



# 2020-2021

## Environmental, Social and Governance (ESG) Report

AMERICAN STATES WATER COMPANY



American States  
Water Company

## Significant Highlights

32%

SINCE 2007, WATER USAGE PER CUSTOMER BY GOLDEN STATE WATER COMPANY (GSWC) CUSTOMERS IS DOWN 32%

62.5%

WOMEN REPRESENT 62.5% OF THE INDEPENDENT DIRECTORS ON THE COMPANY'S BOARD, OR 5 OUT OF 8

\$7,596

INFRASTRUCTURE INVESTMENT PER CUSTOMER CONNECTION WAS \$7,596 FOR OUR REGULATED UTILITIES

36%

RENEWABLE POWER AT BEAR VALLEY ELECTRIC SERVICE, INC. (BVES) REPRESENTED 36% OF TOTAL ELECTRIC SUPPLY PURCHASES

60%

TARGET GOAL TO REDUCE GREENHOUSE GAS EMISSIONS 60% BY 2035 BASED ON 2020 BASELINE NUMBERS



PERFORMANCE ON SUPPLIER DIVERSITY, CUSTOMER SATISFACTION, AND EMPLOYEE SAFETY ARE INCLUDED IN MANAGEMENT COMPENSATION PLANS



Sound environmental, social responsibility and governance (ESG) practices are an integral part of our business at American States Water Company and its subsidiaries. Over time, we have increased the breadth and depth of our ESG efforts and disclosures, and present our beliefs and policies, consistent efforts, and tangible achievements in this report.

We celebrated our 92nd year in business in 2021, enjoying sustained growth over that period. This growth was realized by balancing the needs of our customers, shareholders, suppliers, and employees and the communities in which we serve, with the needs of the environment in which we operate. Our leadership team considers it a privilege to operate in this great country of ours and we are focused on conserving the many resources with which we have been entrusted. California is one of the leading states in the nation in setting environmentally-sensitive policies. We have proven ourselves in this environmentally-conscious state as well as the eight other states where we provide service to customers.

We are committed to upholding high ESG standards through our delivery of safe and reliable water, wastewater and electric services to our customers. We are also committed to proactively maintaining the integrity of our systems, managing a strong water supply portfolio and an increasingly renewable electric supply portfolio, and planning for climate variability issues and risks. We are proud of our longstanding conservation efforts, and of our workplace culture in which we strive for diversity and inclusion while prioritizing employee safety and well-being. In fact, compensation for our leadership team is linked to performance on metrics for customer satisfaction, supplier diversity and employee safety.

With nearly a century of history behind us, we are proud to be here for the long haul and run our business for the long-term benefit of all of our stakeholders.

**Robert J. Sprowls**  
President and CEO

Based on 2021 data, except the baseline used in the greenhouse gas emissions goal.

# Table of Contents

ESG HIGHLIGHTS	4	INFRASTRUCTURE INVESTMENTS	34
ABOUT THIS REPORT	8	<b>The Need for Investment</b>	<b>34</b>
ABOUT OUR COMPANY	9	<b>Our Approach</b>	<b>35</b>
<b>Overview and Service Area</b>	<b>9</b>	<b>Customer Benefits</b>	<b>37</b>
<b>Mission and Values</b>	<b>10</b>	ECONOMIC IMPACT AND SUPPLIER DIVERSITY	38
<b>Subsidiaries</b>	<b>11</b>	ENVIRONMENTAL IMPACT AND WATER SUPPLY	39
<b>Fiscal Responsibility</b>	<b>12</b>	<b>Environmental Guidelines</b>	<b>39</b>
COVID-19 RESPONSE	13	<b>Climate Variability</b>	<b>40</b>
GOVERNANCE, ETHICS, HUMAN RIGHTS AND RISK MANAGEMENT	14	<b>Wastewater and Sewer Systems</b>	<b>42</b>
<b>Corporate Governance</b>	<b>14</b>	<b>Water Supply</b>	<b>43</b>
<b>Business Ethics</b>	<b>16</b>	WATER EFFICIENCY AND CONSERVATION	46
<b>Human Rights</b>	<b>19</b>	<b>Golden State Water Company</b>	<b>46</b>
<b>Risk Management</b>	<b>20</b>	<b>ASUS Conservation</b>	<b>49</b>
STAKEHOLDER ENGAGEMENT	22	WATER QUALITY	50
<b>Our Stakeholders</b>	<b>22</b>	<b>Stringent Environmental Regulation and Testing</b>	<b>51</b>
<b>Industry Association Memberships</b>	<b>23</b>	<b>Addressing Water Quality Risks</b>	<b>52</b>
<b>Policy Influence</b>	<b>23</b>	<b>Programs and Research</b>	<b>53</b>
<b>Political Contributions</b>	<b>23</b>	RENEWABLE ENERGY AND OTHER CONSERVATION	54
SERVING OUR COMMUNITIES	24	<b>Renewable Energy</b>	<b>54</b>
<b>Overview</b>	<b>24</b>	<b>Conservation by our Electric Customers</b>	<b>54</b>
<b>Community Engagement</b>	<b>25</b>	<b>Reduced Energy Consumption</b>	<b>55</b>
CUSTOMER FOCUS	28	<b>Other Conservation Efforts</b>	<b>55</b>
<b>Customer Service</b>	<b>28</b>	OUR WORKFORCE	56
<b>Education</b>	<b>32</b>	<b>Occupational Health and Safety</b>	<b>57</b>
<b>Water Access and Affordability</b>	<b>33</b>	<b>Talent Acquisition, Development and Retention</b>	<b>63</b>
<b>Protecting Customer Data</b>	<b>33</b>	RECOGNITION	70
		CONTACT US	72

# ESG Highlights



AMERICAN STATES WATER COMPANY BELIEVES THAT ITS INCREASING EMPHASIS ON ENVIRONMENTAL, SOCIAL RESPONSIBILITY AND GOVERNANCE (ESG) ISSUES IS FUNDAMENTAL TO THE SUSTAINABILITY OF THE COMPANY. THE FOLLOWING ARE KEY COMPONENTS OF THESE EFFORTS. FURTHER DETAILS CAN BE FOUND IN THE BODY OF THIS REPORT.

## 1. Safe and Reliable Service

Providing safe, reliable water, electricity and wastewater services to over one million customers every day including homes, commercial and industrial businesses, and military bases

Proactive investments are made to replace and protect our infrastructure

For our regulated utilities, our infrastructure investment per customer connection was \$7,596 in 2021

\$1 out of every \$2.70 collected from our customers went back into infrastructure at our regulated utilities in 2021

Our regulated utilities' capital improvement program has totaled \$634.6 million in the past five years, improving water and electric reliability and reducing water loss throughout our water systems

American States Utility Services, Inc. (ASUS) has spent over \$430.6 million to renew and replace utility infrastructure, and made over \$623.0 million of upgrades to utility infrastructure on military bases since commencing its first military privatization contract in 2004

We plan for and address risks posed by climate variability and other events, ensuring supply and resiliency in order to provide safe and reliable service

Our drinking water meets state and federal drinking water standards, and we follow stringent environmental regulation and testing requirements

Annual Water Quality/Consumer Confidence Reports are published for all our customers

Multiple water sources are used at our regulated water business, including 50-60% from our own groundwater sources

Over the long term, we are exploring opportunities to secure additional supplies from desalination and increase use of reclaimed water, where appropriate and feasible to reduce stress on our water supplies

## 2. Water Efficiency and Conservation

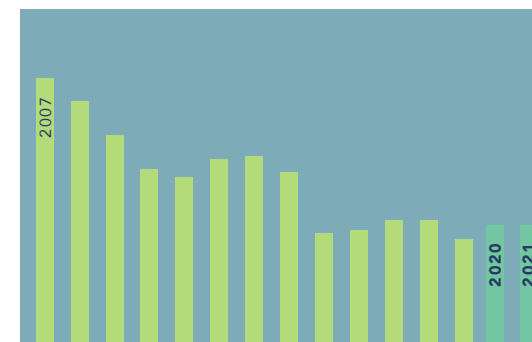
Since 2007, water usage per customer by GSWC customers is down 32%

We aggressively promote conservation through conservation/tiered rates, education, events, free water conservation kits, and customer rebates and programs

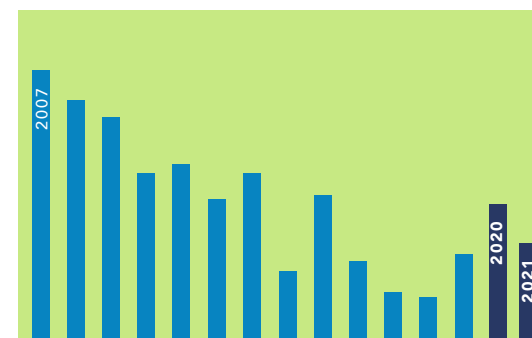
Our water utility has an established Water Audit and Leak Detection program

Water loss, including through water leakage, theft and meter inaccuracies, represented 7.6% of total company production for the period 2017-2021

WATER USAGE PER CUSTOMER thousands of gallons



ELECTRIC USAGE PER CUSTOMER mega-watt hours



## 3. Reducing Environmental Impact

California, home to our regulated utilities, is one of the leading states in the nation in setting environmentally-sensitive policies

Target goal to reduce our greenhouse gas emissions 60% by 2035 based on 2020 baseline numbers

Since 2007, electric usage per customer by BVES customers is down by nearly 10%

BVES's renewable power represented 36% of total electric supply purchases. California's Renewables Portfolio Standard requirements continue to escalate, reaching 50% by 2026 and 100% carbon free by 2045. In addition, BVES is considering developing solar generation and battery storage facilities.

5% of the energy consumed by our electric customers is generated by customer-owned renewable sources (solar)

We educate our electric customers on our energy saving programs, which encourage innovation and conservation. These efforts have helped to save millions of kilowatt hours of electricity.

We offer bill credits to BVES customers who install a solar- or wind-generating facility that produces renewable energy in excess of their on-site use

Many initiatives are used to reduce energy use in our operations

# ESG Highlights CONT.

## 4. Our Broader Impact

We respect, promote and protect human rights in a number of ways as it relates to our business

The company's Board of Directors has adopted a policy of providing access to safe, clean and affordable water adequate for human consumption, cooking, and sanitary purposes in all states in which we operate. We successfully meet these policy goals through operations, programs, and/or services authorized by applicable federal and state laws and regulations or approved by applicable regulatory bodies

Our regulated utilities spend with diverse suppliers for 2021 was 31.3%, a four-fold increase since the inception of our Supplier Diversity Program in 2003. For nine consecutive years our regulated utilities have exceeded the CPUC goal for spending with diverse suppliers

At ASUS, we awarded 77.9% of available dollars to small businesses, far exceeding the U.S. government's requirements

We employ over 800 employees in nine states, and create hundreds more jobs, stimulating the economies in our communities through water, wastewater and electric system improvements

We engage with a variety of stakeholders to help identify risks and opportunities as it relates to our business, helping us better set business and sustainability strategies

Our Environmental Guidelines commit to protecting the environment, ensuring the health and safety of our employees, our customers, and the diverse communities where we operate

## 5. Customer and Community Service

More than one million people are served through our water and electric regulated utilities, as well as U.S. military personnel, families and civilians on 11 military bases through our contracted services business

We strive for best-in-class customer service, providing quality, reliable water, wastewater and electric service each and every day

Customers are our top priority. Communication is key, using various technology methods to educate and inform regarding water quality, conservation, system improvements, and long-term system and service resiliency

We continue to emphasize community engagement. With many of our live events on hold due to the COVID-19 pandemic, we engaged customers and community leaders through our social media platforms, online venues and meetings, and charitable contributions to non-profit organizations.

ASUS is considered by the federal government and the various military installations as one of the preeminent providers of water and wastewater operations, maintenance and capital construction on military installations across the country



## 6. Corporate Governance

8 of 9 Board members are independent

Women on the Board represent 5 out of 8 independent directors, or 62.5%

The roles of Chairman of the Board and CEO are separated

75% of the CEO's long-term equity awards are performance-based

The company maintains a clawback policy for its performance-based executive compensation

The company does not maintain a poison pill

## 7. Our Workforce

Our employees are the foundation of our success. We challenge ourselves to attract, develop and retain the talent we need

Helping our employees thrive, we develop programs that seek to sustain and strengthen efforts in the areas of health and wellness, safety, recruitment, development, retention and employee protections

Strong Occupational Health and Safety practices reduce injuries, keep our workforce healthy, and reduce operating costs

Multiple employee protections are in place, including zero-tolerance policies prohibiting any form of discrimination, harassment and retaliation, a Diversity & Inclusion Policy, and other policies that result in a positive and fair corporate environment

Our workforce is representative of the U.S. workforce population in terms of racial diversity, and the percentage of women in our organization is closely aligned with the norms in our industries



# About This Report

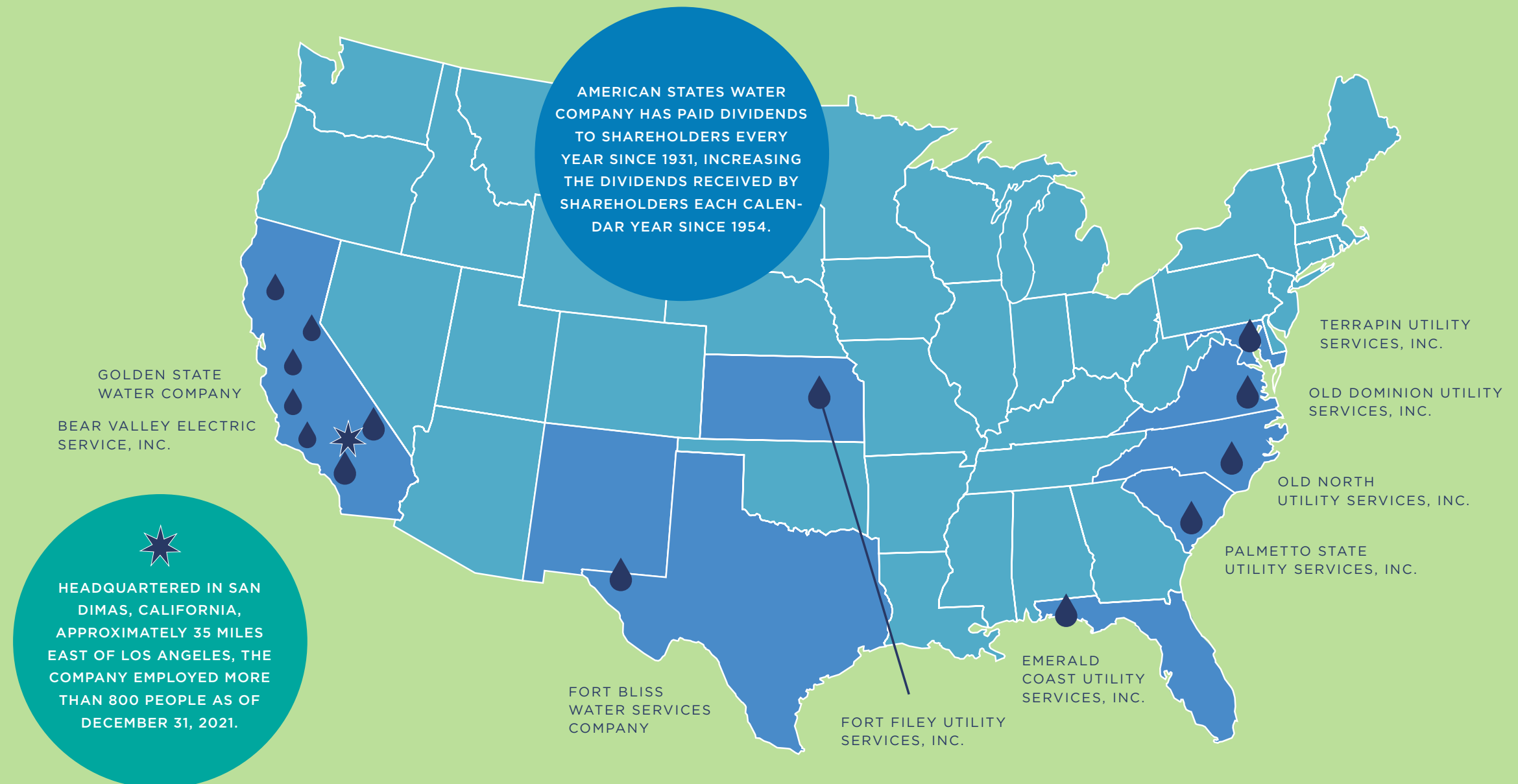
We strive to publish our Environmental, Social and Governance (ESG) report every two years, and this report covers our sustainability performance for calendar years 2020 and 2021. Unless stated otherwise, data is based on calendar year 2021 to present the most current snapshot. In addition to its contents, additional information related to our ESG efforts can be found on our website, including our Task Force on Climate-related Financial Disclosures (TCFD) report, several standards from the Sustainability Accounting Standards Board (SASB), governance documents, SEC filings, Code of Conduct, Vendor Code of Conduct, and Diversity & Inclusion Policy.

Preparing this report provides an opportunity to assess and improve upon our ESG progress and performance. If you have feedback or questions, please contact Investor Relations at [investorinfo@aswater.com](mailto:investorinfo@aswater.com).

# About Our Company

## Overview and Service Area

American States Water Company is the parent of Golden State Water Company, Bear Valley Electric Service, Inc. and American States Utility Services, Inc., serving over one million people in nine states. Through its water utility subsidiary, Golden State Water Company, the company provides water service to approximately 263,000 customer connections located within more than 80 communities in Northern, Coastal and Southern California. Through its electric utility subsidiary, Bear Valley Electric Service, Inc., the company distributes electricity to approximately 24,700 customer connections in the City of Big Bear Lake and surrounding areas in San Bernardino County, California. Through its contracted services subsidiary, American States Utility Services, Inc., the company provides operations, maintenance and construction management services for water distribution, wastewater collection, and treatment facilities located on eleven military bases throughout the country under 50-year privatization contracts with the U.S. government.



## Mission and Values

American States Water Company is committed to maximizing shareholder value through a combination of capital appreciation and cash dividends. Our mission will be accomplished by delivering exemplary water, wastewater and electric services to our customers and superior financial performance for our shareholders through minimizing life-cycle costs, developing and empowering our workforce, conserving resources and leveraging diversity among our employees and vendors.

In pursuing our mission, the company's Board of Directors, management and employees are guided by the following **Shared Values**:

- 

**Integrity:**  
BUILDING TRUST THROUGH HONEST COMMUNICATION AND DOING WHAT IS RIGHT
- 

**Teamwork:**  
MAXIMIZING EFFICIENCY THROUGH COLLABORATION AND INDIVIDUAL STRENGTHS
- 

**Respect:**  
VALUING DIVERSITY AND TREATING ALL STAKEHOLDERS WITH FAIRNESS
- 

**Excellence in Service:**  
STRIVING FOR EXCELLENCE AND QUALITY IN EVERYTHING WE DO
- 

**Accountability:**  
TAKING OWNERSHIP OF ONE'S ACTIONS

## Subsidiaries

### REGULATED UTILITIES

**Golden State Water Company (GSWC)** GSWC, founded in 1929, is our regulated water utility business in California. We serve over one million people in more than 80 communities in 10 counties, operating 38 water systems. Delivering water to GSWC's customers requires over 2,800 miles of pipelines which support more than 263,000 service connections. GSWC's assets also include over 26,000 fire hydrants, 142 tanks with the capacity to store more than 110 million gallons of water, 240 wells and 385 boosters. The company has a significant amount of water rights, which helps meet customer demand, owning -71,700 acre-feet of adjudicated groundwater rights, a significant number of unadjudicated groundwater rights, and -11,300 acre-feet of surface water rights. GSWC also has a significant number of unadjudicated water rights, which have not been quantified and are not subject to predetermined limitations, but are typically measured by historical usage.

**Bear Valley Electric Service, Inc. (BVES)** BVES, founded in 1929, is our regulated electric utility business that operates one electric system in the City of Big Bear Lake and surrounding areas in San Bernardino County, California. BVES distributes electricity to more than 24,700 service connections, and owns and operates over 87 miles of overhead and 6 miles of underground 34.5 kv sub-transmission lines, over 490 miles of overhead and 113 miles of underground cable, 13 substations, and a natural gas-fueled 8.4 MW peaking generation facility.



GSWC PROVIDES WATER SERVICE TO APPROXIMATELY 263,000 CUSTOMER CONNECTIONS LOCATED WITHIN MORE THAN 80 COMMUNITIES IN NORTHERN, COASTAL AND SOUTHERN CALIFORNIA.

## Subsidiaries CONT.

### CONTRACTED SERVICES

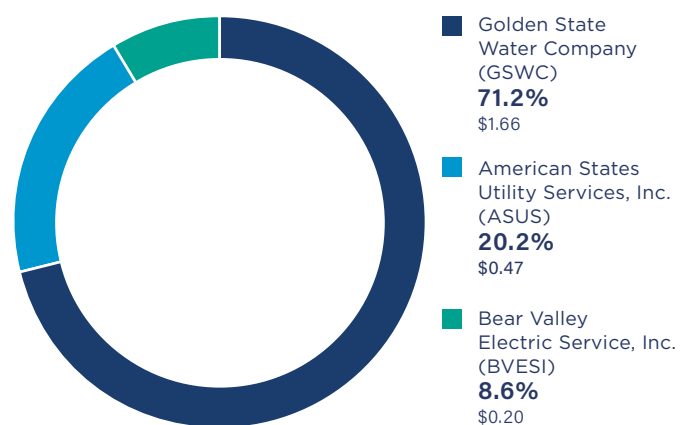
**American States Utility Services, Inc., (ASUS)** ASUS is our contracted services subsidiary, and provides operations, maintenance and construction management services for water distribution, wastewater collection, and treatment facilities at 11 military bases in eight states under 50-year privatization contracts with the U.S. government.

*U.S. military bases we currently serve include:*

- Fort Bliss in El Paso, Texas (parts in New Mexico)
- Joint Base Andrews in Maryland
- Fort Lee in Virginia (wastewater only)
- Joint Expeditionary Base Little Creek-Fort Story and Joint Base Langley-Eustis in Virginia
- Fort Jackson in Columbia, South Carolina
- Fort Bragg, Pope Army Airfield, and Camp Mackall in Fayetteville, North Carolina
- Eglin Air Force Base in Florida
- Fort Riley in Kansas

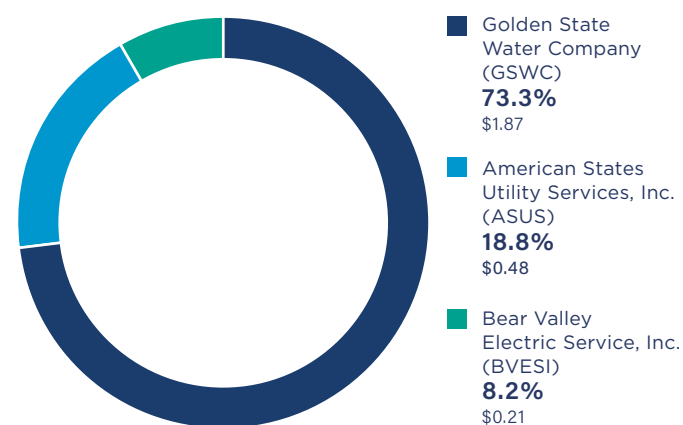
## Fiscal Responsibility

2020 Earnings per share



Total  
**\$2.33**

2021 Earnings per share



Total  
**\$2.55\***

\* Also includes the parent company 2021 results of -\$0.01 per share

Maintaining strong fiscal responsibility provides funding to enable us to be good stewards of the environment and provide critical services to our customers. For our regulated water and electric services, we must balance the need for maintaining and improving the reliability of our infrastructure with the overall cost to our customers. Our capital improvement programs for our regulated businesses have totaled \$634.6 million in the past five years alone, improving water and electric reliability and reducing water loss throughout our water systems. Operating and maintaining, as well as renewing and replacing water and wastewater systems by ASUS at military bases also involves a delicate balance of reliability and cost. ASUS has spent over \$430.6 million to renew and replace utility infrastructure, and made over \$623.0 million of upgrades to utility infrastructure on military bases since commencing its first military privatization contract in 2004.

Prudent investments to improve service and reliability, an experienced leadership team, committed employees, and efficient operations have made us a strong company, and one that is well positioned for the future.

## COVID-19 Response

While our communities have responded to the COVID-19 pandemic, customers of GSWC, ASUS and BVES continue to receive the same excellent water, electric and wastewater services they have come to expect. The health and safety of our customers, employees, and contractors is, as ever, our first priority. As this situation has unfolded, we have taken all necessary steps to protect customers and staff and coordinated with local, state and federal authorities to ensure the safety and dependability of the critical services we supply. In 2020 and 2021, we provided up to an additional 80 hours of sick time for use by employees with any COVID-19 related issues, made no job cuts, and no pay reductions or changes in our bonus programs.

Our hearts go out to those affected by the virus, and we remain committed to providing reliable services to our customers, as well as protecting those who provide these services.



# Governance, Ethics, Human Rights and Risk Management

## Corporate Governance

Sound corporate governance practices support our corporate strategies, culture and reputation. It begins by having a high quality, diverse Board of Directors, who are charged with overseeing the establishment of policies to ensure American States Water Company is operating and performing in a manner consistent with its mission, values and the company's Code of Conduct. The Board is comprised of individuals with diverse experience and perspectives and is committed to pursuing best practices from a corporate governance standpoint. The Board has adopted formal Guidelines on Significant Governance Issues. This, other governance documents, and the proxy statement, can be found on the American States Water Company website.

## GOVERNANCE STRUCTURE

Our corporate governance structure helps to ensure accountability and integrity across the organization. American States Water Company's Board of Directors has the following standing committees:

- Audit and Finance
- Compensation
- Nominating and Governance
- ASUS

Committee charters and committee compositions are also available on our website.

## KEY CORPORATE GOVERNANCE METRICS

- 8 of 9 board members are independent
- Women on the board represent 5 out of 8 independent directors, or 62.5%
- The roles of Chairman of the Board and CEO are separated
- 75% of the CEO's long-term equity awards are performance-based
- The company maintains a clawback policy for its performance-based executive compensation
- Company does not maintain a poison pill

## BOARD COMMITMENT

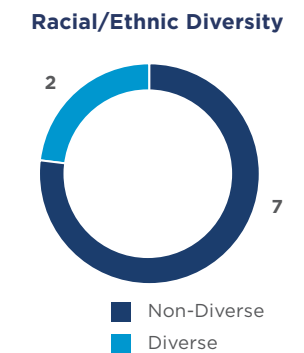
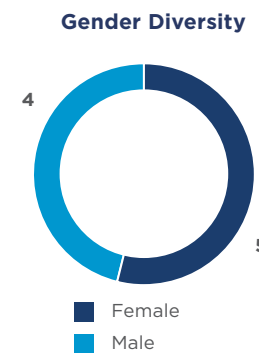
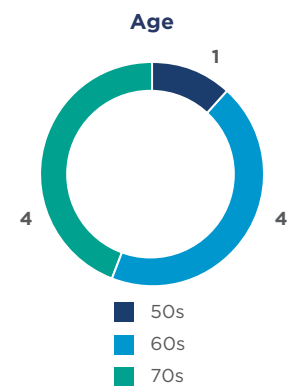
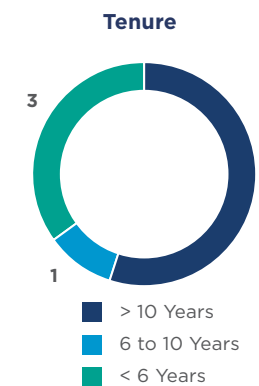
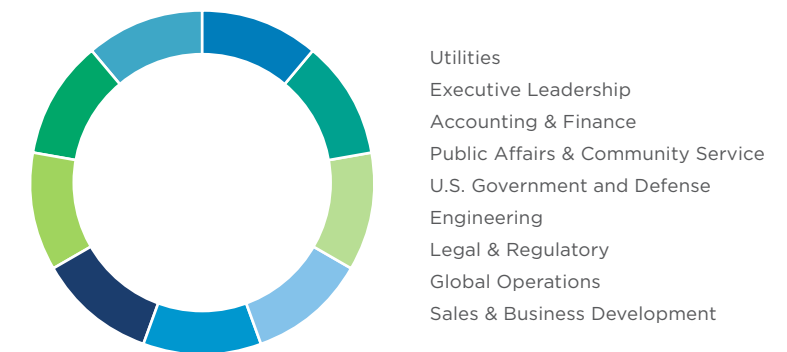
American States Water Company is committed to balancing the goal of providing the highest quality and reliability of water service with the overall cost of service to our customers, subject to applicable federal and state laws and regulations, and orders of regulatory bodies. The Board has adopted a policy of providing access to safe, clean and affordable water adequate for human consumption, cooking, and sanitary purposes in all states in which we operate. We successfully meet these policy goals through operations, programs, and/or services authorized by applicable federal and state laws and regulations or approved by applicable regulatory bodies.

## BOARD DIVERSITY

We continue to strive for diversity and inclusion across our company, including on our Board of Directors, which represents a mix of experience and expertise to help the company meet its long-term business goals. We also have a commitment to gender equality at all levels of our company. At the Board level, more than half of our Board members are women, including Anne Holloway as our Chairman of the Board. Our company was recognized as "gender-balanced" by the 50/50 Women on Boards™ organization, a designation that only 8% in the Russell 3000 Index have achieved.\*

\*Source: www.5050wob.com

### Our Board's Experience and Skills:



As of 5/24/22

# Governance, Ethics, Human Rights and Risk Management CONT.

## Sustainability Oversight

American States Water Company believes it is critical that key, informed members of its organization focus on sustainability issues and reporting. The Nominating and Governance Committee of the Board of Directors provides oversight of this initiative at the Board level. The Environmental, Social and Governance report and the issues and disclosures contained within, is reviewed by the Nominating and Governance Committee formally at least every two years, and Addendums are reviewed and issued on a more frequent basis.

The company's Sustainability Oversight team is responsible for the policies and operational controls of environmental, health and safety and social risks. Members include the President and CEO; Senior Vice President - Finance, Chief Financial Officer; Senior Vice President - Regulated Water Utility; Senior Vice President - ASUS; and Investor Relations.

The parent company includes information from all of its subsidiaries in preparing this report.

## Business Ethics

Integrity is one of our core values and an integral part of who we are. We strive to do the right thing and live up to the highest standards of honesty and ethical conduct every day. Leading by example, demonstrating integrity, and maintaining an ethical, safe and productive workplace are the responsibilities of employees at all levels of our organization.



### OUR COMMITMENT TO BASIC BUSINESS PRINCIPLES

Our basic business principles are at the core of our corporate culture. Incorporated into our Shared Values, they are our tenets for sustaining a healthy environment and continued success.

- We expect integrity and honesty in our relationships at every level of the organization
- We believe that people are the most valued assets of a business and accountable for their actions
- We encourage our team members to be active participants in helping improve the quality of life in their communities
- We engage employees in ongoing learning and development
- We strive to employ socially responsible practices through development of our people on service standards and ethical leadership
- We are fair and equitable when choosing our business partners



### COMPLIANCE AND CODE OF CONDUCT

American States Water Company and its subsidiaries are committed to adhering to the highest standards of business conduct. Our Code of Conduct (Code), available on our website, provides the guidelines for maintaining a legally compliant and ethical workforce. At its core, the Code requires all employees to ensure compliance with all applicable state and federal regulations and laws.

The Code covers, among other topics, political activities and political contributions, anti-corruption and bribery, securities trading, environmental protections, health and safety, conflicts of interests, personal and professional conduct, government investigations, records management, prohibitions of discrimination and harassment, confidentiality, and privacy. The company has a zero tolerance policy for any form of discrimination or harassment. Specifically, we prohibit any unlawful discrimination or harassment on the basis of race, color, religion, national origin, ancestry, ethnicity, physical disability, mental disability, legally protected medical condition (i.e., cancer-related or genetic characteristic or information; pregnancy, childbirth or related medical conditions), marital status, sex, gender identity or expression, sexual orientation, age, veteran status, or any other basis protected by federal, state, or local law.

We recognize our Code and related policies are more effective when employees, suppliers, and contractors trust they can report a potentially unsafe, unethical or compliance related concern without fear of retaliation. To encourage sharing of these concerns, we provide a wide range of reporting channels.

Employees are expected to report a concern to their supervisor, any other member of management or Human Capital Management, or the Ethical Reporting Hotline. The Hotline is operated by an independent third party and is available by telephone or webpage 24 hours a day, seven days a week, and provides the option to report anonymously. Every report to the Hotline is investigated, and all Hotline reports and investigations are overseen by

the Audit Committee Chair of the Board of Directors and investigated by the company. Suppliers and contractors may also report potentially unsafe or unethical conduct or other compliance related concerns via the Hotline.

To emphasize the importance of ethics and compliance, we require all new employees to complete training on the topics covered by the Code and other policies. They are required to review and sign the Code during orientation, and all employees are required to review and sign the Code every other year. This applies to our Employee Handbook as well. In addition, posters are prominently displayed at every facility operated by a company entity to remind employees of the Ethical Reporting Hotline and the importance of reporting any potential compliance concern. Any employee who does not comply with applicable laws and corporate policies is subject to disciplinary action, including termination.



### ANTI-CORRUPTION AND BRIBERY

American States Water Company and its subsidiaries are committed to succeeding based on the quality of our people and our services. We comply with all anti-corruption and bribery laws wherever we conduct business. Such laws make it illegal to bribe a governmental official to obtain or retain business or an improper advantage. Anti-corruption laws prohibit giving anything of value, such as a payment, gift, or bribe, to obtain the influence of officials, candidates, or political parties.

## Business Ethics CONT.



### VENDOR SELECTION AND EXPECTATIONS

Our parent company and its subsidiaries work to select dependable and reputable suppliers and contractors and monitor their performance. This plays an important role in limiting risk, and ensuring that our business partners meet our standards and expectations.

All qualified vendors are issued and required to comply with the company's Vendor Code of Conduct. The Vendor Code of Conduct, located on the company's website, sets forth the high business standards and expectations that apply to all vendors that conduct business with the company, and are based on the company's core values of Integrity, Teamwork, Respect, Excellence in Service, and Accountability.

When a subsidiary identifies a need that would be best met by a third party, its procurement personnel identify qualified vendors.

Procurement policies specify the insurance coverages and legal review requirements as well as the contract management procedures that must be followed. It is important to note that all vendors are rigorously vetted to ensure, among other things, that they are properly licensed, certified, insured, reputable, and not in violation of safety or other laws before they are qualified to do business with any of our entities. Once qualified and selected, the performance of all contractors is monitored to ensure all work is satisfactory and in compliance with legal and regulatory, including health and safety requirements. We have zero tolerance for and will immediately terminate a business partnership if any vendor fails to act with integrity; fails to maintain a strong health and safety performance; fails to respect employee rights, such as freedom of association and collective bargaining; fails to minimize the impact on the environment consistent with our standards; and/or fails to comply with applicable laws and regulations, which include compliance with all wage and hour mandates, child or forced labor, involuntary servitude, or other human rights violations.



## Human Rights

American States Water Company and its subsidiaries respect human rights. With all of our operations situated in the U.S., and working within a strong regulatory framework, human rights are constitutionally protected, and do not constitute a material risk for the company. There are several ways we strive to promote and protect human rights in our business:

THE BOARD HAS ADOPTED A POLICY OF PROVIDING ACCESS TO SAFE, CLEAN AND AFFORDABLE WATER ADEQUATE FOR HUMAN CONSUMPTION, COOKING, AND SANITARY PURPOSES IN ALL STATES IN WHICH WE OPERATE. WE SUCCESSFULLY MEET THESE POLICY GOALS THROUGH OPERATIONS, PROGRAMS, AND/OR SERVICES AUTHORIZED BY APPLICABLE FEDERAL AND STATE LAWS AND REGULATIONS OR APPROVED BY APPLICABLE REGULATORY BODIES.

THE COMPANY HAS AND ENFORCES ANTI-DISCRIMINATION, HARASSMENT-FREE WORKPLACE AND VIOLENCE-FREE WORKPLACE POLICIES IN ITS CODE OF CONDUCT.

WE CONTINUALLY INVEST IN INFRASTRUCTURE IMPROVEMENTS TO ENSURE SUSTAINABLE ACCESS TO CLEAN WATER FOR OUR CUSTOMERS. OVER THE LAST FIVE YEARS (2017-2021), OUR REGULATED UTILITIES CAPITAL IMPROVEMENT PROGRAM HAS TOTALED \$634.6 MILLION, WHILE CONSTRUCTION EXPENSES AT ASUS HAVE TOTALED \$278.7 MILLION.

AT GSWC, WE OFFER CUSTOMER ASSISTANCE PROGRAMS TO HELP LOW-INCOME OR DISADVANTAGED HOUSEHOLDS PAY FOR WATER SERVICES, AS WELL AS PROTECTION FOR QUALIFIED MILITARY PERSONNEL DURING PERIODS OF FULL-TIME DEPLOYMENT.

## RESPECT OF HUMAN RIGHTS AND THE LAW

We are committed to respecting all human rights as required by all laws of the United States and each of its states where we operate. Moreover, we are committed to respecting all human rights as outlined by the Universal Declaration of Human Rights, and its two corresponding covenants, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social, and Cultural Rights.

American States Water Company and its subsidiaries are committed to meeting or exceeding all laws and regulations wherever we conduct our business activities. The company expects every employee to know the laws and policies that apply to their activities, and to conduct them with uncompromising honesty and integrity. In fact, all employees are expected and directed to comply with all laws and regulations as well as all business conduct policies relating to the company's activities. These same expectations and directives apply to any of our business partners, such as suppliers and contractors that transact with the company.

## Risk Management

Risk is inherent in the operating environments of all our business segments. The company takes an integrated approach to risk management in its business activities to drive consistent, effective, and accountable action in all decision-making and management practices. We maintain an Enterprise Risk Management (ERM) process to assist with the identification and prioritization of risks across the company, as well as with the development and implementation of risk mitigation strategies. We have identified the top enterprise risks through the ERM process, which is led by our CEO and Senior Vice Presidents, and the risk mitigation strategies for our key risks are reviewed with

the Board on a quarterly basis. One Board member serves as a Board liaison to senior management on the ERM process.

## ENTERPRISE SECURITY RISK MANAGEMENT

With the protection of our technology systems, facilities, and customer and employee information in mind, our goals are to:

- Ensure the cybersecurity of our operational technology systems;
- Comply with security and data privacy regulations; and
- Protect the physical security of our employees, facilities and assets

Our security team conducts regular internal security reviews and engages top tier third parties skilled on external security assessments, using the results to develop improvement initiatives and further enhance security controls of company assets and systems.

## CYBER AND DIGITAL SECURITY

We have implemented security measures and will continue to devote significant resources to address any security vulnerabilities in an effort to prevent cyberattacks. These efforts are aimed to avoid water, wastewater or electric system problems, customer service disruptions, compromised important data or business systems, or other situations that could result in unintended release of customer, employee, board or corporate information. Moreover, if a computer security breach affects our systems or results in the unauthorized release of sensitive data, our reputation could be materially damaged.

Cybersecurity updates are given to the board of directors on a quarterly basis. Quarterly cybersecurity training is required for all employees, with the topics varying each quarter. The company also conducts specialized training. ASUS is required to train all employees annually on protecting certain types of information relating to the work we do with the U.S. Government.

We rely on our computer, information and communications technology systems in connection with the operation of our business, especially with respect to customer service and billing, accounting and the monitoring and operation of our treatment, storage and pumping facilities. Our computer and communications systems and operations could be damaged or interrupted by weather, natural disasters, telecommunications failures, cyber-attacks or acts of war or terrorism or similar events or disruptions.

Our cybersecurity program is consistent with industry best practices, including NIST Cybersecurity Framework. This Framework provides organization and structure to today's multiple approaches to cybersecurity by assembling standards, guidelines, and practices that are working effectively in industry today. We have used the Framework to develop a comprehensive Defense-in-Depth plan that guides the acquisition and implementation of tools to ensure we continue to build a strong platform for protecting our customers and ourselves.

As a regulated water utility, Golden State Water Company regularly evaluates risks to its operations and systems. As required under the America's Water Infrastructure Act (AWIA) of 2018, we have completed risk assessments for all our public water systems that serve a population of at least 3,300 as required by the Act. Under the Bioterrorism Act of 2002, water systems were required to complete Vulnerability Assessments. To assist with that, the Environmental Protection Agency (EPA) developed the Vulnerability Self-Assessment Tool (VSAT) for community water systems to evaluate risk and resiliency from a variety of threats and natural hazards. For AWIA, EPA modified and updated the tool in 2019 to meet the requirements under the new law. The VSAT methodology implements the American National Standards Institute (ANSI) / American Water Works Association (AWWA) J100 Standards, Risk and Resilience Management

of Water and Wastewater Systems. We are using these tools in addition to other specialized methodologies for specific business functions, such as asset management and cybersecurity, to ensure our assessments are both detailed and specific to GSWC's operations. While the VSAT tool looks at each system's risk individually, we are ensuring corporate risk and resiliency is also considered by taking a holistic approach to evaluating interdependences of specific assets. Through this augmented approach, both natural hazards and malevolent acts are evaluated for each individual system and the enterprise.

In addition, we must comply with privacy rights regulations such as The California Consumer Privacy Act (CCPA), a state statute that became effective January 1, 2020 which enhances the privacy rights and consumer protections for California residents. Among other things, the CCPA establishes statutory damages for victims of data security breaches, and provides additional rights for consumers to obtain their data from any business that has their personally identifiable information.

## PHYSICAL SECURITY

Our regulated utilities utilize a variety of physical security measures to protect its facilities. They also consider advances in security and emergency preparedness technology and relevant industry developments in developing its capital-improvement plans.

Our ASUS subsidiaries operate facilities within the boundaries of military bases, which provide limited access to the general public. To further enhance security, all office and warehouse facilities are protected with keycard access required at all access points and are monitored with security camera systems. In prior years, certain additional upgrades were completed to system operational facilities at various military bases through contract modifications funded by the U.S. government.

# Stakeholder Engagement

## Our Stakeholders

American States Water Company and its subsidiaries engage with a variety of stakeholders, as we collaborate, inform, listen and respond to views or concerns. This helps identify risks and opportunities as it relates to our business and helps us to identify and establish business and sustainability strategies.

The following summarizes our key stakeholders and identifies some of the engagement mechanisms relevant to each group. Certain activities were impacted due to the COVID-19 pandemic.

<b>CUSTOMERS</b> 24/7 call center, field service facilities, customer satisfaction and service quality surveys, social media, focus groups, open houses, and plant tours	<b>COMMUNITIES</b> Community members, leaders and public officials, public meetings and open houses, local events, volunteering, and speaker opportunities	<b>EMPLOYEES</b> Staff meetings, focus groups, internal communications through various channels, and face-to-face meetings with company leadership	<b>MEDIA</b> Open houses, facility tours, editorial meetings, and press releases
<b>SUPPLIERS</b> Vendor diversity program, vendor meetings, and prequalification opportunities	<b>REGULATORS</b> Meetings, regular oral and written communication, and plant and facility tours	<b>INVESTORS</b> Quarterly earnings calls, investor calls and meetings, presentations, regulatory filings, and quarterly and annual reports	<b>GOVERNMENTAL AGENCIES</b> Update calls, meetings and system tours
<b>NON-GOVERNMENTAL AGENCIES</b> Partnerships for staffing	<b>CREDIT RATING AGENCIES</b> Annual meetings and periodic discussions	<b>ESG RATING AGENCIES</b> Data and information requests and general communications	<b>INDUSTRY ASSOCIATIONS</b> Memberships, meetings, and conferences

## Industry Association Memberships

We belong to the following industry organizations at the local, state and national level.

- American Water Works Association (AWWA)
- National Association of Water Companies (NAWC)
- Water Environment Federation (WEF)
- California Water Association (CWA)
- Water Research Foundation
- California Foundation on the Environment and Economy
- The National Groundwater Association
- Pacific Policy Institute
- Water Education Foundation

At the local levels, we are active members and partners with numerous industry-related organizations, chamber groups, local water associations, pumper groups, groundwater basin management associations, economic development corporations, and various technical committees. These associations and committees work together to develop improved business relationships, sustainability plans and operational guidelines to improve overall effectiveness, and create reports to share information with key stakeholder groups. We work closely with our colleagues in the industry to advocate for reasonable regulation, ensure all stakeholders are considered and improve the overall effectiveness of utility operations.



## Policy Influence

We are committed to industry leadership and work on a non-partisan basis with federal, state and local agencies to support effective environmental, health and safety, water, wastewater and energy standards and regulations. Additionally, we are actively involved in supporting our regulators and state governments to fulfill their goals, from finding solutions to bring clean water to disadvantaged communities, to ensuring a reliable and high quality supply of water is available for many generations to come. Our utility experts work directly with governmental leaders, non-governmental organizations, and other parties to identify and implement specific solutions to address these difficult and challenging problems.

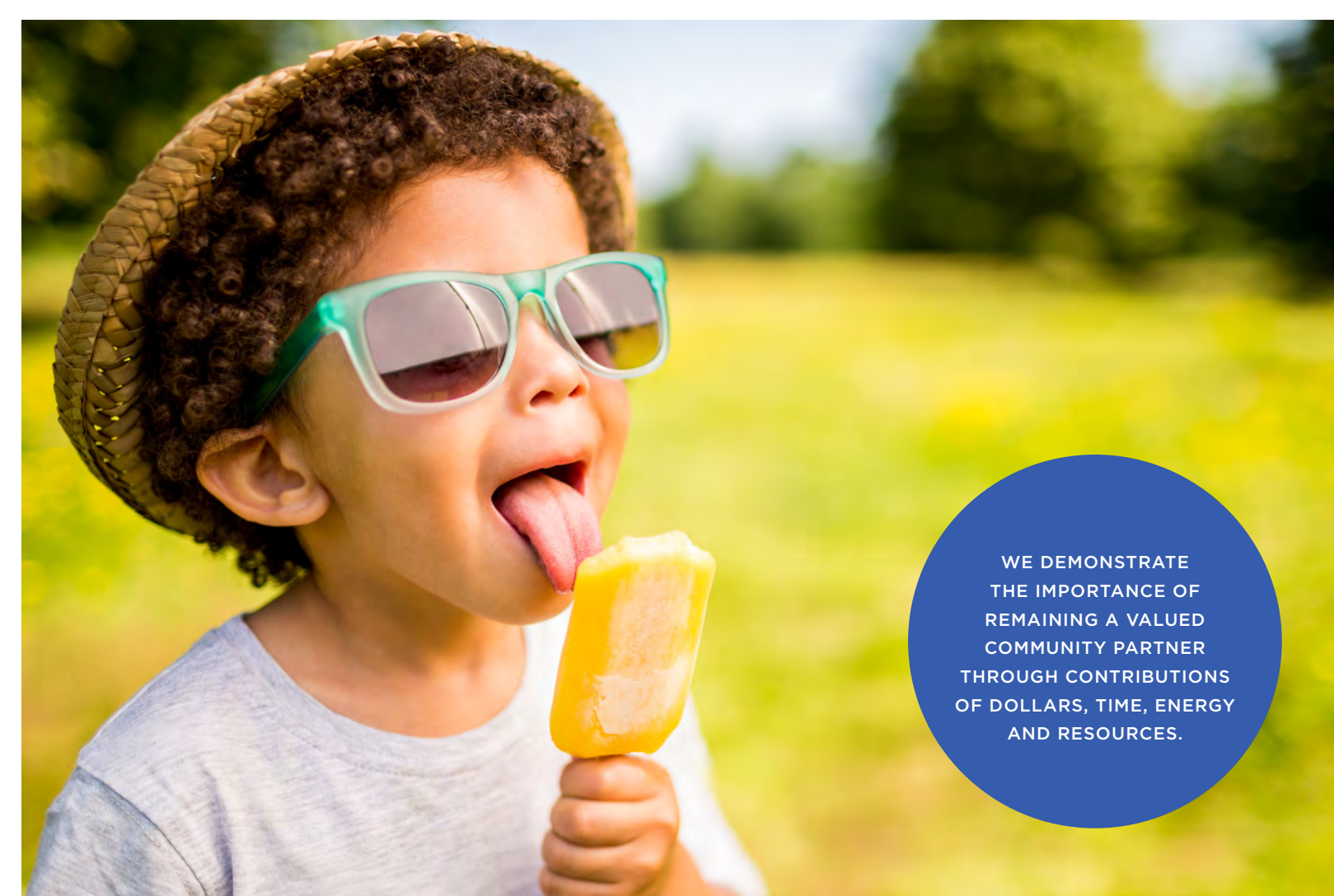
## Political Contributions

AWR has policies in place to govern political contributions, and we follow all public reporting requirements in each jurisdiction. Our Political Contribution Policy, adopted by the Board of Directors, outlines acceptable practices for political contributions. Our Board of Directors reviews our policy and political contributions on an annual basis.

As part of the company's commitment to good governance principles and transparency, and in accordance with our Political Contribution Policy, we publicly disclose the following:

★ **Lobbying Activity:**  
<http://cal-access.sos.ca.gov/Lobbying/Employers/Detail.aspx?id=1145517&vi>

★ **Political Contributions:**  
<http://cal-access.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1009283&session>



WE DEMONSTRATE THE IMPORTANCE OF REMAINING A VALUED COMMUNITY PARTNER THROUGH CONTRIBUTIONS OF DOLLARS, TIME, ENERGY AND RESOURCES.

## Serving Our Communities

### Overview

**A utility plays a unique role in a community.** We're tied to residents' daily lives, and to the viability and vitality of the places we serve, in a way many businesses aren't. Beyond providing service that our customers can depend on, community engagement remains a priority across all of our businesses. We demonstrate the importance of remaining a valued community partner through contributions of dollars, time, energy and resources.

We are more than just the local water and electric provider — we live, work and play in the neighborhoods we serve, and we honor our commitment to strengthen our local communities through engagement, support and philanthropy. In addition to ASUS providing excellent service to the U.S. government under our 50-year contracts, our ASUS subsidiaries also provide community outreach initiatives.

American States Water Company and its subsidiaries do not have service territories in areas designated as Indigenous regions or lands.

## Community Engagement

We continue to emphasize community engagement. With many of our live events on hold due to the COVID-19 pandemic, we engaged customers and community leaders through our social media platforms, online venues and meetings, and charitable contributions to non-profit organizations.

*Below are just a few examples of our community engagement:*



### GOLDEN STATE WATER COMPANY

**Community Giving:** GSWC continues to support programs that empower and enrich the lives of our youth and ensure water resources will be available for future generations. We recognize that our financial contributions to programs like The HYDE Out Teen Center in Rancho Cordova and Gardena Chamber of Commerce's Operation Backpack event make a big impact on our youth.

**Service Hours:** Through our Community Engagement Program, GSWC encourages employees to remain active in our communities, and implemented service hour guidelines for all salaried members of our team. This initiative is designed to increase our levels of support and engagement and maximize our reach through service organizations and

community activities. Although most community engagement opportunities were canceled or limited in size during the COVID-19 pandemic, GSWC employees still managed to contribute over 2,395 hours of volunteer time in 2020-2021 to local community organizations.

**Operation Gobble:** Each year, GSWC works in partnership with elected officials and community leaders to distribute Thanksgiving turkeys to charitable organizations that serve families and individuals with limited resources through the Operation Gobble program. Since 1990, GSWC has donated more than 249,000 turkeys to community-based organizations like the Salvation Army, the Boys and Girls Clubs of America, local churches and other non-profit organizations.

GOLDEN STATE WATER COMPANY CONT.

**Charitable Contributions:** GSWC supports community non-profit organizations through charitable contributions. During the COVID-19 pandemic, this program became critically important as many of the community non-profit organizations faced financial hardships due to either a significant reduction in financial giving or an increase in the services provided to the communities served.

**School Programs:** For years, GSWC has supported our local schools, participating in career days, literacy activities, and sponsoring STEM programs. Our Community Engagement Program aims to impact even more children in the coming years through education and the promotion of healthy, active lifestyles. During the COVID-19 pandemic, career

days, literacy activities and STEM program support opportunities were suspended due to the education environment having transitioned to remote learning. GSWC looks forward to reengaging with our education and career partners as these opportunities become available.

**Service Organizations and Community Leadership:** GSWC makes it a priority to remain active in organizations like Chambers of Commerce, Rotary Clubs and other service clubs that lead and serve our communities. In many cases, we have reached the 50-year milestone as members of local Chambers of Commerce. Our employees also serve as Board members and volunteers for educational foundations, food banks and other critical community programs.



BEAR VALLEY ELECTRIC SERVICE

**Holiday Dinners:**  
BVES PARTNERS WITH COMMUNITY ORGANIZATIONS AROUND BIG BEAR TO PROVIDE HOLIDAY DINNERS TO LOCAL FAMILIES WITH LIMITED RESOURCES. IN 2021, BVES DONATED OVER 90 TURKEY DINNERS TO COMMUNITY-BASED ORGANIZATIONS.



AMERICAN STATES UTILITY SERVICES

**Flag for Every Hero:** To help honor those who have served our country, ASUS assists with the placement of U.S. flags on the graves of servicemen and servicewomen interred at the National Cemetery in Riverside, CA for the Memorial Day and Veterans Day weekends.

**Wreaths Across America:** A nationwide coordinated effort to place Christmas wreaths on the graves of servicemen and servicewomen at national cemeteries. ASUS sponsors wreaths and volunteers at national cemeteries across the United States on Wreath Day.

**Scholarship Program:** Since 2015, ASUS has provided scholarships to qualifying dependent children of active, full-time U.S. military members stationed at bases served by ASUS. In 2021, 11 scholarships were awarded to dependent children of active, full-time U.S. military members and/or honorably discharged veterans.

**Fisher House:** ASUS subsidiaries raise money for Fisher House facilities, which provides housing and dining

**ASUS Cares:** This internally-created community outreach event supports active duty military and veterans. Through networking with our government contacts, family and friends, ASUS is able to connect with locally deployed military units in need of care packages from home. All ASUS office and subsidiary locations participate in this companywide event during the week of September 11th in honor of Patriot Day – National Day of Service and Remembrance.

**Operation Homefront:** Operation Homefront's Back-to-School campaign purchases, packs and distributes thousands of backpacks to military children in need ranging from Kindergarten through High School. A number of ASUS's subsidiary locations are able to support and volunteer with this effort.

**Luke's Wings:** Luke's Wings is a non-profit organization dedicated to the support of the wounded, ill and injured service members and veterans by providing no cost flights to families to visit their loved one during recovery and rehabilitation



## Customer Focus

### Customer Service

Customers are our top priority. More than one million Californians, as well as military personnel, their families and civilians on 11 military bases around the country, depend on us to provide quality, reliable water, wastewater and electric service each and every day. Our customers deserve great service, and we go the extra mile to provide it.

### GOLDEN STATE WATER COMPANY

At Golden State Water Company, we have been putting customers first for more than 92 years, and our approach to customer engagement provides us great opportunities to engage, learn, inform and build trust with our customers. Customer service is more than just what we do, it's who we are. GSWC's team of more than 500 employees are wholly committed to achieving consistent standards of customer service excellence. In fact, part of our officers' and managers' compensation is directly tied to customer satisfaction.

We are proud to provide best-in-class customer service; however, we are always looking to raise the bar, building upon our connection with customers and utilizing new technology to improve the way we serve.

*Below are some of the services that set us apart:*

1

**We always answer your call.** GSWC has friendly and knowledgeable representatives available to answer calls from customers whenever they need us. We were one of the first in the industry to open an in-house 24-hour Call Center, because our service doesn't stop when traditional business hours end.

2

**Dynamic digital communications.** GSWC believes communication is a key factor in customer satisfaction, and our digital communications program helps us to provide important, real-time information to customers in a cost-effective way.

- Our gswater.com website serves as a hub for customer information and resources, providing companywide and local sections that utilize videos, graphics and interactive content to engage and educate customers.
- Our social media platforms, including our @GoldenStateH2O handle on Twitter and Facebook page provide multiple ways for a customer to engage with us.
- GSWC's e-communications platform reaches customers and community leaders, providing an efficient resource to share important updates directly to inboxes. GSWC disseminates our Waterways e-newsletter and other important updates via the e-communications platform.

3

**Language is no barrier.** Our Customer Service Center is equipped to take calls in English and Spanish, and we offer a dedicated 800 line that enables us to communicate with customers in a variety of other languages. Many of our written communications are available in five languages or more, meeting a variety of customer communication needs.

4

**We listen.** At the end of every call, customers are invited to participate in a customer service survey to rate their satisfaction with the service they received. This data is analyzed to help GSWC measure and continually improve our customer service performance.

5

**Self-service convenience.** "MyGSWater" self-service online portal allows customers to conduct a wide range of services from the convenience of their computers or smart devices. Additionally, our basic website services allows customers to start/stop service, submit a service request, track a service request, pay a bill, request a payment plan and enroll in paperless billing.



**BEAR VALLEY ELECTRIC SERVICE, INC.**

The Bear Valley Electric Service, Inc. (BVES) team works hard to provide our customers with superior customer service and dependable power. We do it every day, safely and with confidence. As a small community located in the San Bernardino Mountains, the Big Bear community is very tight-knit, and the majority of customers we serve are our family, friends and neighbors. They know they can always count on us to get the job done, and our approach to customer service further instills that trust.

Our dynamic and convenient customer service operation emphasizes real-time, one-on-one interaction with our customers and allows us to provide same-day service to resolve almost every customer issue. We take pride in meeting customers where they are, and we do this by:

**1**  
**FLEXIBLE PAYMENT**  
**OPTIONS**

Offering several bill payment options so customers can choose the one that best fits their needs



**3**  
**LANGUAGE**  
**OPTIONS**

Posting high-importance information in the primary languages spoken by our customers

**2**  
**TECHNOLOGY**  
**OPTIONS**

Providing an option for customers to sign up for electric service online, either via a smartphone or computer



In addition, BVES's low-income customers may qualify for assistance through the California Alternate Rates for Energy (CARE) and Energy Saving Assistance (ESA) programs.



**AMERICAN STATES UTILITY SERVICES, INC.**

ASUS's dedicated, cross-functional team consists of nearly 300 water, wastewater and infrastructure experts that provide a robust value stream to the military and civilian personnel we serve. ASUS is considered by the federal government and the various military installations it serves as one of the preeminent providers of water and wastewater operations, maintenance and capital construction on military installations across the country. With ASUS managing utilities at the bases, the U.S. military can focus on their core competency of defending our nation.

Annually, each ASUS subsidiary receives a Contractor Performance Assessment Rating (CPARs) from the Federal Government that rates performance in the areas of: (i) quality of service, (ii) schedule, (iii) cost control, (iv) business relations, (v) management of key personnel and (vi) small business utilization. ASUS has consistently exceeded the customers' expectations at all locations served. In every CPARs that ASUS subsidiaries have received, the U.S. government notes that if they were given the opportunity they would make another award to ASUS. ASUS's industry-leading approach to customer service includes utilizing the latest technology for receiving and routing service requests at each military installation to effectively and efficiently respond to emergencies, leaks and normal outage calls, as well as:

**PARTNERING**  
We partner with the military on water and wastewater construction efforts as the installations expand and evolve to meet the resiliency requirements of the 21st century

**MAXIMIZING**  
We maximize the experience of ASUS personnel in achieving quality and reliability standards consistently above the industry norms and the expectations of the military services

**RECAPITALIZING**  
We recapitalize utility systems over a 50-year period to elevate them to private industry standards and enhance the reliability provided to end users

**IMPLEMENTING**  
We implement water quality improvements, thereby decreasing water quality inquiries, while also developing installation-based water conservation efforts to meet increased demand

**OFFERING**  
We offer a great customer service culture, industry knowledge and community involvement

## Customer Focus CONT.

### Education

#### GSWC

At GSWC, we offer a variety of customer education opportunities through our social channels listed above, as well as through a variety of in person conversations. We use our website and social channels to share the facts about the need for infrastructure investment and what our company is doing to ensure a dependable water system is available now and into the future. We provide resources on water conservation, sharing the concern for the impacts of climate variability and the importance of careful use of our precious resources. We share timely information about water quality, keeping our customers current on emerging contaminants and what we're doing to protect the safety of the water supply. We also offer a speaker's bureau for community groups and classroom resources for teachers to help our communities stay informed and engaged in water issues. During the COVID-19 pandemic, GSWC increased the use of virtual meeting technology and successfully hosted several public meetings in response to the ongoing California drought. Going forward, GSWC will continue to utilize virtual meeting technology to keep our customers and communities informed on water issues that are important to them and the community.

#### BVES

BVES utilizes a variety of modern and traditional communications channels to educate customers on topics from electric service, rates and customer assistance programs to wildfire mitigation efforts and Public Safety Power Shutoffs. Our website serves as the central hub for all customer-related information, while we use our Facebook page (@BearValleyElectricService) to disseminate timely service updates, provide conservation tips and post about our community engagement efforts. Our customer service representatives also function as effective customer education tools because we equip them with the knowledge necessary to answer any questions customers may have when visiting our local office or calling us.

#### ASUS

Through our Community Outreach Programs, the ASUS Educational Program reaches our communities through partnerships with local schools, housing partners and installation Morale, Welfare and Recreation Program on topics such as water conservation, hydrologic cycle, water resource management, how water and wastewater are treated and Fats, Oils and Grease (FOG). This is accomplished either in a classroom setting or through participation in community events. ASUS also utilizes its social media channels to educate through helpful tips and awareness.

### Water Access and Affordability

Our Board of Directors has adopted a policy of providing access to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes in all states in which we operate. We successfully meet these policy goals through operations, programs, and/or services authorized by applicable federal and state laws and regulations or approved by applicable regulatory bodies.

#### PROGRAMS

We recognize that some customers may have difficulty covering expenses. At GSWC, we offer a monthly credit for low-income residential customers through the California Alternate Rates for Water (CARW) program. Non-profit group living facilities, agricultural employee housing facilities and migrant farm-workers may also be eligible to receive a monthly credit. Additionally, GSWC's and BVES's Military Family Relief Program (MFRP) offers protection for qualified military personnel during periods of full-time deployment. We also offer payment plans to our customers, giving them options to make smaller payments on outstanding bills without incurring penalties.



### Protecting Customer Data

We have implemented security measures and will continue to devote significant resources to address any security vulnerabilities in an effort to prevent cyberattacks that will compromise our customer's personal information. Not only is this the responsible thing to do, but preserving the trust our customers place in us, as well as the company's reputation, is vital.

In addition, we must comply with privacy rights regulations such as The California Consumer Privacy Act (CCPA), a state statute that became effective January 1, 2020 which enhances the privacy rights and consumer protections for California residents. Among other things, the CCPA establishes statutory damages for victims of data security breaches, and provides additional rights for consumers to obtain their data from any business that has their personally identifiable information.



# Infrastructure Investments



## The Need for Investment

Our capital investment programs are critical to ensure we can continue delivering reliable, high-quality water, wastewater and electric service without interruption. As a utility company, our operating strategy is dependent on having a reliable infrastructure in place.

Our company prides itself on developing assets that create sustainable, long-term value. With our installed utility plant asset base of more than \$2.1 billion at cost, we make infrastructure investments with a long-term perspective. Besides replacing deteriorating systems, we have the opportunity to build and replace for the future, taking into account climate resilience, operating risks, and new design standards.

The nation's aging water infrastructure continues to draw much attention as failures of public systems are far too common. Proactive investments in our systems to replace and protect our infrastructure are more important than ever to avoid the costly and sometimes dangerous effects of deferring maintenance or delaying the replacement of aged infrastructure. We continually invest to improve our water systems by upgrading both treatment and delivery systems across all of our service territories and military bases. We also invest toward more efficient operations and maintenance of wastewater systems at the military bases we serve. At our Bear Valley Electric subsidiary, we work to ensure the safety and reliability of our electric service by upgrading distribution facilities through capital improvement projects. We are also pursuing clean renewable energy sources that are reliable and economical for our customers.

## Our Approach

We focus on proactive pipeline replacement to avoid costly and dangerous main leaks or failures. Golden State Water Company utilizes the KANEW model, an asset management software program, to help us identify the rate of proper main replacement, based on main age, type and installation conditions. The model takes into consideration the risks associated with failure, and proposes a replacement schedule to reduce this risk. It is also used in conjunction with our own database of pipeline failure rates, including detailed leak data and analysis, as we identify specific pipelines to address, and when. In addition, we utilize our detailed hydraulic models, which help us identify potential water quality, pressure and other issues within our distribution system. These hydraulic models are key in maintaining excellent service and optimizing system performance.

In addition to our Pipeline Replacement Program, we focus on our above ground infrastructure, completing a full site condition assessment at each facility to govern our maintenance and replacement decisions. These site condition assessments take into account the most current codes and standards, operational safety, risk of failure and efficiency of equipment. We then utilize these assessments, along with water quality considerations and service requirements, to prioritize our investment – striving to stretch our budgets to gain the most benefit for our customers, both in the short and long term.

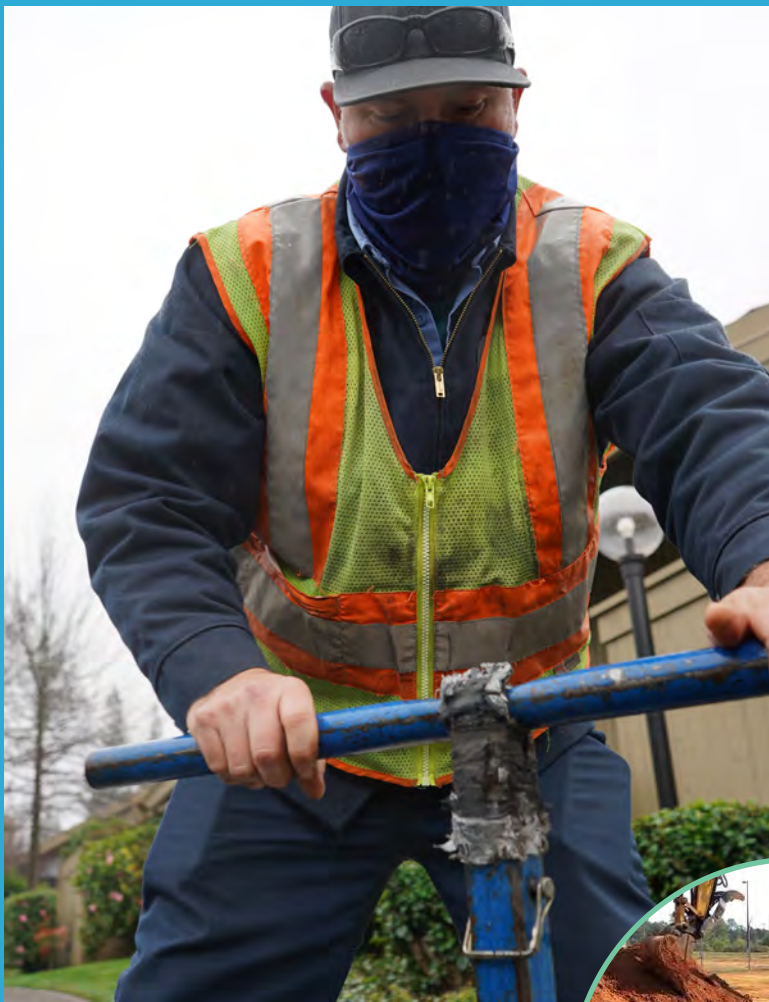
At our electric business, Bear Valley Electric Service, Inc. uses a risk-based decision-making process, in which safety risks are quantitatively evaluated and mitigation programs and projects are developed and assessed. The process yields a list of mitigation programs and projects and quantifies the risk-benefit (reduction) and the risk spend ratio (risk-benefit divided by equivalent annual cost). This process allows BVES to better evaluate projects in terms of risk reduction and select the best alternatives where an alternative exists.

WE ARE PROUD OF OUR REPLACEMENT CYCLE, WHICH IS BETTER THAN 100-YEAR, COMPARED TO AN INDUSTRY AVERAGE OF APPROXIMATELY A 250-YEAR REPLACEMENT RATE.

The company's commitment to investing in our infrastructure is unwavering. Over the past five years (2017-2021), our regulated utilities' capital improvement program has totaled \$634.6 million, while ASUS has spent over \$278 million in construction expenses over the same time period.

The regulated utilities spent \$15.5 million in 2021 and expect to spend approximately \$23.5 million in 2022 for capital expenditures on environmental control facilities. These facilities are reasonably expected to abate, reduce or aid in the prevention, measurement, control of monitoring of noise, air or water pollutants, solid waste, thermal pollution, radiation or other pollutants.

During 2021, ASUS performed construction activities related to environmental control facilities with a contract value of \$3.4 million, and expects to perform construction activities with a contract value of \$1.6 million in 2022. In addition, various other capital expenditures at the regulated utilities and construction projects at ASUS are incurred for purposes other than environmental control facilities, but may also have some environmental benefits.



## Infrastructure Investments CONT.

### Customer Benefits

Ultimately, it's our customers that benefit from sound infrastructure investments. Maintaining and upgrading our infrastructure provides essential services to the customers and communities we serve. In fact, at our regulated utilities, our infrastructure investment per customer connection was \$7,596 at the end of 2021, while \$1 out of every \$2.70 collected from our customers in 2021 went back into infrastructure that year.

**To keep customer rates affordable, we balance the need to invest to keep our systems safe and reliable with the increase to our customers' bills.**

We also know that new and ongoing projects in our communities can cause disruption. We employ a robust customer communication program to inform and educate our customers about work in their neighborhoods. We take care to install sound barriers and other screening systems to lessen the impact of our construction on the community. We coordinate with the cities and communities in which we serve to schedule projects that coincide with their public works projects, minimize impacts to schools and businesses, and address specific community expectations. We strive to leave streets and pavement impacted by our construction projects in better condition than when we started. We require our construction sites to be clean and safe, and are mindful of our plant sites' impacts on the neighborhood in which they reside. We include appropriate landscaping, fencing and features to mitigate the visual or physical impact that the facility may have on the neighborhood or surrounding area.

On the military bases we serve, the most important aspect of the work we do is minimizing the interruptions to military base missions. We have seen a steady downward trend in the number of unplanned outages as a result of our capital improvement program. Other benefits include the ability to deliver high quality water and improved water pressure in neighborhoods that serve military family housing.



## Economic Impact and Supplier Diversity

Through our investments in capital infrastructure, as well as ongoing operations, we generate significant economic benefits to the local and regional economies where we do business. We employ over 800 employees in nine states, providing jobs as well as the indirect economic effects that result. In addition, we pay federal, state and local taxes in these areas. We are also committed to utilizing a diverse set of suppliers who will provide the highest level of service and quality, as well as being reflective of our communities.

### Regulated Utilities

Supplier diversity is a business initiative that encourages the utilization of qualified and certified women, minority, disabled veteran and LGBT business enterprises (WMDVLGBTBE) when purchasing goods/services. We are committed to providing opportunities and forming partnerships within the communities we serve. Our supplier diversity programs have evolved over the years as we find ways to broaden our supplier base, stimulate competition, and ensure that we receive the highest quality materials and services at the best available prices.

We continue to increase the inclusion of diverse business enterprises in procurement opportunities. Our percentage of spend has increased with diverse vendors from 7.5% in 2004, when we started our Supplier Diversity Program, to 31.3% in 2021, exceeding the CPUC's target of 21.5%. 2021 marked the ninth consecutive year that our regulated utilities exceeded the CPUC goal for spending with diverse suppliers. Meeting this goal is one of our top priorities.

Our efforts have been recognized by minority organizations in the last few years for our contributions toward economic development and providing equal opportunities for diverse suppliers.

### ASUS

On a wider geographical scale, much of the work performed at the ASUS military subsidiaries is done by firms based in proximity to the installations we serve. For 2021, ASUS continued to focus on subcontracting to small business designated firms. Of this subcontract work, 77.9% was awarded to these firms (including Veteran-Owned, Woman-Owned, Small Disadvantaged, Historically Underutilized Business (HUB) Zone, Small Disadvantaged Veteran-Owned and Alaska Native Corporation entities), as defined by the Small Business Administration.

ASUS views small business utilization as a core corporate responsibility and fundamentally necessary to deliver best value to the military. By focusing on the local, small businesses near the bases we serve, we help secure jobs for local families. As a result of this continued focus, our support for the following groups is approximately two times our contractual goal: veteran-owned small businesses, women-owned small businesses, and small-disadvantaged businesses. Currently, 16 of the top 20 subcontractors doing work for ASUS are small business designated firms.

## Environmental Impact and Water Supply

### Environmental Guidelines

We believe in treating our earth's resources with respect and are committed to protecting the environment, ensuring the health and safety of our employees, our customers, and the diverse communities where we operate. We do so by adhering to the following principles:

OUR OPERATIONS STRIVE TO COMPLY WITH ALL APPLICABLE OPERATING AND ENVIRONMENTAL REGULATIONS AND REQUIREMENTS

WE EMPLOY MANAGEMENT SYSTEMS AND PROCEDURES SPECIFICALLY DESIGNED TO MINIMIZE THE USE OF HAZARDOUS MATERIALS, ENERGY AND OTHER NATURAL RESOURCES, TO MINIMIZE THE GENERATION OF WASTE AND TO ENABLE RECYCLING AND REUSE OF MATERIALS

WE MINIMIZE ENERGY AND WATER USAGE IN OUR BUILDINGS, VEHICLES AND PROCESSES TO CONSERVE SUPPLIES AND MINIMIZE OUR CONSUMPTION OF NON-RENEWABLE NATURAL RESOURCES

WE PURCHASE PRODUCTS AND SERVICES THAT ARE ENVIRONMENTALLY FRIENDLY

# Environmental Impact and Water Supply CONT.

## Climate Variability

Climate change is one area that we focus on as we develop and execute our business strategy and financial planning, both in the short- and long-term, and is subject to the oversight of senior management and the Board of Directors. First and foremost, designing and implementing efficient and resilient infrastructure and operational processes not only addresses climate change, but also reduces costs. Our capital investment programs are critical to ensure we can continue delivering reliable, high-quality water, wastewater and electric services without interruption. As a utility company, our operating strategy is dependent on having a reliable infrastructure in place.

The risks posed by climate variability increase the need for us to plan for and address supply resiliency. We address these risks by planning, assessing, mitigating, and investing in our infrastructure for the long-term benefit of our communities. As a provider of an essential product and service, our primary goal is to ensure service is uninterrupted. Climate change has resulted in increased frequency and duration of droughts, potential degradation of water quality, and changes in demand for services. More frequent and extended California drought conditions may cause increased stress on surface water supplies and groundwater basins, as well as allocations of water from the State Water Project and the Colorado River. Wholesale water suppliers may not have adequate supply during extended periods of drought, which may result in increases in prices for water delivered to us.

These drought conditions have contributed to increases in wildfires, which have resulted in new California legislation requiring electric utilities to adopt and implement wildfire safety and mitigation plans. BVES is also required to implement a public safety power shut-off program during high wildfire threat conditions.

### CLIMATE IMPACT PLANNING

GSWC considers the potential impacts of climate change to its water supply portfolio planning and its overall infrastructure replacement plans. We evaluate how water supplies, water quality and water demands may change, including mitigation strategies to ensure water continues to reach our customers.

Wildfires and other climate driven events are increasingly impacting all utilities. We continue to intensify our programs to protect our water and electric customers. Examples include BVES's enhanced vegetation management, hardening critical BVES facilities in the CPUC's High Fire Threat Areas, integrating generators installed for Public Safety Power Shut-off (PSPS) events at GSWC with Supervisory Control and Data Acquisition (SCADA) for our water systems, and enhancing system redundancies based on probability/impact of natural disasters such as wildfires. In addition, a strong customer and stakeholder engagement communications program is in place in the event BVES invokes a PSPS.

For our electric business, BVES developed comprehensive wildfire mitigation plans, and will have completed \$53.0 million of capital expenditures for wildfire mitigation projects through the end of 2022.

## REDUCING OUR CARBON FOOTPRINT

We seek to minimize our greenhouse gas (GHG) emissions to assist in reducing the effects of climate change. We studied our GHG emissions levels (see table below), set a 2020 baseline, and developed a GHG emissions reduction target of 60% by 2035 from the 2020 baseline. To accomplish this, the company has developed a phased approach, which includes short-, medium- and long-term actions. Our priorities include reductions in energy use and increasing purchases of green energy for our water operations, increasing purchases of green energy for distribution to our electric customers, and reviewing our vehicle fleet needs and electrification. Achievement of this reduction target is contingent on certain external factors, which include the ongoing development of technology, and successful achievement by the state of California in reaching its Renewables Portfolio Standard goal for this period.



## GREENHOUSE GAS (GHG) EMISSIONS AND RELATED METRICS

METRIC CATEGORY	2020	2021	UNITS
Total Scope 1 – Direct Emissions	2,585	2,572	tCO <sub>2</sub> e
Total Scope 2 – Indirect Emissions (Location-based) <sup>1</sup>	15,138	13,818	tCO <sub>2</sub> e
Total Scope 2 – Indirect Emissions (Market-based) <sup>2</sup>	14,876	14,881	tCO <sub>2</sub> e
<b>Total Emissions (Scope 1 + 2)</b>			
Total (Location-based)	17,724	16,391	tCO <sub>2</sub> e
Total (Market-based)	17,462	17,453	tCO <sub>2</sub> e
Total Grid Electricity Consumption	66,924	67,220	MWh
Water Supply Intensity (Market-based) <sup>3</sup>	0.000279	0.000285	tCO <sub>2</sub> e/ccf

*Scope 1, or Direct Emissions, refers to emissions created primarily through our vehicle fleet.*

*Scope 2, or Indirect Emissions, refers to emissions primarily generated from the consumption of grid electricity.*

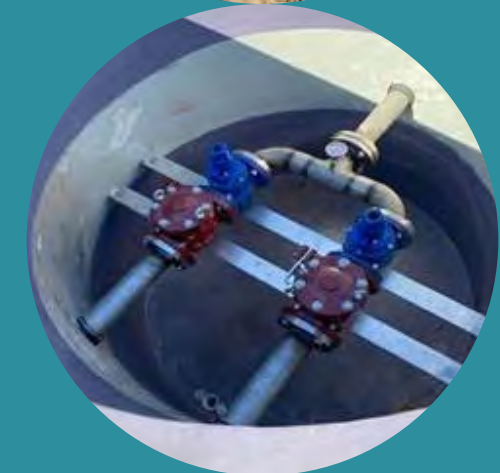
<sup>1</sup> Location-based emissions are calculated using location specific (i.e. state average) electricity grid intensity factors

<sup>2</sup> Market-based emissions are calculated using electrical utility specific intensity factors

<sup>3</sup> Water Supply Intensity is the amount of GHG emissions generated per ccf of water supplied. This does not factor in water loss as water loss can be dependent on a number of factors outside of the company's control.



ASUS OPERATES AND MAINTAINS WASTEWATER TREATMENT FACILITIES THAT HAVE BIOLOGICAL NUTRIENT REMOVAL CAPABILITIES, WHICH REDUCE/REMOVE HIGH CONCENTRATIONS OF NITROGEN AND PHOSPHORUS FROM THE WASTEWATER STREAM.



## Wastewater and Sewer Systems

### INTEGRITY OF THE SEWER SYSTEMS

All American States Utility Services, Inc. (ASUS) locations maintain routine schedules to inspect, jet and clean all sewer system piping and manholes for which we are responsible. These inspections are accomplished through a number of means including CCTV, sonar/ acoustic equipment and smoke testing.

Maintaining these routine schedules helps to prevent the accumulation of blockages which, in turn, reduces the frequency of sanitary sewer overflows. Additionally, sewer arials and other “at risk” segments are prioritized in the ASUS infrastructure recapitalization program to be either rehabilitated or placed underground to reduce risk.

With respect to infrastructure, ASUS systematically replaces its sewer system as part of 50-year recapitalization programs at each location. The piping to be replaced is prioritized based on the number of service outages, highest maintenance frequency and greatest Inflow and Infiltration issues.

### SEWAGE SLUDGE TREATMENT

ASUS utilizes agricultural as the sole sewage sludge disposal method. This is a partnering effort with local farmers with no current need to seek other strategies. This approach is in compliance with Federal regulations.

### QUALITY OF TREATED WASTEWATER

ASUS is 100% compliant with the removal rates of all constituents required under its wastewater treatment plant operating permits.

ASUS works closely with state regulators and industry associations to stay current with emergent issues related to wastewater treatment. ASUS proactively addresses treatment requirements as they are added to its permit for compliance.

## Water Supply

During 2021, GSWC delivered 117 million gallons of water to its customers each day. A reliable, sufficient supply of water is essential to our customers and communities. As a water utility, we are charged with not only delivering quality water each and every day, but doing all we can to plan for an adequate supply of water for generations to come. In California, where we serve our regulated water customers, we must be extra diligent to plan and prepare in a state with a history of extended periods of drought.

The current California drought has required the state to take unprecedented actions to mitigate the impact of the drought on the environment and critical habits. Although GSWC was impacted by state water diversion curtailment actions at the regional level, prudent planning, conservation efforts, and customer outreach resulted in the company experiencing no water outages in our service areas.

GSWC has a diverse water supply portfolio, which includes adjudicated groundwater rights, surface water rights, and a number of unadjudicated water rights to help meet supply requirements. The productivity of GSWC’s groundwater resources varies from year to year depending upon a variety of factors, including natural replenishment from snow-melt or rainfall, the availability of imported replenishment water, the amount of water previously stored in

## Water Supply CONT.

groundwater basins, natural or manmade contamination, legal production limitations, and the amount and seasonality of water use by GSWC's customers and others.

GSWC also manages a portfolio of water supply arrangements with water wholesalers who may import water from outside the immediate service area. For example, GSWC purchases imported water from various governmental entities (principally member agencies of The Metropolitan Water District of Southern California (MWD)) and other parties through a total of 58 connections for distribution to customers, in addition to numerous emergency connections with water purveyors located adjacent to our systems.

### RISKS TO OUR WATER SUPPLY

There are risks to maintaining adequate water quality and/or supply, either from climate variability or other events. They include droughts, changes in weather patterns, natural disasters, wildfires, contamination, decisions or actions restricting the use of water from our sources, and/or pumping of groundwater, and contamination or acts of terrorism or vandalism. We include these potential events in our strategic planning process as we aim to avoid service interruptions and compromised water quality.

### RISK MITIGATION EFFORTS

Our goal is to maintain adequate and high-quality water supplies. We do this in a number of ways, including monitoring water levels, short- and long-term water supply planning, having a diverse water supply portfolio, developing contingency plans, water efficiency and conservation efforts, and maintaining a strong infrastructure.

GSWC actively participates in efforts to protect groundwater basins from over-use and from contamination. In some periods, these efforts may require reductions in groundwater pumping and increased reliance on alternative water resources. GSWC also participates in implementation of California's Sustainable Groundwater Management Act.

We carefully monitor the water levels to help ensure operational efficiencies when pumping and identify any impacts on the aquifer. We use groundwater models in certain areas, work with other pumpers and/or groundwater management agencies in our same basins to ensure that the aquifers are operated in a sustainable manner.

Our water sources are listed in this report. Over the long term, we are exploring opportunities to secure additional supplies from desalination and increase use of reclaimed water, where appropriate and feasible to reduce stress on our water supplies. And in fact, in emergency situations, we have supplied our customers with bottled water until the emergency situation has been resolved.



### SAFEGUARDING OUR WATER SUPPLY

To safeguard our long-term water supply, we promote conservation, work to minimize water leakage throughout our infrastructure and utilize water reuse strategies in areas of limited supply. In addition, we use customer education to ensure reliable water supply to customers. Our use of a tiered block rate structure has also increased conservation by our customers. Under this pricing structure, the cost per unit of water increases as the customer uses more water. Refer to the "Water Efficiency and Conservation" section for further information.

### WATER SOURCES

GSWC has multiple sources of drinking water, with approximately 50% coming from its own groundwater sources. GSWC supplements its groundwater production with wholesale purchases from MWD member agencies and regional water suppliers (roughly 45% of total demand) and with authorized diversions from rivers (roughly 5%) under contracts with the United States Bureau of Reclamation (Bureau) and the Sacramento Municipal

Utility District (SMUD). GSWC also utilizes recycled water supplies to serve recycled water customers in several service areas. GSWC continually assesses its water rights and groundwater storage assets.

The company has 70,900 acre feet of adjudicated groundwater rights and 11,300 acre feet of surface water rights. It also has a significant number of unadjudicated water rights, which have not been quantified and are not subject to predetermined limitations, but are typically measured by historical usage. We remain intent on preserving the ever-increasing value of these water rights to serve our customers.

We obtain our water supplies for GSWC from a variety of sources, which vary among our water systems. Certain systems obtain all of their supply from water that is pumped from aquifers within our service areas; some systems purchase all of their supply from wholesale suppliers; some systems obtain their supply from treating surface water sources; and other systems obtain their supply from a combination of wells, surface water sources and/or wholesale suppliers.

The specific sources of GSWC's water are listed on the Annual Water Quality/Consumer Confidence Report for each system located on GSWC's website at <http://www.gswater.com/annual-water-quality-reports/>.

### ASUS

The U.S. government is responsible for providing the source of supply for all water on each of the bases we serve. Once received from the U.S. government, ASUS is responsible for ensuring the continued compliance of the provided source of supply with all federal, state and local





AT AMERICAN STATES WATER COMPANY, WE UNDERSTAND THE DELICATE BALANCE WITH NATURE AND HAVE A LONGSTANDING COMMITMENT TO PROTECTING OUR ENVIRONMENT AND ENSURING RESOURCES ARE MANAGED RESPONSIBLY.

## Water Efficiency and Conservation

### Golden State Water Company

#### REDUCING WATER LOSS

Golden State Water takes pride in reducing water loss caused by leaks. We have an aggressive Pipeline Management Program (PMP) to address the continuous need to repair and replace our vast pipeline infrastructure. The PMP program with KANEW was first implemented in 2007, and as a result, GSWC has experienced a downward trend in the number of leaks beginning in 2009, with more significant decreases seen after 2010. The KANEW model is an asset management software program used to identify and model appropriate pipe replacement rates based on a number of risk factors, such as age, material and installation conditions. The goal of the PMP is to address pipeline management strategies using industry-recognized standards such as those published by the American Water Works Association (AWWA), National Association of Clean Water Agencies (NACWA), and others. **The PMP consists of four components: (1) risk assessment of existing systems, (2) KANEW modeling, (3) pipeline replacement prioritization and (4) hydraulic models.**

WE ALSO FOCUS ON MANAGING PRESSURE WITHIN OUR DISTRIBUTION SYSTEMS TO OPTIMIZE PUMPING EFFICIENCY AND TO LOWER POWER DEMANDS AS WELL AS TO REDUCE LEAKAGE AND STRESS ON THE DISTRIBUTION ASSETS CAUSED BY SYSTEM PRESSURE FLUCTUATIONS.

#### LEAK DETECTION PROGRAM

Our water utility has an established Water Audit and Leak Detection program in order to identify leaks in our water system and correct them as soon as possible. Once a Water Audit/Water Loss report is reviewed, the operations team reviews the results to determine if the amount of “unaccounted for” water exceeds established tolerance levels to warrant conducting a Leak Detection Audit.

GSWC utilizes a sonic leak detection sound amplification instrument, including ground microphone and a leak correlator, to survey and pinpoint leaks. The information is used to determine corrective measures.

#### WATER LOSS

Water loss, including through water leakage, theft and meter inaccuracies, represented 7.6% of total company production for the period 2017-2021. Our water audits use AWWA water audit software and we report these results to the State annually.

#### NO-DES FLUSHING TO SAVE WATER

Water providers like Golden State Water must flush the distribution system periodically to ensure we can continue delivering reliable, quality water to customers. Flushing helps to remove mineral and sediment deposits that accumulate in the underground pipes over time.

Conservation and eco-sustainability are important priorities for Golden State Water, which is why we have added NO-DES (Neutral Output-Discharge Elimination System) flushing units to our fleet. NO-DES flushing units help us limit the amount of water discharged while flushing the distribution system, ensuring we can conserve water while maintaining high levels of water quality. The NO-DES units can also be utilized as mobile pumping and water treatment units during emergencies.

# Water Efficiency and Conservation

## Golden State Water Company CONT.

### CUSTOMER CONSERVATION

California, where we serve our regulated utility customers, has experienced severe drought conditions intermittently for years, including in 2021. That's why we've implemented strong conservation programs, encouraging customers to use less water. We continue to aggressively promote conservation through tiered rates, education, free conservation kits, customer rebates, and meter installation during the year. Almost all of our customers are on conservation tiered rates. With the help of our incentive programs and the public's awareness of the need to conserve, since 2007 use per customer has been reduced by 32% throughout the GSWC system.

We work closely with our customers and the CPUC to encourage water conservation. We communicate conservation programs on our bills and on our [gswater.com](http://gswater.com) website to educate customers about the efficient use of water. We anticipate spending more than \$3 million for the period 2022-2024 on GSWC's conservation programs. Some of our conservation initiatives and water efficiency improvement efforts include:

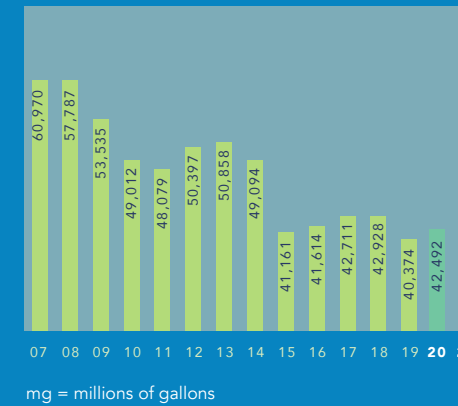
- Tiered-rate structures
- Free high-efficiency fixtures
- Rebate programs
- Leak detection kits
- Landscape irrigation programs
- Elementary school programs and kit distributions

- Commercial direct install programs
- California Alternative Rates for Water (income qualified) programs
- Water-saving tips on our website and in social media
- Educational literature and customer workshops
- Community events
- Partnerships with the EPA and other organizations on public education
- Events such as "Fix-A-Leak Week" and "May is Water Awareness Month"
- California Water Efficiency Partnership and Alliance for Water Efficiency memberships, which offer progressive research support, educational information and tools for our customers

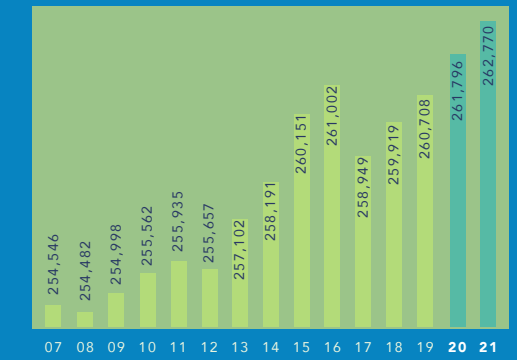
Our full-time Water-Use Efficiency staff is dedicated to education and helping our customers make informed decisions about efficient water use and conservation, as well as distributing complimentary water conservation kits through our school education program, which include high efficiency showerheads and faucet aerators, drip irrigation kits and positive shut-off hose nozzles.

GSWC UTILIZES A TIERED RATE STRUCTURE IN MANY OF OUR SERVICE AREAS TO ENCOURAGE CONSERVATION AND REWARD CUSTOMERS WHO USE WATER RESPONSIBLY. WITH OUR TIERED-RATE STRUCTURE, THOSE WHO USE LESS WATER HAVE LOWER WATER BILLS.

TOTAL WATER USAGE (MG)



NUMBER OF CUSTOMER CONNECTIONS



### CONSERVATION TARGETS

Our water conservation targets are aligned with the state of California, where our regulated water customers reside. In 2021, the governor of California signed an executive order asking all Californians to voluntarily reduce water usage by 15% from the year prior. The CPUC has called on all investor-owned water utilities to implement voluntary conservation measures to help meet this goal, and GSWC has done this in most of its ratemaking areas, with mandatory rationing in some areas where the water supplies are more constrained.

To promote conservation, the California Legislature passed two laws in 2018 that provide a framework for long-term water-use efficiency standards and drought planning and resiliency. These laws establish indoor and outdoor water use standards as well as water loss standards. They are focused on stretching existing water supplies to increase water supply reliability and mitigate the impact of future droughts. State agencies, water suppliers and other entities are working to meet the water use standards of these laws. GSWC continues to be involved in the development and implementation of these standards, which will be phased in over time.

### REGULATORY MECHANISMS

California has adopted a Water Revenue Adjustment Mechanism (WRAM) and Base Revenue Requirement Mechanism (BRRAM), which decouple revenues from sales. GSWC and BVES are permitted to collect state utility commission-authorized revenue for a given period, which is not exclusively tied

to the volume of water sold or electricity usage, respectively, during that period.

The WRAM and BRRAM mechanisms ensure the company and its subsidiaries cover fixed costs while promoting conservation, resulting in decreased usage, or revenues. Implementing this alternative regulatory mechanism removes a disincentive to promote conservation.

### ASUS Conservation

Facing a number of environmental concerns, the government has set many conservation goals for its military establishments. As a Utility Privatization (UP) partner for these installations, ASUS has been offered the unique opportunity to create innovative ways for the military to meet these goals, and we are proud to play a major role in this extremely important endeavor for sustainability.

The results of these conservation efforts, along with ASUS's aggressive capital improvement and operations/management programs, have been significant. Based on data prior to the pandemic, ASUS has played a substantial role in reducing water usage and wastewater effluent discharge ranging from 10% to 56% at bases served since the UP contracts were awarded. This equates to an approximate \$7.6 million annual savings to the Government. This is even more remarkable when considering the cumulative population growth at these bases average 19% during this same period. All of the savings generated by ASUS's proactive efforts are provided directly to the installation served.

# Water Quality

**If we do nothing else, we must ensure our customers receive quality water that they consume and use on a daily basis.** That is our focus and we've devoted significant resources to do so. High quality water is essential to our customer's health, the trust they place in us as their water provider, as well as our company's reputation. In recent years, public concern regarding water quality around the country has grown.



WATER UTILITIES FACE INCREASING SCRUTINY AND REGULATION TO EFFECTIVELY MANAGE THEIR WATER QUALITY, AND THAT CONTINUES TO BE OUR TOP PRIORITY.



## Stringent Environmental Regulation and Testing

AWR's subsidiaries are subject to stringent environmental regulations. We are required to comply with the safe drinking water standards established by the U.S. Environmental Protection Agency (U.S. EPA) and the California State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW). The U.S. EPA regulates contaminants that may have adverse health effects that are known or likely to occur at levels of public health concern, and the regulation of which will provide a meaningful opportunity for health risk reduction. The DDW, acting on behalf of the U.S. EPA, administers the U.S. EPA's program in California. Similar state agencies administer these rules in the other states in which AWR operates.

Our subsidiaries currently test their water supplies and water systems according to, among other things, requirements listed in the Federal Safe Drinking Water Act (SDWA). We work proactively with third parties and governmental agencies to address issues relating to known contamination threatening our water sources, and test to determine the levels, if any, of the constituents in our sources of supply. We treat for numerous man-made and naturally occurring contaminants to ensure water delivered to customers meets or exceeds all safety standards. We expect to continue to maintain the quality of water delivered to our customers in light of anticipated stress on water resources associated with watershed and aquifer pollution, as well as to meet future water quality standards and consumer expectations.



## Water Quality CONT.

### Addressing Water Quality Risks

We understand there are risks and threats to our water systems. These include deteriorating infrastructure, natural disasters, climate variability, drought, emerging contaminants, impacts from wildfires and acts of terrorism or vandalism. Per- and Polyfluoroalkyl Substances (PFAS), Cyanotoxins, Micro-plastics, and Legionella are some of the emerging contaminants that we are following and addressing, as needed, as part of our water quality efforts. We include these potential risks and events in our strategic planning process as we aim to avoid service interruptions and continue to provide high quality water to our customers.

To prepare for a water quality emergency, the company has a robust Emergency Preparedness & Response Plan (EPRP). Facets of the plan include employee training and exercises, customer communication protocols, and strategic security initiatives. The EPRP is updated annually and continually throughout the year, all with the goal of providing safe and uninterrupted water service to our communities.

A young child with dark hair, wearing a light blue and white striped shirt, is drinking water from a fountain. The child's mouth is open, and water is splashing around it. The background is a blurred green outdoor setting.

THE COMPANY  
SUPPORTS THE NEED  
FOR RESEARCH IN THE  
WATER INDUSTRY.

### Programs and Research

Our dedicated environmental and water quality professionals possess expertise in environmental compliance, water resources, water quality and conservation. Our programs are designed to provide quality assurance and responsible use of environmental resources. Our comprehensive program strives to eliminate or mitigate environmental impacts to air, water and land in both our day-to-day operations and our capital improvement projects. Our company also has a training program for new employees that not only covers regulations and procedures, but also covers environmental awareness and water conservation principles, ensuring that every employee understands our role as a steward of the environment.

**Our team of experts strives to provide reliable water service and prevent water quality issues by regularly investing to maintain and improve our water systems. This helps ensure our ability to provide our customers with high-quality drinking water – 24 hours a day, seven days a week.**

As an example of ensuring high quality water to our communities, in 2017, the State of California announced a new program requiring schools to test their drinking water for the presence of lead. GSWC worked extensively with the schools in its service areas to test and ensure drinking water quality was not being compromised by plumbing issues within the school facilities. As a result of concerted outreach to the schools, GSWC completed lead sampling at all schools that were subject to Assembly Bill 746 in its service area in 2019. For more information, including test results, visit <http://www.gswater.com/schools/>. GSWC has also been assisting Child Care facilities that requested lead sampling guidance and assistance to meet their compliance with Assembly Bill 2370.

GSWC continues to have a centralized approach to deploying technology in order to streamline its operations and to enhance customer service and reliability. Through the use of advanced technology, we have modernized and centralized our field data collection and water quality data management activities. Real-time data availability and advanced water quality data management/analysis activities have helped us make sound decisions and stay in compliance with water quality regulations.

GSWC has been an active member of the Water Research Foundation for decades, helps fund the organization and has served in significant leadership positions. The Foundation is an internationally recognized leader in water research that is dedicated to advancing the science of water by sponsoring cutting-edge research and promoting collaboration. Their research provides industry insights and practical solutions to the most complex challenges facing the water community today and into the future. GSWC has specifically funded work in the utility Enterprise Risk Management (ERM) space, and our employees have participated in several research projects.

# Renewable Energy and Other Conservation

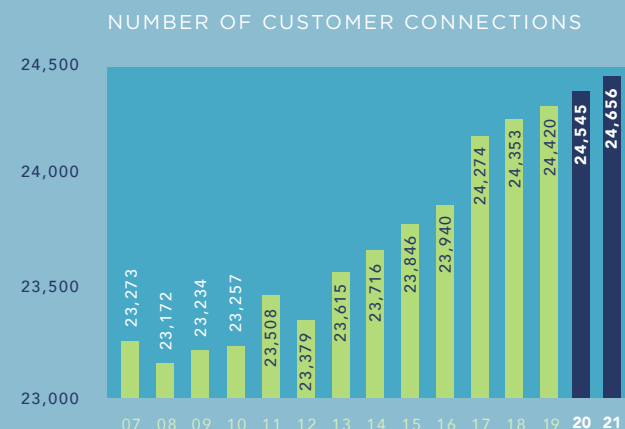
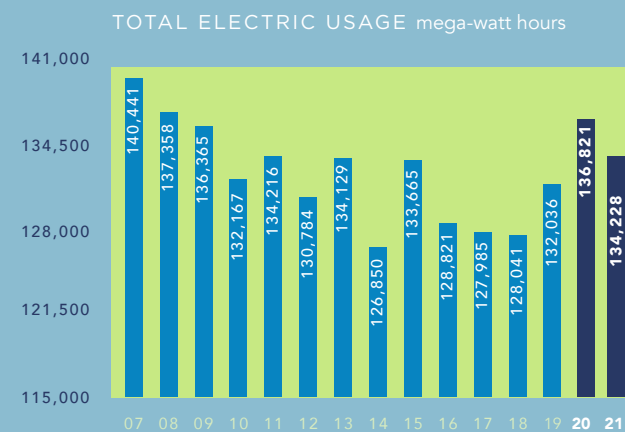
## Renewable Energy

BVES has a strategy of procuring a mix of renewable energy credits and renewable energy, which will allow the company to meet the CPUC's Renewables Portfolio Standard (RPS) requirements and Greenhouse Gas (GHG) emissions reduction targets. In 2021, BVES's RPS obligation represented 35.8% of total electric supply purchases. RPS requirements continue to escalate, reaching 50% by 2026 and 100% carbon free by 2045. In addition, BVES is considering developing solar generation and battery storage facilities.

BVES offers a Distributed Generation Program, which benefits customers who install a solar or wind-generating facility that produces renewable energy. Those customers can receive a bill credit if their monthly renewable energy production exceeds their on-site use. BVES also has a large number of customers on its Net Energy Metering Program (NEM), which was the previous renewable energy program. NEM customers can receive a bill credit if their annual renewable energy production exceeds their on-site use. Approximately 5% of the energy consumed by our BVES customers is now generated by customer-owned renewable sources (solar).

## Conservation by Our Electric Customers

In addition to pursuing environmentally friendly resources, BVES is helping customers utilize electricity more efficiently. Our employees have been proactive in the community, promoting resource options in schools, government agencies, small businesses and individual households. In addition, BVES utilizes a tiered rate structure to encourage conservation. The tiered rates incentivize customers to reduce electricity usage and reward customers who use less electricity. As a result of strong conservation efforts, since 2007, electric usage per customer by BVES customers is down by nearly 10%.



These are some other conservation efforts that BVES promotes:

WE EDUCATE CUSTOMERS ON OUR ENERGY SAVING PROGRAMS, WHICH ENCOURAGES INNOVATION AND CONSERVATION. THESE EFFORTS HAVE HELPED TO SAVE MILLIONS OF KILOWATT HOURS OF ELECTRICITY.

WE COLLABORATE WITH LOCAL WATER AGENCIES TO ENCOURAGE THE EFFICIENT USE OF WATER AND ELECTRICITY, INCLUDING THE CITY OF BIG BEAR LAKE'S DEPARTMENT OF WATER AND POWER, BIG BEAR AREA REGIONAL WASTEWATER AGENCY, AND BIG BEAR CITY COMMUNITY SERVICES DISTRICT.

## Reduced Energy Consumption

To reduce energy consumption in our water operations over the long term, our successful customer conservation efforts have decreased our need to purchase or pump water, both of which reduce overall energy consumption. Moreover, through proactive operation and predictive maintenance of our wastewater systems, energy use is further reduced.

We conduct pump efficiency tests, and replace our pumps in part based on these test results. As pumps and motors age, they become less efficient, requiring more energy to move the same amount of water. In addition, at the outset we design some of our key systems to be energy-efficient, then maintain these systems to optimize their reliability and performance. We also monitor changing pumping conditions in our well assets to address operating inefficiencies as a result of drought conditions. When needed, we will redesign pump assemblies to match current pumping conditions.

## Other Conservation Efforts

While the most significant conservation efforts and impact is through the reduction of water and electric use in our operations and by our customers, we are doing what we can to conserve in other ways. In our headquarters, we use energy-efficient lighting and motion-sensors, energy-efficient office equipment, energy-saving HVAC units, water-saving toilets and faucets, and a smart water conserving irrigation system. We recycle our electronic waste, have LED lighting installed in our parking lot, and have charging stations for employees to charge personal electric vehicles in an effort to promote fuel efficient commuting.

At BVES's main office, rooftop solar and LED lighting helps lower energy consumption.

At ASUS, all of the office facilities we have constructed at ASUS are Leadership in Energy and Environmental Design (LEED) certified, the most commonly used green building rating system in commercial construction.

## Our Workforce



Our employees are the foundation of our success. We challenge ourselves to attract, develop and retain the talent we need; and adapt to the scale and pace of change that is occurring if we are to remain at the forefront of our industry.

We are committed to helping our employees thrive. We are equally committed to their health and safety. Our company's Health and Safety as well as Human Capital Management (HCM) programs seek to sustain and strengthen efforts in the areas of health and wellness, safety, recruitment, development, retention and employee protections.

### Occupational Health and Safety

We place tremendous attention and focus on employee health and safety. Strong Occupational Health and Safety practices reduce injuries, keep our workforce healthy, and reduce operating costs. A safe workforce translates into better performance companywide.

#### SAFETY PERFORMANCE — COMPANYWIDE

We work to create a safety-focused culture in which each individual feels personally responsible for their own safety, the safety of their co-workers, as well as the safety of the communities they serve. Safety performance is included as a metric in the officer and manager compensation programs.

Each year, the company posts their Occupational Safety and Health Administration (OSHA) 300A Forms at all of their facilities to report all full-time employee work-related injuries and illnesses for the previous calendar year. The results were as follows:

CATEGORY	2019	2020	2021
Average number of employees	831	839	832
Number of employee fatalities	0	0	0
Number of contractor fatalities	0	0	0
Cases with days away from work	16	8	5
Cases with job transfer/restriction	5	3	8
Number of other recordable cases	12	8	2
Days away from work	970	403	418
Days of job transfer/restriction	242	5	172
Injuries	32	17	12

*No employee or contractor fatalities occurred for 2017-2021.*

## Our Workforce CONT.

### POLICIES

Our safety policies focus on establishing and maintaining a safe work environment for all employees. To accomplish this, a comprehensive Health and Safety Policy/Plan has been developed to educate employees about workplace hazards and protect them from workplace injuries and illnesses. The programs are required by OSHA for each respective state. We are committed to reducing the number of OSHA recordable incidents, accidents and injuries in the workplace.

### RESPONSIBILITY

Safety responsibilities involve every employee in the company. Employees strictly follow training guidelines and safety policies. Employees are encouraged to correct and report unsafe work conditions. Management personnel ensure that the safety and health programs are administered in their areas of responsibility and support employees in following safety policies, rules and regulations.

### SAFETY INITIATIVES

To support our commitment to safety, our workforce completes thousands of hours of safety training each year, and we encourage open communication and feedback to further enhance on-the-job safety. Employees attend training in various mandated safety programs that are applicable to their operations. This

training includes class room style, online, field safety meetings, and on the job training. Safety training attendance records are maintained by our Training & Compliance team and Safety Coordinators.

Safety initiatives also include ergonomic considerations to prevent or mitigate repetitive motion injuries that can lead to cumulative trauma disorders, as well as construction safety protocols for operations on valves and hydrants to isolate main breaks quickly to prevent or reduce property damage and protect lives.

To reinforce our safety efforts and protocols, companywide safety inspections at GSWC and BVES are conducted with supervisors. Safety concerns identified during the inspection tours are immediately corrected whenever possible. The inspection reports are forwarded to management for review, allocation of resources (if needed), and corrective actions are taken.

In addition to ensuring employee safety, positive measures are taken to protect the general public. Traffic Control classes are required to protect employees and the public. Employees must provide visible “barriers” such as cones and/or safety warning tape to identify open trenches and underground vaults to protect the public from accidentally falling into the temporary work openings.



### HEALTH AND SAFETY AT GSWC

GSWC's safety training program exceeds regulatory standards, and focuses on accident prevention. GSWC has employed a behavioral based safety training program, called SafeStart, since 2011. This program is in addition to required OSHA safety training and addresses the behavioral states that lead to approximately 95% of all accidents. The four states are: Rushing, Frustration, Fatigue, and Complacency. Critical errors are identified that commonly occur during these states, such as mind not on task, eyes not on task, being in the line of fire, and loss of balance, traction or grip. SafeStart has also been incorporated into the Post Accident Training Program, which requires any employee who has been involved in an OSHA accident to complete behavioral-based safety training.

GSWC also has a Safety Recognition Program, which includes a raffle to win a nominal award for accident-free employees, and has helped to further maintain a culture of safety. Through these safety programs and initiatives, accidents have declined. For example, there were 8 accidents in 2021 and 9 in 2020 compared to 37 accidents in 2011.

GSWC monitors water pressure throughout various pressure zones and maintains zones within safe working levels, as designated by the California Public Utilities Commission. GSWC also helps to educate customers concerning their compliance requirements pertaining to the Uniform Plumbing Code for their health and safety.

GSWC also ensures the Underground Service Alert (USA) program is followed prior to our contractors beginning any excavation. The USA program notifies all utilities to mark the location of all underground facilities prior to contractors initiating any excavation. The intent of the USA program is to protect the safety of the contractor, GSWC employees, our customers and the general public who live and/or work within the vicinity of our construction areas. Prior to construction,

GSWC notifies customers of upcoming work, and contractors are required to post work/warning signs near the work area.

Additionally, the Emergency Management & Security (EM&S) Program is designed to protect the safety and welfare of its employees, while keeping its strong commitment to providing the communities it serves with safe drinking water and reliable customer service during emergencies. The EM&S program continually improves processes and procedures, while training, emergency exercises and strategic security initiatives strengthen company and community resiliency.

The Emergency Preparedness & Response Plan (EPRP) is updated throughout the year. Varying levels of training are provided to employees throughout the year, to include training in fire hazards, Emergency Action Plans, Hazardous Material Emergency Response and Communication procedures, Personal Protective Equipment, and Incident Command Systems (ICS) operations. The latter is critical in understanding the standards and principles on how to respond to emergencies, and how our staff engages internally and with local emergency first responders. ICS training was offered to every operating district beginning in 2005.

Emergency training exercises play a vital role for testing capabilities, fostering meaningful interaction and communication across the organization, and identifying best practices and areas for improvement. Since 2000, GSWC has conducted emergency training exercises in each of its districts. GSWC maintains a leadership role in regional and statewide mutual assistance associations, both within the water industry and with other utility partners in gas, electric and telecommunications.

Community partnerships are vital during an emergency, and through the EM&S program, our staff continue to conduct outreach with their local emergency response partners to strengthen emergency preparedness and coordination within the communities we serve.

## Our Workforce CONT.

### HEALTH AND SAFETY AT BVES

BVES's goal is to ensure a culture of the highest standards of performance with an unwavering commitment to the environment, health, and safety (EHS) of our employees, contractors, customers, and the public. EHS excellence is embodied in each of its services: customer service, system operation and maintenance, planning, meter reading, accounting, and purchasing quality. Safety and the management of risk are the foundations for building trust in our operational relationships and between management and our employees. In addition, BVES has a Safety and Operations committee of its board of directors.



In February 2022, BVES adopted a formal EHS Policy Statement that affirmed BVES's commitment to:

- Safeguard the public, our customers, and stakeholders that are exposed to our facilities and operations, including the consequences that our facilities and operations may have on them.
- Continually implement and execute initiatives to reduce the risk of wildfire.
- Provide a safe, healthful workplace for all our employees, onsite contractors and vendors, and other visitors to our locations affected by our activities, and eliminate or reduce hazards to the extent reasonably practicable.

BVES has a strong record of safety performance. As of May 11, 2022, some key metrics on the outcome of BVES's safety performance were:

- Accident/injury free for 1,083 days.
- No fatalities in over 10 years.
- No employee contact with High Voltage in over 10 years.
- No ignitions in over 10 years.

BVES was awarded a Safety Certificate from the Office of Energy Infrastructure Safety, having met the statutory requirements for electric utilities to qualify for a Safety Certificate. Among the requirements are to have an approved Wildfire Mitigation Plan (WMP), a Board Safety and Operations Committee, and Board level reporting to the California Public Utilities Commission on safety issues.

In August 2021, BVES contracted with an Environmental Health & Safety (EHS) consultant company to perform a gap analysis on all aspects of BVES's safety programs and then develop a plan to address the areas for improvement. BVES issues a monthly email to all employees reporting on safety training events, sharing safety metrics, and providing safety notes. Additionally, with the EHS consultant's assistance, BVES adopted a formal safety training schedule with monthly topics taught by safety professionals. The EHS consultant meets with BVES managers and supervisors bi-weekly, visits the site for two days per month to perform EHS audits, and leads training events.

In 2020, BVES issued a formal policy instruction directing certain employees, supervisors, and managers to perform periodic Job Hazard Analysis (JHAs). This action has had a net positive impact on safe operations by getting staff, supervisors, and managers to look at all aspects of maintenance, operations, construction, and facilities objectively with an intent to identify potential hazards and solutions to eliminate or mitigate the hazards.

In May 2021, DEKRA (contracted by the Office of Energy Infrastructure Safety) conducted a safety culture assessment on BVES which included comprehensive safety culture surveys of BVES staff and its contractors performing wildfire mitigation work. In October 2021, the Office of Energy Infrastructure Safety issued a report of the findings, which indicated the overall safety culture at BVES was strong and committed to worker and public safety.

In 2020, BVES issued a detailed procedure to conduct Public Safety Power Shut-offs (PSPS) during periods of extreme fire threat weather. Staff conducted three exercises to ensure they are ready to execute a PSPS. Additionally, in 2022 BVES issued a complete re-write of its Emergency Response and Disaster Plan to ensure an efficient, effective and uniform response during an emergency situation.



# Our Workforce CONT.

## HEALTH AND SAFETY AT ASUS

In order to address issues relating to health and safety and provide distinct metrics for compliance, ASUS has a dedicated Safety Program Administrator located at each military base installation served. The onsite Safety Program Administrator is responsible for regulatory compliance, as well as beneficial health and safety monitoring functions. ASUS provides adequate staffing of Environmental Health & Safety (EH&S) Program Administrators to ensure coverage of the health and safety needs at all of its subsidiaries. The EH&S team continually updates policies and, identifies standardization opportunities, improves communication, and follows through on the implementation of each.

Safety Program Administrators are utilized for safety pre-planning by conducting hazard analyses, safety plan reviews, and worker training events and evaluations. Safety expectations and possible risk mitigation options prior to the start of projects are clearly identified through this set up. In addition, the Administrators are on-site regularly to evaluate jobsite safety and reinforce standards on all projects. Concerns are documented on-site and corrective action requirements are tracked through our "Safety Reporting" mobile application to ensure timely corrections.

To assist the EH&S team and in an effort to further enhance the responsiveness and effectiveness of the Health & Safety program, ASUS utilizes the ASUS Water & Wastewater Information Management System (AWWIMS). AWWIMS is a fully customized web-based database designed to give ASUS tools in order to manage the health and safety compliance for all employees and thousands of assets across all subsidiaries effectively. This innovative database allows leadership and program managers at all levels to easily access every installation's information.

ASUS is well prepared for any emergency that may arise. Robust emergency response plans (ERPs) have been developed for all subsidiaries and are ready to be implemented when the need arises. Employees are continually trained on the ERP procedures, perform exercises, and conduct preparations well ahead of expected emergencies. In addition, each subsidiary spends a great deal of time coordinating and collaborating with the local military installation and Emergency Response Organizations to ensure a unified response to all emergencies. These plans ensure that the safety and well-being of its employees are never compromised during such events and at the same time the company continues to provide optimal support to our military customer.

## Talent Acquisition, Development and Retention

The mission of the Human Capital Management team is to support the company in its commitment to its employees and customers. We achieve this by constantly improving, implementing best practices, and acting as leaders in our field. We have a daily focus on our core values of

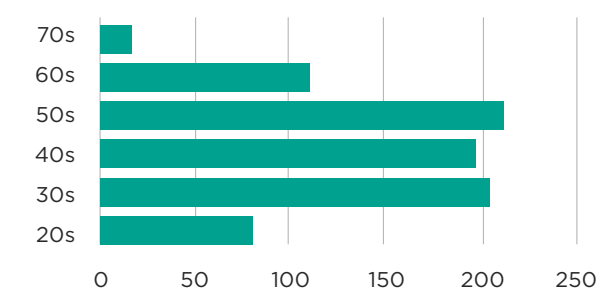
**Integrity • Teamwork • Respect • Excellence in Service • Accountability**

### EMPLOYEE DEMOGRAPHICS (as of 12/31/21)

Presented below is a chart showing our employee demographics. The information is based on our reported EEO-1 data. Our workforce is representative of the U.S. workforce population in terms of racial diversity. Although our workforce gender population does not correlate with the national statistics, it does align with the industry population statistics for the water, wastewater and electric utility industries.

	COMPANY DEMOGRAPHICS	2018 EEO-1 AGGREGATE NAT'L REPORT	COMPANY DEMOGRAPHICS		
			SUPERVISORS	MANAGERS & DIRECTORS	OFFICERS
White	46.3%	59.4%	51.7%	67.3%	66.7%
Black	7.9%	15.2%	3.4%	7.3%	0.0%
Hispanic	29.8%	15.4%	25.3%	5.5%	11.1%
Asian	10.5%	6.8%	16.1%	18.2%	22.2%
Native Hawaiian/Pacific Islander	1.1%	0.5%	0.0%	1.8%	0.0%
American Indian	1.2%	0.5%	1.1%	0.0%	0.0%
2+ Races	3.1%	2.2%	2.3%	0.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Female	29.0%	48.2%	19.5%	29.1%	22.2%
Male	71.0%	51.8%	80.5%	70.9%	77.8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### AGES OF OUR WORKFORCE



## Our Workforce cont.

### LARGE-SCALE REDUNDANCIES AND SIGNIFICANT JOB CUTS

There has not been an implementation of large-scale redundancies or significant job cuts affecting more than 1,000 employees or more than 5% of the total workforce during the last 10 years.

### POSITION ON NON-REGULAR EMPLOYMENT

The company tries to limit the number of temporary and contract workers, preferring instead to hire and employ directly. At times, temporary and contract workers are used for a finite period of time and in a limited capacity to continue a project or workflow until we can hire an employee. It is also common for those temporary workers to be hired on as a regular, full-time employee.

### WAGE AND HOUR PRACTICES

The company pays employees a competitive and fair wage, as benchmarked with other leading companies and the market. Consistent with our principle of valuing personal mastery, we reward employees for improving their skills and capabilities. At a minimum, we comply with all applicable wage and hour laws, rules, and regulations, including minimum wage, overtime, and maximum hours.

### EMPLOYEE BENEFITS

We offer a comprehensive and attractive employee benefit program. All employees who average 30 hours or more per week receive full-time benefits, and full-time employees pay only 15% of the total cost of medical, dental and vision.

**American States Water Company offers the following benefits to eligible employees:**

- Medical
- Dental
- Vision
- 401(k) with company match
- Defined Contribution (DC) Profit Sharing Plan
- Life Insurance
- Accidental Death/Dismemberment
- Educational assistance
- 11 paid official holidays plus birthday
- Paid vacation
- Employee Assistance Program (EAP)
- Enhanced Wellness Program
- Learning & Development opportunities
- Corporate discounts for various products and theme parks
- Company-sponsored community and employee events throughout the year
- Other employee and employer-paid benefits

### DEPENDENT CARE

WE OFFER A COMPLIMENTARY EMPLOYEE ASSISTANCE PROGRAM WHICH CAN ASSIST EMPLOYEES WITH SUPPORT FOR DEPENDENT CARE IN VARIOUS WAYS. ADDITIONALLY, WE OFFER A DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT WHERE EMPLOYEES CAN SAVE TAX DOLLARS ON DEPENDENT CARE EXPENSES.

### LEAVE

THE COMPANY COMPLIES WITH FEDERAL AND STATE LAWS RELATED TO EMPLOYEE LEAVE OF ABSENCES, INCLUDING MATERNITY LEAVE, PATERNITY LEAVE AND FAMILY CARE LEAVE. WE ALSO OFFER A GENEROUS SICK AND VACATION LEAVE POLICY SO THAT OUR WORKFORCE CAN TAKE CARE OF THEMSELVES AND THEIR LOVED ONES, AS WELL AS PROMOTE A HEALTHY WORK-LIFE BALANCE.



## Our Workforce CONT.

### WORKPLACE POLICIES AND PROTECTIONS

One of American States Water Company's Values is "Valuing diversity and treating all stakeholders with fairness." As a company, we seek to promote the benefits of diversity in all of our business activities and oppose discrimination of any kind with a formal non-discrimination policy published in our Code of Conduct and Employee Handbook. Our company's management team is grounded in the principles and practices of accelerating an integrated talent and diversity management strategy to maximize efforts for engagement, development and retention and to sustain reasonable accommodations. We strive to have all aspects of employment, including the decision to hire, promote, discipline, or discharge, be based on merit, competence, performance, and business needs. It is our policy to not discriminate on the basis of race, color, religion, marital status, age, national origin, ancestry, physical or mental disability, medical condition, pregnancy, genetic information, gender, sexual orientation, gender identity or expression, veteran status, or any other status protected under federal, state, or local laws.

### LABOR RELATIONS

3.8% of our employees are represented by labor unions. We respect our partnerships with unions and work with them to achieve business results that benefit the customers and communities we serve, our employees, and our businesses. We also seek opportunities to collaborate with our unions. The company respects employees' rights to freedom of association and collective bargaining. In addition, we expect our suppliers and contractors with whom we do business to uphold the same standards. Should a violation of these principles become known by the company and not corrected, we will discontinue the business relationship.

### LEADERSHIP AND SUCCESSION PLANNING

As we continue to grow and develop new career paths, we are laying out careers for our employees, not just jobs. We continue to encourage well qualified internal applicants to apply for leadership roles within all of our subsidiaries. We remain focused on developing internal talent by encouraging employees to take advantage of all training and opportunities afforded to them, including professional certifications and educational seminars.

On an annual basis, our senior management team completes a roadmap for improving human capital management by developing succession plans with the goal of achieving the most efficient alignment of resources and talent to meet business needs. This includes identifying key succession positions and potential successors for top-level positions, such as Vice Presidents, for the next ten years.

Additionally, ongoing development of our talent across the organization to meet critical business needs is a continual focus, and includes (i) building a culture such that high-potential talent is identified and further developed, (ii) creating career paths that not only move up a specialized ladder, but across the organization, and (iii) offering opportunities for employees to accept new challenges through stretch assignments.

Recruiting, developing and retaining the right talent is key to our long-term success. With 31% of our employees eligible for retirement in the next five years, we must focus on transferring institutional knowledge, continue succession planning and pursue recruitment and development strategies to attract qualified talent.



### DIVERSITY AND INCLUSION

We believe that diverse perspectives and open lines of communication help to create employee motivation, customer satisfaction, greater return on investment for shareholders and better communities in which to work and live. We are an equal opportunity employer and value diversity.

The company has an extensive Diversity & Inclusion Policy available in the ESG section of its website. Among other things, it discusses policies and programs that reflect short- and long-term plans to improve diversity and inclusion. In addition, our current trainings serve to improve our efforts, as well as increase outreach and engagement with various minority, disabled, and veteran organizations to foster greater interest in pursuing employment opportunities with our family of entities.

### RECRUITMENT AND ATTRACTING DIVERSE CANDIDATES

We understand that strength comes from having a diverse employee population. We strive to hire from our local communities and have a workforce that is representative, at all job levels, of the communities we serve. This begins with the recruitment process.

The company continues its efforts in the recruitment, promotion, and retention of a qualified, diverse, and engaged workforce to meet the growing Human Capital needs of our organization. We regularly promote employees from within, as well as hire from our local communities in which we operate.

The company's Employee Referral Program has also helped find candidates for hard to fill positions. These include positions in Water Operations, Engineering, Customer Service, Water Quality, Information Technology, Meter Reading, and Construction.

Due to the time, commitment, and teamwork of senior management and Human Capital Management, ASUS was awarded a prestigious membership into the Military Spouse Employment Partnership (MSEP). MSEP is a Department of Defense sponsored program that allows for the recognition of an elite group of companies who demonstrate a commitment to hire military spouses. We have also been nominated for and received several veteran friendly awards.

## Our Workforce CONT.

### INVESTING IN FUTURE TALENT

We have continued our practice of participating in community and college career fairs that resulted in the successful hiring of several Water Technology students from different community and technical colleges. We continue to build relationships with these schools as they have proven to be a dependable source of qualified Water Operations candidates. We also maintain contact with several California universities, utilizing them as a resource in promoting our engineering positions. The company continues to participate in High School Career Day events in our service territories.

In addition, the company has expanded its career fair participation to include career fairs that are geared towards veterans, active duty military, and their families. We have attended veteran and military careers fairs in numerous cities. We have built relationships with local water organizations, American Water Works Association, and Cal Nevada AWWA to collaborate on military

recruitment. We currently sit on two veteran employment committees aimed at increasing veteran employment in the water industry. We have also established relationships with representatives at the Employment Development Department to foster recruitment of veterans.

### LEARNING AND DEVELOPMENT

At American States Water, we work to ensure that employees have adequate training and education to perform their jobs. Working in close partnership with our frontline operations supervisors and managers, our training and compliance teams have created a nexus for learning within the company. A key function includes building a talented and robust workforce by developing employees' knowledge, skills and abilities throughout the company. Certain compliance training is required each year for each employee, while others are offered on an optional basis. Examples of optional programs include ongoing water operations competencies and education, supervisor development,

knowledge capture and management, feedback and measurements to show the value of learning solutions, and administrative oversight for various business competencies relative to mandated training and compliance requirements. Approved external business-related seminars and workshops are paid for by the company, and certain positions require employees to maintain all of their job-specific certifications, licenses and continuing education credits. We are proud to say that we have 300 employees certified in water operations and over 56 employees certified in wastewater operations. Additionally, our Corporate Partners in Education program supports those who are pursuing undergraduate degree completion with tuition reimbursement assistance.

On a regular and ongoing basis, we require all employees to certify that they have reviewed and understand our Code of Conduct as well as our Employee Handbook. We provide harassment and prevention awareness training for all employees. These training requirements provide the foundation and expectations for the company's standards, values, and ethics that buttress actions to hold employees accountable for any failures to meet or exceed our standards, values, and ethics. In short, these efforts are our objective to reinforce the ideal of individual accountability in the performance and conduct in the work environment and as representatives of the company.

There are mandatory training requirements for various positions, newly hired employees, supervisors, and managers.

Also, there are regulatory training requirements for compliance with local, state, and federal environmental laws. These include various agencies such as the Environmental Protection Agency, State drinking water and wastewater, Department of Transportation, Occupational Safety and Health Administration, and Department of Defense to name a few.

### PERFORMANCE REVIEWS

Our training focuses on how we can navigate an ever-changing workplace with an ever-growing and diverse population. To that end, we work to encourage our supervisors to hold everyone accountable to the same standards of performance. We rely on our leaders to make well thought out and sound employment related decisions with Human Capital Management's support and collaboration. We continually provide support to all members of management on matters relating to performance management, counseling and discipline, and performance appraisals. As needed, guidance is provided on policy interpretation and appropriate levels of enforcement. We continue to mentor all levels of supervisors on the appropriate management of problematic situations, and ensuring quality and accuracy from their teams.

As a whole, the company participates in the Annual Performance Review process. Our Annual Performance Review contains detailed information relating to the performance of job functions, areas of excellence, areas for improvement as well as a section for collaboration with each employee to set goals each year.

Consequently, supervisors are expected to provide examples of strengths and accomplishments of an employee that are exceptionally noteworthy and/or exceed expectations of the positions as well as areas for improvement and development. Supervisors should identify any disciplinary action and/or counseling of employees throughout the year as areas for improvement and/or development. For employees not meeting performance standards, supervisors must provide goals and objectives for improvement and development in this section. We require specific examples based on observations to be shared with each employee so they have a frame of reference for the noted praise and/or areas for improvement.





# Recognition

**Our focus is to provide the necessary expertise and experience in the management and conveyance of potable water, wastewater and electricity with the highest of integrity, responsiveness and service. Along the way, we have been recognized for our contributions and accomplishments:**



### GSWC

SAFER ADVISORY GROUP APPOINTMENT - DAWN WHITE, REGIONAL WATER QUALITY MANAGER, WAS SELECTED TO SERVE ON THE STATE WATER RESOURCES CONTROL BOARD SAFER ADVISORY GROUP FOR THE 2020 - 2021 TERM. THE SAFER ADVISORY GROUP PROVIDES THE STATE WATER RESOURCES CONTROL BOARD WITH CONSTRUCTIVE ADVICE AND FEEDBACK ON THE SAFE AND AFFORDABLE DRINKING WATER FUND EXPENDITURE PLAN AND OTHER RELATED POLICIES AND ANALYSES.

UTILITY COMPANY OF THE YEAR, AWARDED TO THE COMPANY THAT HAS MADE OUTSTANDING CONTRIBUTIONS LEADING TO THE OVERALL ECONOMIC DEVELOPMENT OF AFRICAN AMERICAN BUSINESSES BY THE GREATER LOS ANGELES AFRICAN AMERICAN CHAMBER OF COMMERCE (2020)

GEORGE WARREN FULLER AWARD, PRESENTED BY THE CALIFORNIA-NEVADA SECTION (CA-NV SECTION) OF THE AMERICAN WATER WORKS ASSOCIATION TO DENISE KRUGER, SENIOR VICE PRESIDENT, FOR HER DISTINGUISHED SERVICE TO THE WATER SUPPLY FIELD IN COMMEMORATION OF THE SOUND ENGINEERING SKILL, BRILLIANT DIPLOMATIC TALENT AND CONSTRUCTIVE LEADERSHIP WHICH CHARACTERIZED THE LIFE OF GEORGE WARREN FULLER (2020)

### ASUS

VETS INDEXES 3-STAR EMPLOYER, RECOGNIZES ASUS'S COMMITMENT TO RECRUITING, HIRING, RETAINING, DEVELOPING AND SUPPORTING VETERAN EMPLOYEES AND OTHERS IN THE MILITARY-CONNECTED COMMUNITY (2021)

MILITARY SPOUSE EMPLOYMENT PARTNERSHIP ENDURING PARTNER WITH THE DEPARTMENT OF DEFENSE (2020/2021)

ESGR PATRIOT AWARD - PRESENTED BY THE EMPLOYER SUPPORT OF THE GUARD & RESERVE FOR SUPPORT PROVIDED BY AN ASUS EMPLOYEE THAT IS ALSO A MEMBER OF THE SC NATIONAL GUARD (2021)

### AWR

RECOGNIZED AS "GENDER-BALANCED" BY THE 50/50 WOMEN ON BOARDS™ ORGANIZATION - A DESIGNATION THAT ONLY 8% OF RUSSELL 3000 COMPANIES HAVE ACHIEVED. 56% OF OUR BOARD OF DIRECTORS ARE WOMEN (2020/2021)

ACHIEVED "PRIME CLASSIFICATION" STATUS FROM INSTITUTIONAL SHAREHOLDER SERVICES (ISS) CORPORATE RATING, MEANING THAT IT FULFILLS ISS ESG'S DEMANDING REQUIREMENTS REGARDING SUSTAINABILITY PERFORMANCE IN OUR SECTOR (2020/2021)

NUMBER ONE ON THE "DIVIDEND KINGS" LIST, COMPANIES THAT HAVE INCREASED THEIR DIVIDENDS FOR AT LEAST 50 CONSECUTIVE YEARS (2020/2021)

MILITARY FRIENDLY® COMPANY (2020/2021)

MILITARY SPOUSE FRIENDLY® EMPLOYER BRONZE DESIGNATION (2020/2021)

PLATINUM HIRE VETS MEDALLION AWARD; ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR (2020/2021)

MILITARY FRIENDLY® SUPPLIER DIVERSITY PROGRAM (2022)

IF YOU HAVE FEEDBACK  
OR QUESTIONS ABOUT  
THE ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT,  
PLEASE CONTACT:

**Investor Relations**  
**American States Water Company**

630 East Foothill Boulevard  
San Dimas, California 91773  
(877) 463-6297 (INFOAWR)  
[investorinfo@aswater.com](mailto:investorinfo@aswater.com)



American States  
Water Company