each of its subsidiaries (the "Company"). This policy is not meant to detract from or replace the decision making authority and accountability at each subsidiary level which will continue to be exercised by the senior management and board of directors of such subsidiaries.

II. POLICY STATEMENT

This section contains guidance for managing the corporate structure of American Water's subsidiaries. The Company's corporate structure must be accurately documented and modified only in legally permissible ways. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in creating, acquiring, dissolving or disposing of any Company subsidiary.

Subsidiary Defined

- For purposes of this Policy, a subsidiary is any entity, such as a corporation, partnership, limited partnership, joint venture, trust or limited liability company, that is controlled, either directly or indirectly, by American Water Works Company, Inc. ("Parent Company"). For purposes of this Policy, an entity is considered a subsidiary of Parent Company **in all circumstances** where Parent Company, either directly or indirectly through other entities, owns 10% or more of the voting securities or economic interests of the entity or has the right to elect a majority of the directors (or persons fulfilling similar functions) of the entity.
- For purposes of this Policy, "controlled" means the direct or indirect power to direct or cause the direction of the management and policies of an entity, whether through the ownership of securities, by contract or otherwise. Control can occur at ownership levels significantly lower than a majority. Employees will consult with the Chief SEC & Corporate Governance Counsel to determine if an entity is under "control" by Parent Company.

Acquisition and Disposition of Subsidiaries

- A subsidiary acquired or disposed of by purchase or sale will be effected as permitted by the Delegation of Authority.
- This Policy applies to all methods of creating, acquiring, dissolving and disposing of a subsidiary, including wholly-internal transactions (e.g. merger or consolidation of two existing subsidiaries).
- The acquisition or disposition of any subsidiary (by any means) may be accomplished only in consultation with, **prior to** the acquisition or disposition, the relevant operations legal counsel, the Chief SEC & Corporate Governance Counsel and the following additional persons, or their designee*:
 - Company Controller
 - Company Treasurer
 - Senior Director, Tax
 - Applicable Financial & Decision Support Representative

* If it is necessary to maintain confidentiality or limited disclosure of a sensitive transaction, employees may notify the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President, General Counsel and Secretary only, who will notify other employees when and as appropriate.

The Chief SEC & Corporate Governance Counsel, or his or her designee, will report to regulatory counsel potential subsidiary changes (including formations, dissolutions, acquisitions and dispositions) that have been disclosed to the Chief SEC & Corporate Governance Counsel. Regulatory counsel will then coordinate appropriate affiliated transaction rule compliance activities.

III. STRATEGIC OBJECTIVE

This policy addresses strategic objectives such as maintaining accurate books and records regarding subsidiaries and allowing timely dissemination of information regarding subsidiaries to regulators as required (e.g., for SEC filings) and requested (e.g., regulatory document requests and disclosures to the Company's auditors).

IV. RESPONSIBILITIES

- Employees – consult with the relevant operations legal counsel, the Chief SEC & Corporate Governance Counsel and other personnel as required by this Policy regarding subsidiary management.
- Company Controller – ensures proper accounting of acquisitions or dispositions of subsidiaries and proper recording of transactions involving subsidiaries
- Company Treasurer – ensures appropriate liquidity and capitalization, and maintains bank accounts for subsidiaries
- Chief SEC & Corporate Governance Counsel – prepares or assists in the preparation of SEC reports for timely filing; maintains the corporate structure chart to prepare SEC filings and to comply with document requests and other inquiries, and the requirements of the Company's internal controls; consults with operations legal counsel on corporate law and corporate governance matters with respect to entity formations, dissolutions, acquisitions and dispositions
- Chief Regulatory Counsel – ensures that transactions comply with various affiliated transaction rules applicable to the Company's operations, including the California-American Affiliate Transaction Procedures
- Senior Director, Tax – ensures proper tax treatment of transactions involving subsidiaries and filing of accurate tax returns and other information

V. MONITORING

Legal Counsel and Services is responsible for monitoring compliance with this Policy and confirming that other notified parties receive the notices required by this Policy.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

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

Next Review By: 01/01/2021

Approval Date: 01/01/2018

Last Reviewed: 11/15/2017

Appendix – Summary of Policies & Practices Related to Subsidiary Management Policy

Policy	Related Policies and Practices
Subsidiary Management Policy	Delegation of Authority
	California-American Affiliate Transaction Procedures

Names in **bold** have reviewed multiple versions of the document.

POLICY DOCUMENT



TIME, ATTENDANCE, AND PAID TIME OFF POLICY

Policy Number: POL-HR02

Effective Date: 6/30/2019

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: SVP, Human Resources

Document Approver: VP, HR Operations

Document Author: Director, HR Business Partner

I. PURPOSE

American Water is committed to paying employees timely and accurately. In order to ensure accurate pay, it is important for employees to understand the requirements around attendance, time entry and time off. This policy addresses timing, key methods, approvals, reporting, and responsibilities, and addresses the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to attendance, time reporting and paid time off. Unless otherwise specified in this policy or an applicable collective bargaining agreement, this policy establishes the requirements that are to be followed by all employees with respect to time, attendance, and paid time off. Employees should refer to the related Time, Attendance, and Paid Time Off Practice or contact Human Resources with questions related to the subjects covered in this policy.

Time Off and Attendance Requirements

- **Attendance:** All employees are expected to report to work and to show up on time, unless otherwise approved to be absent or late. Excessive or habitual absence and/or lateness or unapproved absences are unacceptable because they diminish an employee’s job effectiveness and the Company’s ability to operate with maximum efficiency. The Company has the right, consistent with applicable law, to discipline or discharge any employee for failure to report an absence, or absenteeism or lateness even where such absence or lateness is excused, where absences and lateness are excessive or exhibit a pattern, which may include among other things, excessive Monday/Friday or pre and post-holiday instances, or unexcused absence for three (3) or more consecutive days. Employees with approved medically-related absences will ordinarily not be penalized or disciplined for such absences, in accordance with applicable law.

Time Entry: All employees will be paid in an accurate and timely manner and in accordance with applicable laws.

Non-Exempt Employees

- All non-exempt employees are required to timely and accurately report their time worked and exception time using the Company’s time entry system.
- Non-exempt employees should record all hours worked in the manner required by their department.
- Managers and supervisors are required to approve all non-exempt time entry.

Exempt Employees

- Regulated operating and service company exempt employees are required to record exception time in the Company time entry system.
- Market-based exempt employees are required to record hours worked as well as exception time.
- Managers and supervisors are required to approve all exempt exception time entry.

Employees may ask a designated delegate or manager to enter time on the employee’s behalf. Unless a manager, supervisor or delegate has a legitimate reason to alter an employee’s time record, falsification or altering of a time entry or another employee’s time entry is prohibited. Additionally, no employee,



manager or supervisor shall instruct another employee to incorrectly or falsely report hours worked or alter another employee's timesheet to under or over report hours worked. If any manager or supervisor instructs an employee to: (1) incorrectly, or falsely under or over report hours worked, or (2) alter another employee's time entry records to inaccurately or falsely report that employee's hours worked, the employee should report it immediately to Human Resources or the Confidential Code of Ethics Hotline at 1-877-207-4888.

The Company will maintain documents and records concerning payment of wages, hours worked, and all other required information in accordance with applicable law.

- Overtime: Non-exempt employees are expected to be available for a reasonable amount of overtime, as business conditions require. All overtime work must be approved by his/her manager or supervisor. Pay for overtime worked will fully comply with all applicable laws. Unless otherwise provided by applicable law or an applicable collective bargaining agreement, non-exempt employees will be paid 1-½ times their regular rate of pay for all hours worked over 40 hours in a workweek. Compensatory time off in lieu of overtime payments is prohibited.

Regulated overtime calculations for non-exempt employees will comply with applicable law, unless otherwise covered by a CBA. Hours worked will include vacation, holiday (Company holidays and floating holidays), military leave, jury and witness duty, bereavement/funeral leave, and voting time off, if applicable. Sick time is not counted as hours worked for the purposes of overtime, unless otherwise covered by an applicable collective bargaining agreement or applicable law.

- MBB overtime calculations for non-exempt employees include only actual hours worked.

Exempt employees will receive a salary which will compensate them their full salary for any workweek in which they perform work, regardless of the number of days or hours worked, subject only to deductions that are permitted by law. Examples of permissible deductions include: deductions for personal time off, sick days before or after eligibility for paid sick leave, deductions for violations of the Workplace Conduct and Behavior policy, or as otherwise indicated in the Leaves of Absence Policy.

- Alternative Work Schedules: Where appropriate, and in the Company's discretion, alternative work schedules may be available, as long as the schedule does not negatively impact the productivity, effectiveness or efficiency of business operations. Alternative work schedules include flex-time (which allows the employee to have staggered start and end times based on an established schedule), ten-hour day, four-day workweeks (which allows the employee to work ten hours per workday, reducing the days worked to four days per week) and telecommuting (which allows an employee to work from home). Alternative work schedules must be approved by the employee's immediate manager or supervisor, department head, and Human Resources.
- Vacation Time: On January 1 of each year, all full-time regular employees are entitled to vacation time based upon the employee's completed years of continuous service during that calendar year, unless otherwise provided by an applicable collective bargaining agreement. While an employee is advanced full vacation benefits at the beginning of the calendar year, the benefit is accrued monthly during the calendar year for which it is advanced unless otherwise provided by an applicable collective bargaining agreement.
- With manager or supervisor approval, up to 5 days of vacation time can be carried over into the next year unless otherwise restricted by an applicable collective bargaining agreement and must be used within the carry over year, otherwise it is forfeited, except where otherwise provided by applicable law. Requests to carry over additional vacation days (beyond 5 days) will be reviewed and approved on a case-by-case basis by the manager or supervisor and Human Resources.

Upon termination of employment, the employee will be paid for earned but unused vacation days on a pro-rated basis based on the number of completed months of continuous service. Employees who resign and have used more vacation days than earned and accrued, will have such time deducted from their final pay, consistent with applicable law. Where required by law, such employees are expected to authorize such deductions in writing from their final pay.



Employees will not receive payment in advance of, or in lieu of, vacation and cannot borrow vacation from future years, unless otherwise allowed or provided by law.

- Full-time exempt and non-exempt non-union employees will be allotted vacation time based on salary level and completed continuous years of service per the chart found in the Appendix. Vacation entitlements will be advanced on January 1 of each year and be calculated based on the number of years of service the employee would complete as of December 31st of that year.
- Part-time exempt and non-exempt non-union employees will be eligible for vacation based on their completed continuous years of service per the chart found in the Appendix. Vacation must be used in the year it is earned, unless otherwise allowed or provided by law. Part time employees may not carry over vacation, subject to applicable law.
- Newly hired full-time exempt and non-exempt non-union employees are advanced pro-rated vacation time based on their hire date and salary level per the proration chart found in the Appendix.
- Newly hired part-time exempt and non-exempt non-union employees are advanced pro-rated vacation time based on their hire date per the proration chart found in the Appendix.
- Employees hired with an exception to the standard vacation allotment will begin accruing additional vacation time when they reach the stated completed years of service.
- Vacation Bank: Some long-term employees of American Water's regulated business may have a Frozen Vacation Bank based on a prior vacation policy. Unless otherwise provided in a written agreement, the Frozen Vacation Bank is only payable upon separation from employment. Employees should contact Human Resources with any questions on vacation banks.
- Vacation Time While on Leave: If an employee is out on an approved leave, the employee will only be eligible to use the vacation time which they have available and accrued to date. The employee will accrue vacation time if on a company paid or unpaid FMLA Leave, unless otherwise governed by an applicable collective bargaining agreement. If the employee is using their available accrued vacation time, the employee's accrued vacation will be suspended until they have received approval from the external LOA Administrator.
- Company Holidays and Floating Holidays: Full-time, regular employees will be granted paid holidays each year. Holidays can be a combination of those days pre-determined by the Company as days on which the entire Company is officially closed, and floating holidays. Company holidays are listed below. Operating companies and/or MBB may identify additional days on which its local facilities are closed. To understand if a work location observes additional holidays, employees should speak with their manager or supervisor.

Holidays not specifically identified by the Company will be coded as floating holidays. Floating holidays are earned at the rate of one every other month beginning in January. Pay in lieu of floating holidays is not permitted. Floating holidays may be used prior to being earned in a calendar year, with the manager or supervisor's prior approval. Floating holidays must be taken during the calendar year in which they are earned, or they will be forfeited, unless otherwise provided by applicable law. Upon separation of employment, floating holidays will not be paid out and if employees have used more floating holidays than earned and accrued, will have such time deducted from their last pay, consistent with applicable law. Employees may be required to authorize such deductions in writing from their final pay, as required by applicable law.

Part-time employees are not eligible for holiday pay if they were not scheduled to work on the designated holiday and are not eligible for floating holidays.

All employees will observe the following holidays:

- New Year's Day (January 1)
- Martin Luther King, Jr. Day (Third Monday in January)
- Memorial Day (Last Monday in May)
- Independence Day (July 4)



- Labor Day (First Monday in September)
- Thanksgiving Day (Fourth Thursday in November)
- Christmas Day (December 25)

A chart illustrating the prorated floating holiday allotment for full-time exempt and non-exempt non-union new hires based on the month of hire can be found in the Appendix.

For each day the office is closed for observance of any Company recognized holiday, specified in the Time, Attendance, and Paid Time Off Practice that falls within an employee’s vacation period, the holiday is not counted as a vacation day. If an employee should become ill or disabled before a vacation starts, the employee may arrange with their manager or supervisor to reschedule his/her vacation, but extra vacation time will not be granted if an employee suffers sickness or disability while on vacation.

- Holidays While on Leave: An employee who fails to work the full scheduled work day before and after the Company recognized holiday will not be eligible to receive the Company holiday pay, unless the employee is on an approved leave using accrued PTO (sick, sick bank, vacation or floating holiday). While on short-term disability, employees will not receive holiday pay, unless otherwise permissible by an applicable collective bargaining agreement.
- Floating Holidays While on Leave: If an employee is out on an approved leave, the employee will only be eligible to use floating holiday time which they have available and accrued to date.
- MBB New Hires Floating Holidays: The following schedule awards floating holidays to MBB new hires:

<u>Hire Date Between</u>	<u>Number of Floating Holidays Earned</u>
January 1 – February 28	6 floating holidays
March 1- April 30	5 floating holidays
May 1 - June 30	4 floating holidays
July 1 – August 31	3 floating holidays
September 1 - October 31	2 floating holidays
November 1- November 30	1 floating holiday

- Sick Time: Sick time is not earned time off and is available to eligible employees on the first month following one (1) full month of continuous service for up to a maximum of 10 paid sick days per calendar year. Unless otherwise required by state or local law, up to three (3) days of allotted annual sick leave may be used for the care of a family member consistent with this policy. 10 sick days will be advanced to employees on January 1st of each year, unless otherwise governed by an applicable collective bargaining agreement or covered by applicable law. New employees hired on or before June 30 in the current calendar year earn ten (10) days of sick time and employees hired after July 1 in the current calendar year earn 5 days of sick time.

Unused sick days cannot be carried over into the start of a new calendar year. Employees whose illness continues into a new calendar year must return to work for at least seven calendar days before receiving a new ten (10) days of sick time allotment.

Part-time employees are not eligible for sick time, subject to applicable law.

The Company reserves the right to require proof of the need for any absence, subject to applicable law. An employee absent on sick leave for three or more consecutive days may be required to submit a note from a health care practitioner certifying that the employee was unable to work for health reasons and is now permitted to return to work, unless prohibited by applicable law.

- Sick Time While on Leave: In cases where the employee is on leave due to his or her own illness, injury or pregnancy, they will be required to exhaust all available accrued sick time and sick bank time prior to being paid Short Term Disability benefits, subject to applicable law. Sick time and sick bank is subject to suspension if the employee does not receive approval from the external LOA Administrator. More



information on Short Term and Long-Term Disability Benefits is available in the Compensation and Benefits Policy and Practice, the Leaves of Absence Policy and Practice, as well as the disability benefit plans and summary plan description documents. Employees seeking information on these issues should consult with Human Resources.

- Sick Bank: Some employees hired before July 1, 2001, may have a “Frozen Sick Bank” and should consult with Human Resources for more information.
- Bereavement: An employee may take up to four days off with pay for the death of an “immediate family member” (employee’s parent, spouse (including civil union and/or domestic partner, as defined by local law), child, brother, sister, grandparent or grandchild, whether related by blood, adoption or marriage of the employee’s parents (e.g., step-parent or child, legal guardian). Employees may also take one day off with pay to attend the funeral of a brother-in-law, sister-in-law, niece, nephew, the employee’s own aunt or uncle and the employee’s spouse’s (including civil union and/or domestic partner) parents or grandparents. Part-time employees are not eligible for paid bereavement leave, except where allowed by applicable law.
- Jury and Witness Duty: Jury and Witness Duty leave is available to full and part-time employees who are summoned to participate in jury service or to serve as a witness in a trial. Employees on jury service will receive their regular pay for serving as jurors. Unless otherwise provided in a collective bargaining agreement, regular pay includes any pay adjustments that the employee normally receives every week, such as shift premiums. Employees can keep their juror travel allowances and/or juror stipends, and this will have no effect on an employee’s pay. Hourly employees on jury duty who perform work after their regular shifts receive overtime pay for all compensated hours in excess of 40 hours in any week.

Employees will be required to bring a copy of the summons to their immediate manager or supervisor and to call-in each day of jury service, or as required by their immediate manager or supervisor, to update the employee’s manager or supervisor of the status of jury service and to answer any questions that may be related to the employee’s work. Employees who are excused or dismissed from jury duty more than two hours before their work shifts normally end must report to work, unless their manager or supervisor releases them from this obligation. Jurors dismissed later in the day must report to work at their normal time on their next regularly scheduled day, even if they are only free from jury service for one day.

For extended jury duty leave (i.e. more than 30 days) paid time off benefits will continue to accrue during the period of absence. The Company will continue to provide health and dental insurance benefits for the full term of the employee’s extended jury duty leave. A failure to make a timely return from jury duty is treated as an unexcused absence.

An employee will not receive paid witness leave to attend civil litigation proceedings in which the employee is a plaintiff or defendant or in which the employee is testifying for a fee as an expert witness. In such cases, the employee must use vacation or personal leave or take leave without pay.

III. RESPONSIBILITIES

- Employees are responsible for requesting approval in advance for overtime, schedule changes and time off from his/her manager or supervisor. Employees are also responsible for the accuracy and integrity of all time reporting activities, including notifying their manager, supervisor or Human Resources of any discrepancies and effectively managing all allotted time consistent with this policy.
- Managers or supervisors are responsible for understanding the policy, for maintaining accurate work and leave records for their employees, for reviewing time entries and/or time sheets for accuracy and completeness, including but not limited to time worked, paid time off, proper charging of time, correcting any errors in the time entry system, approving all hours and charge codes recorded, and attesting to the accuracy and validity of its contents.
- Any delegate is responsible for assuring the accuracy and integrity of all pay records and codes that they prepare.



IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to assure fair and consistent treatment of all employees in their time off from the company.

V. MONITORING

- Managers and supervisors are responsible for monitoring and approving attendance/time, reporting activities, establishing and communicating departmental procedures (e.g. for using paid time off, call outs, etc.) as well as assuring compliance with this policy and the related practice.
- Human Resources is responsible for monitoring adherence to this policy and the related practice.

VI. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

Any employee who violates or circumvents this policy may be subject to disciplinary action up to and including termination.

Next Review By: 6/30/2022
Approval Date: 6/30/2019
Last Reviewed: 6/27/2019



Appendix – Tables

- Existing full-time exempt and non-exempt non-union employees will be allotted vacation time based on salary level and completed continuous years of service per the below chart:

Completed Years of Continuous Service	Vacation Hours Levels 45 and below	Vacation Hours Levels 50-55	Vacation Hours Levels 60 and above
1 year	80 hours	120 hours	160 hours
2 years	88 hours	120 hours	160 hours
3 years	96 hours	120 hours	160 hours
4 years	104 hours	120 hours	160 hours
5 years	120 hours	120 hours	160 hours
6 years	120 hours	120 hours	160 hours
7 years	128 hours	128 hours	160 hours
8 years	128 hours	128 hours	160 hours
9 years	136 hours	136 hours	160 hours
10 years	136 hours	136 hours	160 hours
11 years	144 hours	144 hours	160 hours
12 years	144 hours	144 hours	160 hours
13 years	152 hours	152 hours	160 hours
14 years	152 hours	152 hours	160 hours
15 years	160 hours	160 hours	160 hours
16 years	160 hours	160 hours	160 hours
17 years	168 hours	168 hours	168 hours
18 years	168 hours	168 hours	168 hours
19 years	176 hours	176 hours	176 hours
20 years	176 hours	176 hours	176 hours
21 years	184 hours	184 hours	184 hours
22 years	184 hours	184 hours	184 hours
23 years	192 hours	192 hours	192 hours
24 years	192 hours	192 hours	192 hours
25+ years	200 hours	200 hours	200 hours

- Existing part-time exempt and non-exempt non-union employees will be eligible for vacation based on their completed continuous years of service per the below chart:

Part-Time Hours Worked per Week	Vacation Hours (0-4 completed years of service)	Vacation Hours (5-9 completed years of service)	Vacation Hours (10+ completed years of service)
19-23.99 hours	40	50	60
24-26.99 hours	50	60	70
27-29.99 hours	60	70	80



- Newly hired full-time exempt and non-exempt non-union employees are advanced pro-rated vacation time based on their hire date and salary level per the below chart:

Pro-Rated Vacation Time Allotment (in Hours) for Newly Hired Full-Time Exempt and Non-Exempt Non-Union Employees

Level	Vacation	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
10-45	80 hours	80	72	64	64	56	48	40	32	24	24	16	8
50-55	120 hours	120	112	104	88	80	72	64	48	40	32	24	8
60-75	160 hours	160	144	136	120	104	96	80	64	56	40	24	16
N/A	200 hours	200	184	168	152	136	120	104	80	64	48	32	16

- Newly hired part-time exempt and non-exempt non-union employees are advanced pro-rated vacation time based on their hire date per the below chart:

Pro-Rated Vacation Time Allotment (in Hours) for Newly Hired Part-Time Exempt and Non-Exempt Non-Union Employees

Completed Years of Service	Hours Scheduled	Vacation Hours	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
0-4 Years	20-23.99 Hours	40	40	37	33	30	27	23	20	17	13	10	7	3
0-4 Years	24-26.99 Hours	50	50	46	42	38	33	29	25	21	17	13	8	4
0-4 Years	27-29.99 Hours	60	60	55	50	45	40	35	30	25	20	15	10	5
5-10 Years	20-23.99 Hours	50	50	46	42	38	33	29	25	21	17	13	8	4
5-10 Years	24-26.99 Hours	60	60	55	50	45	40	35	30	25	20	15	10	5
5-10 Years	27-29.99 Hours	70	70	64	58	53	47	41	35	29	23	18	12	6
10+ Years	20-23.99 Hours	60	60	55	50	45	40	35	30	25	20	15	10	5
10+ Years	24-26.99 Hours	70	70	64	58	53	47	41	35	29	23	18	12	6
10+ Years	27-29.99 Hours	80	80	73	67	60	53	47	40	33	27	20	13	7

- Prorated floating holiday allotment for full-time exempt and non-exempt non-union new hires based on the month of hire per the below chart:

Floating Holiday Proration for Full-Time Exempt and Non-Exempt Non-Union New Hires

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
48 hours (6 days)	48	48	40	40	32	32	24	24	16	16	8	8



Appendix – Summary of Practices Related to Attendance and Paid Time Off

Policy	Related Practice
	Time, Attendance, and Paid Time Off Practice
Separation of Employment Policy	Separation of Employment Practice
Leaves of Absence Policy	Leaves of Absence Practice

POLICY DOCUMENT



TREASURY AND INSURANCE POLICY

Policy Number: POL-FIN03

Effective Date: 11/30/2012

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Ellen Wolf, Senior Vice President & Chief Financial Officer

Document Author: William Rogers, Vice President & Treasurer

I. PURPOSE

This policy provides the requirements to conduct treasury services including banking, investments, financial management, corporate insurance and Operating Unit dividend activities. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to treasury services including banking, investments, financial management, corporate insurance, and Operating Unit dividends. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in treasury activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

Banking  
1 1

- Bank Relationships Maintenance

The Treasury Department maintains a list of approved banks utilized by the Company for services such as, but not limited to, electronic banking, lockbox collection, disbursements, trustee and custodian services. New relationships are approved by the Treasurer, or his or her designee.

- Bank Accounts 
2

Authorization to open bank accounts for Operating Units, from the list of approved banks, is obtained from Operating Unit Board of Directors by Operating Unit Finance Departments after consultation with the Treasury Department. The Treasury Department approves and opens bank accounts on behalf of the Operating Unit Finance Departments. Authorization to open any other bank accounts requires Treasurer's approval. Bank accounts are opened using the Company's tax identification number. The Shared Services Center performs bank account reconciliation activities.

- Authorized Signatories

Authorization to add or delete Operating Unit account signatories is obtained from Operating Unit Board of Directors by their respective Operating Unit Finance Department. Authorized signatories for other accounts are approved by the Treasurer. The Treasury Department agrees to the signatories and provides the authorized signatory list to the bank. Authorized signatories from the Treasury Department are included as signatories on bank accounts.

- Letters of Credit

The Company's applications to banks for new letters of credit are approved in accordance with the Delegation of Authority Policy. Letters of credit are issued by approved banks under the Company's revolving credit facility. The Company uses letters of credit to support its financial or performance contractual obligations.

POLICY DOCUMENT



- Petty Cash Funds  ₃

Petty cash fund establishment is approved by The Treasurer, or his or her designee. The petty cash fund balance is not to exceed the predetermined threshold and no loans are made from petty cash fund bank accounts. Petty cash funds are used when it is the most convenient method or when a purchasing card (P-card) or purchase order (PO) is not permitted in accordance to the Procurement and Payment Policy.

- Electronic Banking

Access and entitlements of users of electronic banking systems are approved by the Treasury Department. System access for employees leaving the Company or for employees that change their role is updated on a timely basis.

Investments

- Defined Benefits Plan, Defined Contributions Plan, and Other Post Retirement Benefit Obligations

The overall management of the Defined Benefits, Defined Contributions, and other Post Retirement Benefit plans (the Plan) is the responsibility of the Retirement/Benefits Committee, as delegated by the Company's Board of Directors. The Plan invests assets in accordance with the Retirement/Benefits Committee's approved investment policy statement. The Treasury Department manages and monitors the day-to-day investment activities of the Plan and ensures that investments are in compliance with the related investment policy statement. The Treasury Department coordinates contracts of Investment Managers, Investment Consultants, and Custodians (Directed Trustees). Service Auditors Reports (SSAE 16) are required annually of the Custodians.

- Cash Management

If excess cash exists beyond liquidity requirements the Company seeks investment opportunities to maximize returns within reasonable and prudent levels of risk. If excess cash exist, an Investment Policy Statement is created by the Treasury Department and approved by the Chief Financial Officer.

Financial Management ₂ ₄

- Planning

The Company designs a long-term capitalization plan with considerations for financial liquidity, credit rating impact, maturity profile, interest rate risk, regulatory impact, tax implications, economic and market trends, and accounting consequences on an annual basis. The Treasury Department coordinates with Operating Units to establish an Operating Unit capitalization plan, to include short term financing, which is approved by the Operating Unit Board of Directors. The Treasury Department then combines the total debt financing needs, which is approved by the Company's Board of Directors.

- Capital Markets

To determine the optimal financing, including debt issuance, refinancing, and early debt retirement, through American Water Capital Corporation (AWCC), a financing subsidiary for the Company, or other affiliates, Operating Unit Finance Departments work with the Treasury Department. Loans from AWCC to subsidiaries are then passed through to the Operating Unit (ultimate borrower) at all in costs, pursuant to the Financial Services Agreement. Financing transactions require approval in accordance with the Delegation of Authority Policy. All debt, whether raised through AWCC or at the Operating Unit level, is managed through the Treasury Department.

Short term financing needs are accomplished either through a Commercial Paper (CP) program or direct borrowings under committed credit facilities. CP issuance or bank borrowings are not to exceed credit facility established limits.

Long term financing is secured through various sources including publicly and privately issued senior and subordinate notes, taxable and tax-exempt bonds, common and preferred equity, and hybrid securities.

Financing arrangements must comply with existing debt covenants and regulatory orders, as required.

POLICY DOCUMENT



- Fees

The Treasury Department determines which institutions are mandated to lead financing assignments. Fees that are charged by these institutions are approved in accordance with the Delegation of Authority Policy.

- Debt Maintenance and Covenant Compliance ¹

Treasury/financing transactions are recorded on the Company's books in accordance with the General Accounting Policy. Debt service payments are made accurately and recorded in a timely manner. Covenant compliance is monitored and evaluated to ensure full compliance.

Corporate Insurance ³

- Insurance Coverage

The Company reviews the Insurance Coverage Strategy every two years to ensure insurance and surety bonds are adequate to address risk and protect assets. The Director of Risk Management identifies brokers, identifies and reviews underwriting exposure data, and negotiates terms and conditions for each insurance policy. Procurement of insurance policies, excluding those policies purchased as part of employee compensation, is limited to the Treasury Department. The Company self-insures where appropriate.

- Vendor Insurance

The minimum level of insurance required of vendors, contractors and suppliers is identified by the Treasury Department. Contracts with vendors include a statement of minimum insurance coverage. Waivers for the inclusion of this statement are approved by the Director of Risk Management and the Operating Unit President. The coverage and limit requirements are adjusted to reflect the type of product or service and the size of purchase.

- Surety Bonds

Surety bonds are secured when necessary to guarantee the Company's performance on contracts for design, build and operate and other projects. Bond coverage includes bid, performance and payment as well as labor and materials. Treasury will evaluate other forms of financial support available to meet such obligations and advise Operating Units accordingly.

- Claims Management

Insurance claims are reported to the Treasury Department, which then provides notice to the insurance carrier, to ensure sufficient data is available to appropriately estimate risk and evaluate ongoing risk management strategies. The settlement of insurance claims, excluding employee compensation related insurance claims, is approved according to the Delegation of Authority Policy.

Operating Unit Dividends ⁴

Operating Unit dividends are declared and paid to shareholders based on approval by the Operating Unit's Board of Directors. The Treasury Department provides the guidance for dividend payout and payment dates.

III. RESPONSIBILITIES

- Board of Directors – Responsible for delegating the overall management of the investment program to the Retirement/Benefits Committee. Responsible for approving the consolidated debt issuance amount for the year.
- Chief Financial Officer – Responsible for approving institutions mandated to lead financing assignments or provide advisory services where by the banking fee for such financing or advisory services exceeds \$10,000,000.
- Director of Risk Management – Responsible for identifying brokers, identifying and reviewing underwriting exposure data, and negotiating terms and conditions for each insurance policy as well as issuance of surety

POLICY DOCUMENT



bonds. Responsible for claims management and settlement authorization in line with the Delegation of Authority Policy.

- Operating Unit Board of Directors – Responsible for authorizing the opening of bank accounts, with Treasury Department approval, and adding and deleting of account signatories for their operating unit. Responsible for approving operating unit dividend rates paid to shareholders and the budget for the upcoming year, including issuance of debt.
- Operating Unit Finance Departments – Responsible for obtaining authorization from their respective Board of Directors to open bank accounts and to add or delete account signatories. Responsible for working with the Treasury Department to determine optimal financing.
- Operating Unit Presidents – Responsible for approving waivers for the inclusion of the statement of minimum insurance requirements in vendor contracts.
- Retirement/Benefits Committee – Responsible for overall management of Defined Benefits, Defined Contributions, and other Post Retirement Benefit plans, establishing investment policy, hiring service providers, and evaluating the success of service providers.
- Shared Services Center – Responsible for bank account reconciliation activities.
- Treasurer – Responsible for approving new bank relationships, approving the investment vehicle if excess cash exists beyond near term liquidity requirements for longer term investment, and the establishment of Petty Cash funds.
- Treasury Department – Responsible for overseeing and maintaining compliance of banking, investment, financing, and corporate insurance activities and works with Operating Unit Finance Departments to determine the financing need for the Company and Operating Unit subsidiaries. Responsible for working with the Operating Units to monitor and evaluate debt compliance.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to reduce risk, manage borrowing cost, optimize cash and other investments, meet regulatory requirements, and provide value to shareholders through banking and investments, financing, insurance, and operating unit dividend payouts.

V. MONITORING

The Treasury Department is responsible for monitoring banking and investments, financing, insurance, and operating unit dividend activity. The Treasury Department monitors and evaluates debt agreements to ensure compliance.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy, or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

VII. NON-COMPLIANCE

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

POLICY DOCUMENT



Next Review By: 11/30/2015

Approval Date: 11/30/2012

Last Reviewed: 10/29/2012

POLICY DOCUMENT



Appendix – Summary of Practices Related to Treasury and Insurance

Policy	Related Practices
Treasury and Insurance Policy	American Water Capital Corporate Financing Practice
	American Water Subsidiary Dividend Practice
	Banking Practice
	Bank Account Practice
	Cash Disbursements Practice
	Debt Covenant Compliance Practice
	Insurance Other Than Group Retro Accrual Practice
	Letters of Credit Practice
	Non-Regulated Utility Financing Practice
	Outstanding Check Practice
	Petty Cash Practice
	Regulated Utility Financing Practice
	Retirement Trusts Assets Valuation Practice
	Retirement Trusts Payments Disbursement Practice
	Short-Term Borrowing Practice
	Short-Term Investment Practice
	Subsidiary Dividends Practice
	Supplier Insurance Coverage Practice
	Treasury Deal Administration Maintenance Practice
	Treasury Settlements Practice

POLICY DOCUMENT



Treasury and Insurance Policy – Supplemental

This policy is the combination of the Agents Fund, American Water Subsidiary Dividend, Banking, Corporate Insurance, Electronic Banking, Financing, and Petty Cash policies.

❖ **STOP – What has been eliminated in this policy?**

- 1 Not applicable.

❖ **START – What’s new in this policy?**

- 1 Tax-exempt debt is used when available.

❖ **CHANGE – What’s staying, but changing in this policy?**

- 1 Agents Fund bank accounts are no longer specifically included in the policy and are subject to other banking policies.
- 2 Bank accounts are opened using the Company’s tax identification number.
- 3 Previously the Petty Cash Policy had a \$800 threshold. This threshold still exists, but is being removed from the policy since it is already listed in the practice.
- 4 Pricing committees are conceptually staying, but are not referred to as pricing committees. The approval limits are in accordance with the Delegation of Authority Policy.

❖ **CONTINUE – What’s not changing at all in this policy?**

- 1 Treasury Department continues involvement in bank relationship maintenance, bank accounts, and electronic banking activities.
- 2 Treasury Department continues involvement in long-term planning and capital markets.
- 3 Treasury Department continues involvement in corporate insurance strategies.
- 4 Treasury Department continues involvement in operating unit dividend payouts for regulated subsidiaries and MBB.

❖ **How are related practices impacted?**

- Treasury utilizes SAP for ERP functionality.

POLICY DOCUMENT



Reviewed By	Version Reviewed	Key Comments/Changes
Praveen Kumar, Senior Treasury Analyst	Version 23	Incorporated comments.
Glisson Inquitio, Corporate Cash Manager	Version 23	Incorporated comments.
John Hutton, Treasury BT SME	Outline	Incorporated comments.
Mark Chierici, Treasury BT SME	Outline	Incorporated comments.
Tim Dillon, Treasury BT SME	Outline	Incorporated comments.
Danny Amos, Project Lead	Version 18	Incorporated comments.
Jim Li, Director of Risk Management	Version 19	Incorporated comments.
Susan Lee, Manager, Treasury Services	Version 19	Incorporated comments.
William Rogers, Vice President & Treasurer	Version 27	Incorporated comments.
Michael Sgro, Divisional General Counsel, Northeast Division	Version 16	Incorporated comments.
Anesha Davis, Senior Treasury Analyst	Version 17	Incorporated comments.
Mark Shaeffer, Central Division Lead	Version 17	Incorporated comments.
Jim Jenkins, Vice President of Rates	Version 18	Incorporated comments.
Antonio Strong, BT ICG Lead	Version 19	Incorporated comments.
Thomas Gildea, Manager, Cash	Version 18	Incorporated comments.
Nick Rowe, Senior Vice President, Central Division	Version 19	Incorporated comments.
Gary Paquette, FP&A, California Lead	Version 19	Incorporated comments.
Mike O'Donnell, Project Lead	Version 19	Incorporated comments.
Doneen Hobbs, Vice President of Shared Services	Version 23	Incorporated comments.
Ellen Wolf, Senior Vice President and	Version 24	Incorporated comments.

POLICY DOCUMENT



Chief Financial Officer		
Deb Degillio, Vice President of Financial Planning & Analysis	Version 21	Incorporated comments.

Names in **bold** have reviewed multiple versions of the document.



TUITION REIMBURSEMENT POLICY

Policy Number: POL-HR07

Effective Date: 01/01/2020

Applicability: American Water Works Co. Inc. and its controlled subsidiaries (together “American Water” or the “company”)

Executive Sponsor: SVP Human Resources

Document Approver: VP Talent Management

Document Author: Director, Talent Acquisition

I. PURPOSE

American Water’s Tuition Reimbursement Program encourages and supports employees who enroll in college, university and technical school courses to gain specific knowledge or to obtain an associate, bachelor’s, master’s, doctoral or technical degree. This program is intended to enhance employees’ professional development and their skills and knowledge related to American Water’s business. Tuition reimbursement is, in part, an Internal Revenue Service (IRS) tax-exempt program and the following guidelines are critical to the company’s ability to offer it. This policy addresses eligibility, approvals, amount reimbursed and payback agreements.

II. POLICY STATEMENT

This section contains guidance relevant to tuition reimbursement. Unless otherwise specified, this policy establishes requirements that are to be followed by all employees. This policy covers all employees of American Water employed in the United States. More detailed guidance on the process is found in the applicable practice, which is referenced in the Appendix to this policy.

Effective Jan. 1, 2018, American Water will reimburse tuition costs, registration fees and required books (less any scholarships or other aid received), up to \$10,000 per employee per year for education costs that are approved by the company. Any dollar amount surpassing the IRS exempted amount, currently a maximum of \$5,250 per calendar year, is taxable to the employee. *NOTE: The IRS tax-exempt amount is subject to change annually.*

Courses and programs should directly relate to an employee’s current position/function or prepare the employee for development opportunities in other company roles and functions. To participate in the program, an employee must maintain acceptable job performance (based on his/her supervisor’s assessment of work performance and behaviors or values and/or no discipline). Prior to registering for a class, employees must obtain manager preapproval through the **Authorization for Tuition Reimbursement** form in mySource. Courses must be offered through an accredited institution, including online courses. Access <https://ope.ed.gov/dapip/#/home> to verify an institution is accredited.

Eligibility for tuition reimbursement for undergraduate, graduate and post-graduate coursework and degrees beyond the first degree earned by the employee will be at the discretion of the direct supervisor. That eligibility will be based on how the degree program can enhance the employee’s overall effectiveness in his/her current role or potential developmental opportunities.

Tuition reimbursement requests must be made within 60 days after course end date. The reimbursement request amount will count toward the year in which it is paid. For example, if the employee completes fall semester courses in December 2020 and submits the reimbursement request in time for 2020 processing (NOTE: These dates are communicated in advance), the reimbursement counts toward calendar year 2020 tuition reimbursement funds. If the request is submitted after the December deadline and/or paid in January or later, it counts towards the 2021 tuition reimbursement funds.



III. ELIGIBILITY REQUIREMENTS

Manager preapproval for tuition reimbursement is required for all employees interested in pursuing a degree or college course, prior to registering for any courses.

Exempt and nonexempt employees in good-standing are eligible to apply for tuition reimbursement provided they have worked for the company for six months prior to the start date of the course for which reimbursement is being requested (unless otherwise agreed upon at hire date). They must maintain active employment with the company throughout the duration of the course.

Part-time employees must work an average of at least 15 hours per week in the prior 12 months to be eligible for tuition reimbursement benefits.

Examples of Ineligibility:

- Reimbursement will not be provided for courses in which the employee enrolled while not actively employed by the company.
- **Leave of Absence:** Employees on a leave of absence are not eligible for tuition reimbursement. Employees may not enroll in or begin courses under the Tuition Reimbursement Program while on any leave of absence. If an employee has been approved for and enrolls in a class, then elects a Leave of Absence, he/she will not be reimbursed until he/she has successfully completed the course. If the employee is able to complete the course while on leave, he/she must first return to work to request tuition reimbursement. (*NOTE: This will be an exception to the requirement to request the tuition reimbursement within 60 days of the course end date.*)
- **Termination of Employment:** No reimbursements will be made to former employees, or to those who have given notice of resignation or who have been notified that they will be involuntarily terminated. This includes situations in which approval of such reimbursement was previously provided and/or the course was satisfactorily completed prior to the date of termination. The only exception to this will be to employees whose jobs are eliminated and who are eligible for severance. In that case, the employee will be eligible for reimbursement for any approved courses that are in session at the time of the job elimination if he/she submits proof of preapproval/authorization, satisfactory course completion with required passing grade, and proof of payment, within six months of his/her severance termination date.

An employee whose job is eliminated and who is eligible for severance is ineligible for reimbursement for courses enrolled in after he or she has received notice of job elimination.

If an employee's job is being eliminated and he/she has received preapproval for a class that has not yet started, the employee can either (a) pay for the class on his/her own with the understanding that there will be no reimbursement from the company; or (b) cancel the class, and the company will reimburse any fees/charges incurred to cancel.

- **Declining Performance:** No authorizations for tuition reimbursement will be approved when an employee receives an overall performance rating of **Underperformed** on his/her most recent annual review and/or is put on a Performance Enhancement Plan ("PEP" or other performance action plan) while taking tuition reimbursement courses. In those circumstances, the employee may complete the course in session at the time of the performance rating or PEP, but will not be eligible for reimbursement for any new courses enrolled in after receiving the performance rating or PEP.

When approved, payment is made via payroll in the form of tuition reimbursement after successful course completion. Successful completion of a course shall be evidenced by a report from the school. You must



pass your course with a C or better for undergraduate and a B or better for graduate or post-graduate programs.

Reimbursement Eligibility

The tuition reimbursement benefit may be used for:

- Courses offered by an accredited institution, including online courses.
- Related course expenses to include academic fees and books.

The benefit may not be used for:

- Certifications/technical classes.
- Student loan application fees.
- Interest on student loans.
- Parking fees.

Professional certifications are not covered under this policy. Decisions regarding the fees and expenses associated with preparatory courses are left to the discretion of the business line.

Payback Agreement

As a condition of tuition reimbursement, the employee must agree that if he or she voluntarily or involuntarily leaves American Water, he or she will repay the company the full amount of any tuition reimbursements received during the 12-month period preceding his/her termination date. Repayment may be deducted from final paycheck including, but not limited to, base salary, bonuses and vacation time, consistent with the law. Any remaining balance not covered by the deduction is to be paid within eight (8) weeks after the last day worked. This payback agreement will not be enforced in situations where the employee's position is eliminated and he/she is eligible for severance.

III. RESPONSIBILITIES

All employees are responsible for ensuring their own actions are in compliance with this policy.

Prior to registering for a class, employees must obtain manager preapproval through the **Authorization for Tuition Reimbursement** form in mySource.

Supervisors are responsible for ensuring compliance with this policy. They are also responsible for ensuring that participating employees maintain satisfactory work performance.

American Water Payroll is responsible for processing tuition reimbursement requests.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the executive sponsor of this policy, or his or her designee. The executive sponsor, or his or her designee, is responsible for tracking all requests for waivers and decisions regarding those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NONCOMPLIANCE

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

VIII. CONTACT INFORMATION

Questions about this policy should be directed to the director of Recruitment and Talent Acquisition.



Appendix – Summary of Policies & Practices Related to Tuition Reimbursement Policy

Policy	Related Practice
POL-HR07: Tuition Reimbursement Policy	PRA-HR07/01: Tuition Reimbursement Practice

UTILITY PLANT AND CAPITAL ASSET ACCOUNTING POLICY

Policy Number: POL-ACCT03

Executive Sponsor: Vice President & Controller

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Document Approver: Assistant Controller

Document Author: Plant Manager

Effective Date: 2/10/2020

I. PURPOSE

This policy provides the requirements to conduct utility plant and capital asset accounting from capitalization through retirement. It addresses timing, key methods, approvals, reporting and roles/responsibilities. The policy highlights the differences between regulated and market-based businesses (MBB), where applicable.

II. POLICY STATEMENT

This section contains guidance relevant to ensuring the accurate accounting of utility plant and capital assets in accordance with Generally Accepted Accounting Principles in the United States (GAAP) and National Association of Regulatory Utility Commissions (NARUC). Unless otherwise specified, this policy establishes requirements that are to be followed by all employees involved in utility plant and capital asset accounting activities. More detailed guidance is found in the applicable practices, which are referenced in the Appendix section of this policy.

This policy is the combination of the Allowance for Funds Used during Construction, Capitalization, Contributions in Aid of Construction (CIAC) and Advances in Aid of Construction (AIAC), Regulated Depreciation and Amortization, and Retirement of Capital Assets policies.

Capitalization

- Construction Work In Progress (CWIP)

CWIP is capitalized as an asset during the construction phase and moved to UPIS (utility plant in service) when the construction project is completed and the asset is put into service. Assets begin depreciating upon being placed in service unless further direction is provided by jurisdictional regulatory authorities.

- Asset Capitalization Requirements

Costs incurred for the addition or replacement of property, plant and equipment (PP&E) are capitalized in accordance with GAAP and jurisdictional regulatory requirements. The following three criteria must be met in order for a cost to qualify for capitalization:

1. The cost is related to the addition or replacement of a component of PP&E listed in the Company's Property Unit Catalog, and for non-utility property meets or exceeds a minimum threshold of \$1,500.
2. The property unit has an estimated useful life greater than one year.
3. The property unit can be tracked and accounted for independently in the property records.

- Capital Leases

A lease is treated as a capital lease if it meets the criteria set forth in Accounting Standards Codification (ASC) 842. Leases that do not meet the specified criteria are recorded as operating leases and reported accordingly. The Accounting group monitors capital leases and creates the capital lease amortization schedule. The Accounting group records the asset and depreciates the asset in accordance with the capital lease amortization schedule.

- Allowance for Funds Used During Construction (AFUDC)

AFUDC is recognized as a cost component of a capital asset if the asset's inclusion in rate base is probable. Interest costs incurred on borrowings used to finance CWIP are capitalized based on jurisdictional requirements. If it is not probable that inclusion in rate base will occur, AFUDC is not capitalized and interest costs may not be included in capital costs.

AFUDC accrued on CWIP is excluded from rate base while a capital asset is being constructed. The AFUDC accrual concludes when the asset is placed in service, unless regulatory post in-service AFUDC is approved. AFUDC accrual will cease if a capital project is suspended internally based on jurisdictional requirements. Conversely, if a third party causes the capital project to be suspended, the AFUDC accrual may continue. Previously capitalized AFUDC is written-off if a project is cancelled. Refer to the General Accounting Policy for accrual accounting requirements.

Accounting for Income Taxes (ASC 740) is followed for the gross-up of the equity component of AFUDC for income tax purposes when required by regulators.

In special circumstances, post in-service AFUDC debt may be considered for inclusion in rate base and requires the approval of jurisdictional regulatory authorities. Post in-service AFUDC debt is recorded as a regulatory asset, not as a utility plant asset.

- Contributions in Aid of Construction (CIAC) & Advances in Aid of Construction (AIAC)

CIACs are cash payments or infrastructure assignments provided from a third party as part of an agreement, representing a permanent infusion of capital or assets, not required to be refunded. AIACs are cash payments or infrastructure assignments provided from a third party as part of an agreement, required to be refunded in accordance with the agreement. CIAC and AIAC are deducted from rate base and may be depreciated in accordance with jurisdictional regulatory requirements.

Acquiring Assets

Acquired assets that are immediately put into service are capitalized and added to the Continuing Property Record (CPR) upon acquisition. Acquired assets that are not put into service are divested or held for future use. Acquired assets are placed in service in accordance with GAAP (generally fair market value) and/or state regulatory or legislative requirements. For MBB, acquired assets are placed in service at fair market value on the day of acquisition.

Divesting Assets

Divested assets are removed from the CPR. Utility plant assets are written off at book value and non-utility plant assets are written off using net realizable value.

Continuing Property Record (CPR) Maintenance

Asset details and asset values are maintained in the CPR. Accounting maintains the CPR and records depreciation and amortization.

- Reconciliation

The CPR is reconciled to the General Ledger using the approved reconciliation frequency in accordance with the General Accounting Policy.

- Asset Tagging

Non-utility assets are tagged and their location is tracked within the CPR. Utility plant assets are not tagged; however, the location of utility plant assets is recorded and systematically tracked by longitude and latitude within the geographical information system ("GIS").

POLICY DOCUMENT



Depreciation

Utility plant assets are depreciated using the Group Depreciation Method, Units of Production Method or Straight-Line Method, where applicable. Regulatory authorities approve the depreciation methods and the rates used to depreciate utility plant assets. The Company establishes non-utility plant depreciation methods and rates. Non-utility plant is depreciated using the Straight-Line Method. Changes in the depreciation rates of capital assets are treated as changes in accounting estimates and are reflected over the remaining useful life of the assets.

Retirement of Assets

Capital assets that are disposed, abandoned, replaced, permanently removed from service, destroyed, or no longer function as intended are retired and removed from the CPR in the month the asset is retired. The original cost of utility plant assets is recorded as accumulated depreciation upon retirement. The net book cost of non-utility plant or land assets results in a gain or loss on the asset upon retirement.

Removal costs are recorded in accordance with GAAP and jurisdictional specific requirements. A regulatory asset or liability may be recorded when differences exist between the time the Company incurs removal costs and the time the Company recovers such costs in rates. Operating Units that do not include cost of removal in depreciation rates expense the costs as incurred.

III. RESPONSIBILITIES

- Functional and Operating Units – Responsible for capitalizing, depreciating, and retiring assets.
- Operating Units – Responsible for verifying the details of the assets in the CPR match the physical assets' current state.
- Rates Support – Responsible for obtaining approval for inclusion of asset costs in rate base, and the determination of depreciation methods and rates for utility assets.
- Accounting – Responsible for monitoring capital leases, creating capital lease amortization schedules, maintaining the CPR, performing reconciliations from the CPR to the General Ledger using the approved reconciliation frequency, monitoring the consistent application of capitalization, depreciation, and retirement of assets, and the determination of depreciation methods and rates for non-utility assets.
- Tax – Responsible for ensuring accounting for income taxes (as required by ASC 740) is followed for the gross-up of the equity component of AFUDC for income tax purposes when required by regulators.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objectives to ensure capital asset accounting is in accordance with regulatory requirements and GAAP.

V. MONITORING

Consistent application of this policy is monitored and reviewed by Accounting.

VI. WAIVERS

Any deviation, waiver or exception from this practice requires the prior written approval of the Document Approver of this practice. The Document Approver, or her or his designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that was granted.

POLICY DOCUMENT



VII. NON-COMPLIANCE

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

Next Review By: 2/10/2023

POLICY DOCUMENT



Appendix – Summary of Practices Related to Utility Plant and Capital Asset Accounting

Policy	Related Practices
Utility Plant and Capital Asset Accounting	Regulated Depreciation and Amortization Practice
	Non-Utility Asset Depreciable Lives Practice
	Allowance for Funds Used During Construction Practice
	Capitalization Practice
	Indirect Overhead Capitalization Practice

POLICY DOCUMENT



VIOLENCE FREE WORKPLACE POLICY

Policy Number: POL-HR12

Effective Date: 6/30/2019

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

Executive Sponsor: SVP, Human Resources

Document Approver: VP, HR Operations

Document Owner: Director, HR Business Partner

I. PURPOSE

American Water is committed to fostering and maintaining a violence-free workplace where all employees are safe and secure. Safety is our top priority and we want all employees to go home in the same condition in which they came to work. In keeping with our values, American Water has zero-tolerance for workplace violence. This means the Company will not tolerate any form of workplace violence on the Company’s premises, Company job sites, at customer locations, or that occur in work-related settings outside the workplace. This policy provides guidance on what constitutes workplace violence, and including without limitation, the requirements for employees and supervisors to report inappropriate conduct. This policy accompanies the related Violence Free Workplace Practice document, the Workplace Conduct and Behavior Policy, the Respect & Dignity Policy, and the Code of Ethics.

II. POLICY STATEMENT

Unless otherwise specified in this policy, an applicable collective bargaining agreement, or covered by applicable law, this policy establishes requirements that are to be followed by all employees, non-employees, contractors, vendors, customers, visitors, and anyone else on Company premises. If the employee is covered by a collective bargaining agreement and specific provisions of the collective bargaining agreement are different than or in conflict with this policy, the provisions of the collective bargaining agreement supersede those in this policy, provided they do not violate the law. Employees should refer to the applicable practices, their collective bargaining agreement (if applicable) or contact their manager or Human Resources with questions related to the subjects covered in this policy.

III. UNDERSTANDING WORKPLACE VIOLENCE

Since workplace violence can take many forms, this policy provides guidance on the various aspects of a violence free workplace. Below are examples of workplace violence to make you aware of what constitutes workplace violence and how you can report incidents threats or actual workplace violence. The examples provided in this policy are not an all-inclusive list. If you have a question about a possible scenario that is not listed here and would like more information, please contact your manager, Human Resources, or Physical Security. The accompanying Violence-Free Workplace Practice document provides more information on what you should do if you are ever involved in a threat of or actual act of violence.

It is the policy of American Water that all employees, non-employees, contractors, vendors, customers, visitors, and anyone else on Company premises are treated with respect and dignity. Any conduct by any employee, non-employee, contractor, vendor, customer or visitor exposing another individual to unnecessary harm is prohibited, including but not limited to:

- Physical assaults.
- Threats of physical assaults or other verbal statements that have the effect of threatening the safety of other persons or property; whether made in person or by other means.
- Intimidation.
- Carrying and/or use of weapons or any other hazardous or dangerous devices or substances on the Company’s Premises, and off the Company’s Premises while on Company business.



Unless otherwise permitted by law, the Company further prohibits weapons or any other hazardous or dangerous devices or substances in any vehicle used for Company business or in any vehicle parked on the Company's Premises. Employees are responsible for making sure that any item possessed by the employee is not prohibited by this policy.

IV. REPORTING, SEARCHES, AND RESPONSIVE ACTION

Reporting

Employees should report all threats of (or actual) violence, both direct and indirect, as soon as possible to their manager, Human Resources, the Security Hotline at **1.866.801.1123** or the Confidential Ethics Hotline at **1.877.207.4888**.

Searches of Personal Property

Subject to state and local law, American Water reserves the right at any time and at its discretion to search all Company-owned or leased vehicles and all vehicles, plus packages, containers, briefcases, purses, lockers, desks, enclosures and persons entering its property, for the purpose of determining whether any weapon is being, or has been, brought onto its property or premises in violation of this policy. Refusal to submit to such a search will result in disciplinary action.

Knowingly False or Bad Faith Malicious Reporting

Knowingly false or bad faith reports of alleged threats of or actual violence in the workplace, as opposed to reports that, even if erroneous, are made in good faith, may be subject to disciplinary action.

Responsive Action

Any person found to have committed prohibited intimidation, threats of or actual violence, or who has brought weapons in the workplace in violation of this policy will be subject to disciplinary action up to, and including, termination. With respect to non-employees, the Company will take appropriate steps as deemed necessary to minimize any threat, with guidance from Human Resources, Operational Risk, Physical Security, and federal, state, or local law enforcement.

Protection Against Retaliation

The Company will not tolerate any coercion, intimidation, or retaliation directed at any individual who objects to prohibited conduct and makes a complaint, makes a complaint or report in good faith of a threat of or actual act of violence, assists in an investigation, or assists or testifies in related proceedings. Retaliation is unlawful and a serious violation of this policy and will be treated with the same corrective action as the threat of or actual act of violence itself. Acts of retaliation must be reported immediately to a manager, Human Resources, or to the Confidential Ethics Hotline at 1.877.207.4888 and will be investigated promptly.

V. RESPONSIBILITIES

Employees, non-employees, contractors, vendors, customers, and visitors are responsible for compliance with this policy.

Employees are responsible for informing their manager, Human Resources, the Security Hotline or the Confidential Ethics Hotline if they have a concern related to potential or actual violations of this policy.

The Senior Vice President, Human Resources is responsible for overall administration of this policy in consultation with Legal, Operational Risk Management, and Managers/Supervisors.

VI. DEFINITIONS

Workplace Violence – any intentional conduct that is sufficiently severe, abusive, or intimidating to cause an individual to reasonably fear for his or her personal safety, the safety of his or her family, friends, and/or property such that employment conditions are altered or a hostile, abusive, or intimidating work environment



is created for one or more employees. Workplace violence does not refer to workplace arguments or debates that are zealous or impassioned, provided there is no resort to any form of coercion or threatening physical conduct. Workplace violence refers to behavior and actions that demonstrate an intention to engage in violence, condones violence in our workplace, or targets any individual with threats of or actual violence.

Company's Premises – all company-owned or leased buildings and surrounding areas such as sidewalks, walkways, driveways, parking lots and parking garages under the Company's ownership or control.

Weapons – firearms (loaded or unloaded), ammunition, explosives, any device from which a projectile may be fired by an explosive, any simulated firearm operated by gas or compressed air, knives, metal knuckles, police batons or nightsticks, any martial arts weapon, bows and arrows, clubs, slingshots, blackjacks, any toxic or flammable chemicals (i.e., acid), self-defense sprays or devices, and any other devices that by their design or intended use are capable of inflicting serious bodily injury or lethal force or that might be considered dangerous or that could cause harm.

VII. EXEMPTIONS

This policy does not apply to any personnel authorized to carry a firearm, police baton, nightstick, or other weapon as part of his or her job duties, or any other exemptions set forth by applicable law.

VIII. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

IX. NON-COMPLIANCE

Any employee who violates or circumvents this policy may be subject to disciplinary action up to and including termination.

X. CONTACT INFORMATION; MONITORING

The Senior Vice President of Human Resources (or delegate) is responsible for answering questions and applicability of the Policy.

Next Review By: 6/30/2022

Approval Date: 6/30/2019

Last Reviewed: 6/19/2019

POLICY DOCUMENT



Appendix – Summary of Policies & Practices Related to Violence Free Workplace Policy

Policy	Related Practice
Respect and Dignity in the Workplace	Respect and Dignity in the Workplace
Workplace Conduct and Behavior	Workplace Conduct and Behavior
Code of Ethics	Violence Free Workplace

POLICY DOCUMENT



WORKPLACE ACCOMMODATION POLICY

Policy Number: POL-HR13

Effective Date: June 17, 2019

Applicability: American Water Works Company, Inc. and its controlled subsidiaries (together “American Water” or the “Company”)

Executive Sponsor: Sr. VP, Human Resources

Document Approver: Sr. VP, Human Resources

Document Owner: Director, HR Business Partner

I. PURPOSE

American Water is committed to a workplace in which all employees are included and developed to their fullest potential. American Water is committed to supporting employees with disabilities, to ensure they have the accommodations they need to perform their job. American Water also recognizes that our employees may require an accommodation to support their sincerely held religious beliefs. American Water is committed to working with our employees to accommodate these needs. The Company has no tolerance for any discrimination, harassment, or retaliation against any employee with a disability or sincerely held religious belief. When employees with a disability or sincerely held religious belief are in need of an accommodation to perform the essential requirements of their positions, there are certain actions that each party – our employees and the company – must take to ensure the proper analysis takes place. As such, this policy is to address those steps, so an employee understands what he/she may need to do.

II. POLICY STATEMENT

The Company is committed to complying with the Americans With Disabilities Act (ADA), as amended, Title VII of the Civil Rights Act of 1964, Section 503 of the Rehabilitation Act of 1973, as amended, and applicable state and local laws providing for non-discrimination in the employment of qualified individuals with covered disabilities, and accommodation of sincerely held religious beliefs.

The Company will comply with all federal, state and local laws providing protection for qualified individuals with disabilities and individuals with sincerely-held religious beliefs. To the extent that any provision of this policy is inconsistent with requirements under federal, state or local law, then the federal, state or local law will apply and will supersede the terms of this policy. To the extent that any provision of this policy is inconsistent with requirements under a collective bargaining agreement, the Company may, if appropriate, seek the union’s participation in the accommodation process.

Non-Discrimination and Accommodation of Qualified Individuals with Disabilities

Per the Company’s Respect and Dignity policy, the Company prohibits any and all types of discrimination, and that includes discrimination against qualified applicants or employees on the basis of: (i) a current disability; (ii) a record of a prior disability; (iii) being perceived or regarded as disabled; or (iv) a relationship or association with a disabled individual, with respect to both the pre-employment process and all terms and conditions of employment. Many individuals with disabilities can perform the essential functions of their jobs without any reasonable accommodation. However, in some situations, an individual may need a reasonable accommodation in order to perform the essential functions of his or her job. It is the Company’s policy to:

- Reasonably accommodate qualified applicants and employees with covered disabilities, should the applicant or employee require or request one in the pre-employment process or to perform their essential job duties. A proposed accommodation that will not eliminate a direct threat to the employee or others, or would create an undue hardship on the Company, may be rejected by the Company.



- Reasonable accommodations may include, but are not limited to, making existing facilities readily accessible to and usable by individuals with disabilities, acquisition or modification of equipment or devices to enable an individual with a disability to complete an essential job function, part-time or modified work schedules, job restructuring (reassignment of non-essential job functions), unpaid leave, and reassignment to a vacant position. It is important to note that the Company will consider all reasonable accommodation requests, but may not necessarily provide the particular accommodation of the individual's choosing.
- Qualified individuals with disabilities who believe they need a reasonable accommodation to perform the essential functions of their job should contact their immediate supervisor or Employee Relations Business Partner to request an accommodation.
- Qualified applicants who need a reasonable accommodation to apply for a job, participate in a job interview or other part of the hiring process should notify their recruiter and/or communicate their request via the Company's Reasonable Accommodation Request Line at requisition.request@amwater.com or 856-955-4030.
- The Company will engage in an interactive dialogue with the applicant or employee to identify a reasonable accommodation. Individuals seeking accommodations under this provision are expected to cooperate and participate in the interactive process, including by timely returning requested paperwork and attending meetings or joining telephone calls to discuss potential accommodations. The Company reserves the right to have the disability and/or accommodation verified by a doctor of its choosing.
- Keep all medical-related information confidential in accordance with the requirements of the ADA and applicable state or local laws, and retain such information in separate confidential files. If any employee feels that their confidentiality has been breached, we ask that the employee report this to their manager, Employee Relations Business Partner, or the Code of Ethics Hotline immediately at (877) 207-4888. We take such concerns very seriously.

This policy governs all aspects of employment, including job selection, job assignment, compensation, employee counseling and discipline, termination, and access to benefits and training. The Company is committed to enforcing this policy and prohibiting retaliation against applicants and employees who request an accommodation in good faith. Please refer to the Company's Respect and Dignity in the Workplace policy for more information on reporting and other related procedures.

Non-Discrimination on the Basis of Applicant or Employee Genetic Information

The Company does not request or require from its applicants or employees genetic information of any individual or family member of the individual, except as may be specifically allowed by law. In accordance with the Genetic Information Non-discrimination Act of 2008 ("GINA"), the Company asks that employees do not provide any genetic information when responding to any request for medical information, except in limited circumstances where required or permitted by law, such as where family member medical information is requested to support a family leave request. "Genetic information," as defined by the GINA, includes an individual's family medical history, the results of an individual's or an individual's family member's genetic tests, the fact that an individual or an individual's family member sought or received genetic services, and genetic information of a fetus carried by an individual or an individual's family member, or an embryo lawfully held by an individual or an individual's family member receiving assistive reproductive services.

Non-Discrimination and Accommodation of Sincerely Held Religious Beliefs

The Company respects the sincerely held religious beliefs and practices of all applicants and employees and will make, on request, an accommodation for such observances when a reasonable accommodation is available that does not create an undue hardship on the company's business. Religious beliefs



include theistic beliefs as well as non-theistic moral or ethical beliefs as to what is right and wrong which are sincerely held with the strength of traditional religious views. Beliefs are not protected merely because they are strongly held. Social, political, or economic philosophies, as well as mere personal preferences, are not “religious” beliefs protected by Title VII.

An applicant or employee who’s sincerely held religious beliefs or practices conflict with his or her job, work schedule, the Company’s policy or practice on dress and appearance, or with other terms or conditions of employment, and who seeks a religious accommodation, should contact their immediate supervisor or Employee Relations Business Partner to request an accommodation.

In the case of religious accommodation requests, the Company will follow a similar interactive process as outlined above with regard to accommodations for qualified individuals with disabilities.

III. RESPONSIBILITIES

Employees, non-employees, contractors and vendors are responsible for compliance with this policy.

Employees are responsible for informing their manager, their Employee Relations Business Partner, or the Code of Ethics Hotline at (888) 207-4888 if they have a concern related to potential violations of this policy.

The Senior Vice President of Human Resources is responsible for overall administration of this policy in consultation with Legal, Operational Risk Management, and Managers/Supervisors.

IV. DEFINITIONS

“Qualified individual with a disability” is a person who meets legitimate skill, experience, education, or other requirements of an employment position that he or she holds or seeks, and who can perform the “essential functions” of the position with or without reasonable accommodation.

“Disability” means, with respect to an individual, a) a physical or mental impairment that substantially limits one or more major life activities of an individual (such as walking, talking, seeing, hearing, or learning); b) a record or history of an impairment (such as cancer that is in remission); or c) being regarded as having a physical or mental impairment that is not transitory (lasting or expected to last six months or less) and minor (even if he or she does not have such an impairment).

“Essential functions” of a position are defined as the most important job duties, the critical elements that must be performed to achieve the objectives of the job. Removal of an essential function would fundamentally change a job. By contrast, marginal functions are those tasks or assignments that are tangential and not as important.

“Reasonable accommodation” is any change in the work environment (or in the way things are usually done) to help an applicant or employee apply for a job, perform the essential duties of a job, or enjoy the benefits and privileges of employment. An exception to this would be when an accommodation would not remove a direct threat to the employee or others, or would create an undue hardship on the Company.

“Direct threat” means a significant risk of substantial harm to the health or safety of the applicant, employee or others, which cannot be eliminated or reduced by a reasonable accommodation.



V. WAIVERS; MODIFICATIONS

Any deviation, waiver or exception from this policy requires the prior written approval of the Executive Sponsor of this policy or his or her designee. The Executive Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VI. NON-COMPLIANCE

Any employee who violates or circumvents this policy may be subject to disciplinary action up to and including termination.

VII. CONTACT INFORMATION; MONITORING

The Senior Vice President of Human Resources (and delegate) is responsible for answering questions and applicability of the Policy.



Appendix A – Summary of Policies & Practices Related to WORKPLACE ACCOMODATION POLICY

Policy	Related Practice
Respect and Dignity in the Workplace	Respect and Dignity in the Workplace
Code of Ethics	

POLICY DOCUMENT



WORKPLACE CONDUCT AND BEHAVIOR POLICY

Policy Number: POL-HR05

Effective Date: 6/15/2019

Applicability: American Water Works Company, Inc., and its controlled subsidiaries (together “American Water” or the “Company”)

ELT Sponsor: Senior Vice President, Human Resources

Document Approver: Senior Vice President, Human Resources

Document Owner: Director, HR Business Partner

I. PURPOSE

This policy addresses all aspects of workplace conduct and behavior, including without limitation, the requirements for employees and supervisors to report inappropriate conduct. This policy should be read together with the related practices and the Code of Ethics. This policy also addresses requirements for employees to present a professional business image; and addresses requirements for employees who engage in outside employment.

II. POLICY STATEMENT

This section contains guidance on the various aspects of workplace conduct and behavior. Unless otherwise specified in this policy or an applicable collective bargaining agreement, this policy establishes requirements that are to be followed by all employees, non-employees, contractors and vendors. *If the employee is covered by a collective bargaining agreement and specific provisions of the collective bargaining agreement or mutual practice are different than or in conflict with this policy, the provisions of the collective bargaining agreement or mutual practice supersede those in this policy, provided they do not violate the law.* Employees should refer to the applicable practices, their collective bargaining agreement, if applicable or contact their Human Resources Department with questions related to the subjects covered in this policy.

Dignity and Respect: Threats and Acts of Violence

All employees, non-employees, contractors and vendors, customers and visitors will be treated with dignity and respect. Any conduct by any employee, non-employee, contractor, vendor, customer or visitor exposing another individual to unnecessary harm is prohibited, including but not limited to threats or acts of violence, even if occurring off the Company’s premises. Firearms, weapons or any other hazardous or dangerous devices or substances are prohibited from any Company premises, except as required by law enforcement officials or contracted security personnel when authorized by the Company.

Anti-Harassment, Anti-Discrimination and Anti-Retaliation

The Company prohibits discrimination, harassment or retaliation of any individual on the basis of race, religion, color, national origin, ancestry, disability, marital status, age, sexual orientation, military or veteran status, gender, gender identity or expression, or any other characteristic prohibited by law. Supervisors and managers have an obligation to respond to all reports or suspected incidents of harassment, discrimination and retaliation by contacting Human Resources and/or the Code of Ethics Hotline within twenty-four (24) hours of becoming aware of such reports or incidents.

Any employee or non-employee who reports an alleged incident of harassment or discrimination will under no circumstances be subject to reprisal or retaliation of any kind. Any employee or non-employee who feels he or she has been subjected to harassment, discrimination and/or retaliation should file a complaint with Human Resources or call the Code of Ethics Hotline at (877) 207-4888.

Outside Employment and Directorships

POLICY DOCUMENT



Employees may engage in outside employment, provided that such employment is consistent with the Code of Ethics, does not conflict with or compromise American Water's interests, and does not adversely affect job performance or the employee's ability to fulfill all Company responsibilities. Employees must consult with their supervisor and local Human Resources if the outside employment creates or appears to create a conflict of interest. Employees may not at any time perform services for a customer if those services are performed by the Company.

Employees may not serve as directors of any outside entity if its activities conflict with the interests of American Water. In addition, employees 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. Directorships in outside companies should satisfy a number of business considerations, including furthering the interests of American Water and not detracting in any material way from the employee's ability to fulfill his or her commitments to American Water. The time commitment and potential personal liabilities and responsibilities associated with the outside directorship will also be considered in evaluating requests.

Use of Company Property

Employees must make efficient use of Company assets. The Company property employees use for their jobs, including but not limited to, tools and equipment, supplies, inventory, and information must be used only for Company business. Employees and non-employees may not under any circumstances use Company property, information or equipment for any outside employment or activity. Misappropriation of Company property can constitute theft.

Tobacco Free Environment

Smoking or the use of tobacco products, or cigarette alternatives anywhere on Company worksites, premises, or Company equipment is prohibited, except in designated areas. Operating Company Presidents may request the local HR departments to publish more stringent tobacco-free workplace requirements if necessary to comply with state and local regulations. For the purpose of this policy, tobacco products include, but are not limited to, cigars, cigarettes, pipe tobacco, smokeless tobacco and cigarette alternatives, which include, but are not limited to, e-cigarettes, smokeless cigarettes or other similar devices.

Office Attire/Uniforms and Branded Apparel

Employees are expected to represent the Company by dressing in a professional manner that is appropriate for their work environment, as communicated by local management. Generally, a business casual dress environment is observed in administrative offices, as determined by local management. Where applicable, employees must follow established guidelines for uniforms, which minimize safety and security concerns for employees, customers, and the public (See the Health and Safety Policy for additional guidance on this topic). Employees must destroy, discard or return retired branded uniform and apparel items to the Company.

The Company recognizes the importance of individually-held religious beliefs to persons within its workforce. The Company will reasonably accommodate an employee's religious beliefs in terms of workplace attire unless the accommodation creates an undue hardship. Accommodation of religious beliefs in terms of attire may be difficult in light of issues of safety for the particular employee as well as co-workers. Employees requesting a workplace attire accommodation based on religious beliefs should be referred to the Human Resources department.

Safe Use of Communication Devices and Technology While Driving

Increased technology available to employees, and present in vehicles, can result in driver distractions that may adversely impact the safety of employees and the public. This increase in available technology is also a general public safety issue and since a growing proportion of other drivers may be distracted, it is important that employees focus on safe and defensive driving with minimal distractions.

At a minimum, employees must adhere to all federal, state, and local driving laws regarding the use of any communications devices while driving and be aware of surrounding traffic conditions while operating a Company vehicle or personal vehicle used for Company business.

POLICY DOCUMENT



In addition to complying with all federal, state and local laws, employees must not engage in driver distracting behaviors while driving. Specifically:

- The use of cell phones (Company issued or personal), may not be used at any time by employees who are operating a Company vehicle, driving a personal vehicle for company business or to conduct company business during non-work hours while driving.
- Communication using vehicle mounted radios must be kept to a minimum while the vehicle is in motion.
- Operation of other equipment, such as computers (Toughbooks), tablets, handheld radios or GPS devices, is also prohibited while operating a Company vehicle or personal vehicle used for Company business.
- Any other activity that distracts an employee while driving a vehicle.

The Company is not liable or otherwise responsible for any fines related to an employee or contractor's failure to comply with state or local driving laws.

Reporting Potential Violations

Employees are encouraged to promptly report alleged wrongful conduct. No adverse action may be taken against an employee for any good faith disclosure or reporting of alleged wrongful conduct including, but not limited to the employee's good faith belief that he or she has witnessed: (1) a violation of any law; (2) fraudulent or criminal conduct or activities; (3) questionable accounting or auditing matters; (4) misappropriation of Company funds; or (5) violations of provisions of the Company's Code of Ethics or violations of this Policy.

No employee shall take or recommend an adverse action against an employee or otherwise retaliate against an employee for disclosing or reporting alleged wrongful conduct. An employee who becomes aware of alleged wrongful conduct is encouraged to make a disclosure to the Code of Ethics Hotline as soon as possible. Adverse action includes, among other things, disciplinary action, discrimination and harassment.

This policy may not be used as a defense by an employee against whom an adverse or disciplinary action has been taken for legitimate reasons or cause. It shall not be a violation of this policy to take adverse disciplinary action against an employee whose conduct or performance warrants that action separate and apart from the employee making a disclosure.

An employee's protection under this policy is in addition to any protections under any applicable state or federal law and this policy shall not be construed as limiting any such protections.

Application of Discipline

Supervisors should consult the practices contained in the appendix section of this policy and their HR Business Partner to determine appropriate corrective action when conduct, policy violations, safety violations or other performance related matters warrant. Prior discipline will only be considered in future disciplinary matters as appropriate and/or in accordance with the terms of an applicable collective bargaining agreement or mutual practice. The Company may determine and apply whatever corrective action it deems appropriate, up to and including termination from employment, for inappropriate conduct, policy violations or other performance related matters.

III. RESPONSIBILITIES

- Employees, non-employees, contractors and vendors are responsible for compliance with this policy; and for assuring the security of Company confidential/proprietary material and Company-provided property and equipment in their possession.
- Employees are responsible for informing their supervisor, Human Resources or the Code of Ethics Hotline if they have a concern related to potential violations of this policy.
- The Vice President of Communications and External Affairs is responsible for establishing branding guidelines for Company apparel and uniforms.

POLICY DOCUMENT



- The Senior Vice President Human Resources is responsible for overall administration of this policy in consultation with Legal, Operational Risk Management, and Managers/Supervisors.

IV. STRATEGIC OBJECTIVE

This policy addresses the strategic objective of maintaining a workplace in which all employees are treated with dignity and respect and in a fair and consistent manner.

V. MONITORING

Human Resources is responsible for monitoring compliance with the Workplace Conduct and Behavior Policy and Practice.

VI. WAIVERS

Any deviation, waiver or exception from this policy requires the prior written approval of the ELT Sponsor of this policy or his or her designee. The ELT Sponsor, or his or her designee, is responsible for tracking all requests for waivers, decisions with respect to those requests, and maintaining documentation related to each waiver request. Each individual receiving a waiver is responsible for retaining documentation of the waiver that he/she was granted.

VII. NON-COMPLIANCE

Any employee who violates or circumvents this policy may be subject to disciplinary action up to and including termination.

Next Review By: 6/15/2022

Last Reviewed: 6/15/2019

Appendix – Summary of Practices Related to Workplace Conduct and Behavior Policy

Policy	Related Practices
Workplace Conduct and Behavior	Workplace Conduct and Behavior Practice
	Violence Free Workplace Practice
	Code of Ethics
Respect and Dignity in the Workplace Policy	Respect and Dignity in the Workplace Practice
	Safety Code Practice