



Environmental, Social
and Governance (ESG) Report
2022-2023



American States
Water Company

Significant Highlights

41.6%

Since 2007, water usage per customer by Golden State Water Company (GSWC) customers is down 41.6%

42.1%

Our Market-based Scope 1 and 2 greenhouse gas (GHG) emissions declined by 42.1% as compared to 2020, on our way to a 60% reduction by 2035

50%

Women represent 50% of the independent directors on the company's Board

\$8,573

Infrastructure investment per customer connection was \$8,573 for our regulated utilities

41.3%

Renewable power represented 41.3% of power for Bear Valley Electric Service, Inc. (BVES)



Performance on supplier diversity, customer satisfaction, and employee safety are included in management compensation plans

Forward-Looking Statements

Safe Harbor

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can often be identified by words such as “anticipate,” “estimate,” “expect,” “intend,” “may,” “should” and similar phrases and expressions, and variations or negatives of these words. These forward statements include, but are not limited to meeting various goals, compliance with regulatory requirements established by the state and federal government, spending estimates, and other ESG-related or business matters. They are not guarantees or assurances of any outcomes, financial results, levels of activity, performance or achievements, and readers are cautioned not to place undue reliance upon them. The forward-looking statements are subject to a number of estimates and assumptions, and known and unknown risks, uncertainties and other factors, including those described in greater detail in our filings with the Securities and Exchange Commission, particularly those described in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Readers are encouraged to review our filings with the Securities and Exchange Commission for a more complete discussion of risks and other factors that could affect any forward-looking statement. As a result of these factors, actual results may differ materially from those discussed in the forward-looking statements included in this report. The statements made herein speak only as of the date of this report and except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statement.

President's Letter



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 94th year in business in 2023, 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 nine 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.

A handwritten signature in black ink that reads "Robert J. Sprowls". The signature is written in a cursive, flowing style.

Robert J. Sprowls
President and CEO

Table of Contents

ESG HIGHLIGHTS	7
ABOUT THIS REPORT	11
ABOUT OUR COMPANY	12
Overview and Service Area	12
Mission and Values	13
Subsidiaries	14
Fiscal Responsibility	16
GOVERNANCE, ETHICS, HUMAN RIGHTS AND RISK MANAGEMENT	17
Corporate Governance	17
Business Ethics	20
Responsible Sourcing	22
Human Rights	23
Risk Management	23
STAKEHOLDER ENGAGEMENT	27
Our Stakeholders	27
Industry Association Memberships	28
Policy Influence	28
Political Contributions	29
Tracking Stakeholder Engagement and Collecting Feedback	29
SERVING OUR COMMUNITIES	30
Overview	30
Community Engagement	31
CUSTOMER FOCUS	35
Customer Service	35
Education	39
Water Access	40
Affordability Programs	40
INFRASTRUCTURE INVESTMENTS	41
The Need for Investment	41
Our Approach	42
Customer Benefits	44

Table of Contents

ECONOMIC IMPACT AND SUPPLIER DIVERSITY	45
ENVIRONMENTAL IMPACT	47
Environmental Guidelines	47
Climate & GHG Emissions	48
Renewable Energy	52
Conservation by Our Electric Customers	53
Reduced Energy Consumption	54
Other Conservation Efforts	54
Wastewater and Sewer Systems	55
Waste Management	55
WATER SUPPLY	57
WATER EFFICIENCY AND CONSERVATION	60
Golden State Water Company	60
ASUS Conservation	63
WATER QUALITY	64
Stringent Environmental Regulation and Testing	64
Addressing Water Quality Risks	65
Programs and Research	66
OUR WORKFORCE	67
Occupational Health and Safety	67
Talent Acquisition, Development and Retention	71
RECOGNITION	78
APPENDIX	79
SASB Index	79
CONTACT US	81

ESG Highlights

American States Water Company believes that its increasing emphasis on 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, electric 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 \$8,573 in 2023

\$1 out of every \$2.71 collected from our customers went back into infrastructure at our regulated utilities in 2023

Our regulated utilities' capital improvement program has totaled \$745.4 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 \$536.8 million to renew and replace utility infrastructure, and made over \$659.6 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 operation resiliency in order to provide safe and reliable service

Our drinking water meets state and federal drinking water standards, and we adhere to stringent testing requirements and robust environmental regulations

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

Multiple water sources are used at our regulated water business, including approximately 50% 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

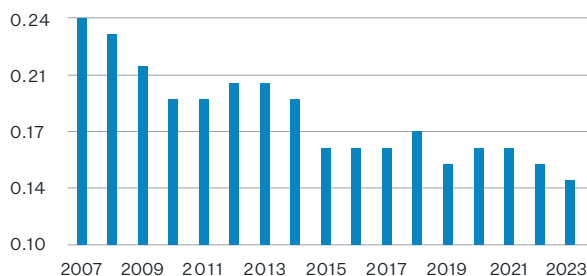


ESG Highlights

2. Water Efficiency and Conservation

Since 2007, water usage per customer by GSWC customers is down 41.6%

Millions of gallons per customer



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, represents approximately 8% of total company production

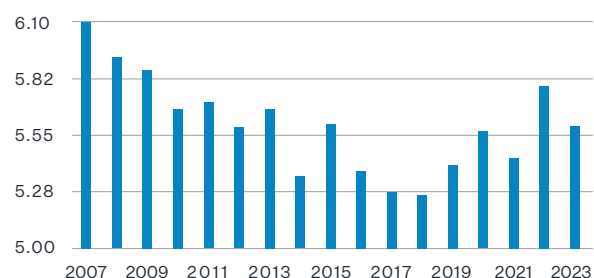
3. Reducing Environmental Impact

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

Our 2023 Market-based Scope 1 and 2 GHG emissions declined by 42.1% as compared to 2020, on our way to a 60% reduction by 2035

Since 2007, electric usage per customer by BVES customers is down 7.1%

Mega-watt hours per customer



41.3% of power for our electric utility business comes from renewable energy sources. California's Renewables Portfolio Standard requirements continue to escalate, reaching 50% by 2026 and 100% carbon free by 2045. In addition, BVES has entered into a contract to construct a solar energy project in the City of Big Bear Lake area, subject to obtaining California Public Utilities (CPUC) approval and necessary permits. If approved and constructed, the project will provide a source of clean, local energy for BVES's customers

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

4. Our Broader Impact

We respect, promote and protect human rights in a number of ways as it relates to our business, and published a Human Rights Policy, available on our website

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 2023 was 35.1%, a four-fold increase since the inception of our Supplier Diversity Program in 2003. For 11 consecutive years, our regulated utilities have exceeded the CPUC goal for spending with diverse suppliers

At ASUS, we awarded 81% of available dollars to small businesses, far exceeding the U.S. government's requirements

We employ over 800 employees in ten 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 they relate 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 13 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 through live events and charitable contributions. We engage 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



ESG Highlights

6. Corporate Governance

8 of 9 Board members are independent

Women on the Board represent 50% of our independent directors

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 2022 and 2023. Unless stated otherwise, data is based on calendar year 2023 to present the most current snapshot. Along with its contents, additional information related to our ESG efforts can be found on our website, including governance documents, SEC filings, Code of Conduct, Vendor Code of Conduct, Diversity & Inclusion Policy and other helpful resources.

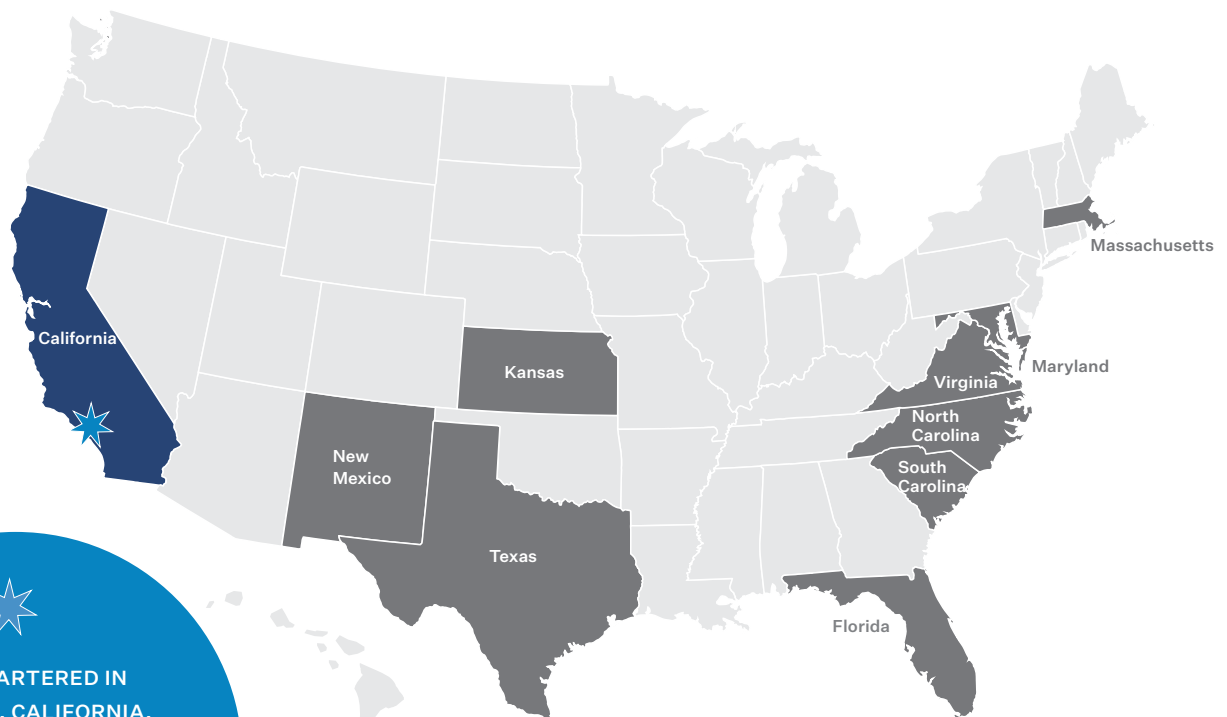
Preparing this report provides an opportunity to assess and improve upon our ESG progress and performance. If you have feedback or questions, please contact Investor Relations/ESG Reporting at investorinfo@aswater.com.

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 ten states. Through its water utility subsidiary, Golden State Water Company, the company provides water service to approximately 264,600 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 24,800 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 12 military bases throughout the country under 50-year privatization contracts with the U.S. government and one military base under a 15-year contract.

American States Water Company has paid dividends to shareholders every year since 1931, increasing the dividends received by shareholders each calendar year since 1954.




HEADQUARTERED IN
SAN DIMAS, CALIFORNIA,
APPROXIMATELY 35 MILES
EAST OF LOS ANGELES, THE
COMPANY EMPLOYED MORE
THAN 800 PEOPLE AS OF
DECEMBER 31, 2023.

- Regulated Water and Electric Operations: GSWC and BVES
- Military bases served through ASUS contracted services business

About Our Company

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

About Our Company

Subsidiaries

Regulated Utilities

Golden State Water Company (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 40 water systems. Delivering water to GSWC's customers requires over 2,800 miles of pipelines which support more than 264,400 service connections. GSWC's assets also include over 26,000 fire hydrants, 145 tanks with the capacity to store more than 110 million gallons of water, 239 wells and 387 boosters. The company has a significant amount of water rights, which helps meet customer demand, owning ~69,400 acre-feet of adjudicated groundwater rights, a significant number of unadjudicated groundwater rights, and ~11,300 acre-feet of surface water rights. GSWC's unadjudicated water rights have not been quantified and are not subject to predetermined limitations, but are typically measured by historical usage.

Bear Valley Electric Service, Inc. (BVES) 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 24,800 service connections. As of December 31, 2023, BVES owned and operated approximately 87.8 miles, or 29.8 circuit miles, of overhead 34.5 kilovolt (kv) sub-transmission lines (17.43 circuit miles are insulated), 6.49 miles or 0.9 circuit miles of underground 34.5 kv sub-transmission lines, 493.41 miles, or 235.1 circuit miles, of overhead 4.16 kv or 2.4 kv distribution lines (36.2 circuit miles are insulated), 114.22 miles or 53.2 circuit miles of underground cable, 13 sub-stations and a natural gas-fueled 8.4 MW peaking generation facility. BVES also has franchises, easements and other rights of way for the purpose of constructing and using poles, wires and other appurtenances for transmitting electricity.

Regulated Utilities

Customer Service Areas



About Our Company

Contracted Services

American States Utility Services, Inc. (ASUS) is our contracted services subsidiary, and provides operations, maintenance and construction management services for water distribution, wastewater collection, and treatment facilities located on 12 military bases throughout the country under 50-year privatization contracts with the U.S. government and one military base under a 15-year contract.

U.S. military bases we currently serve include:

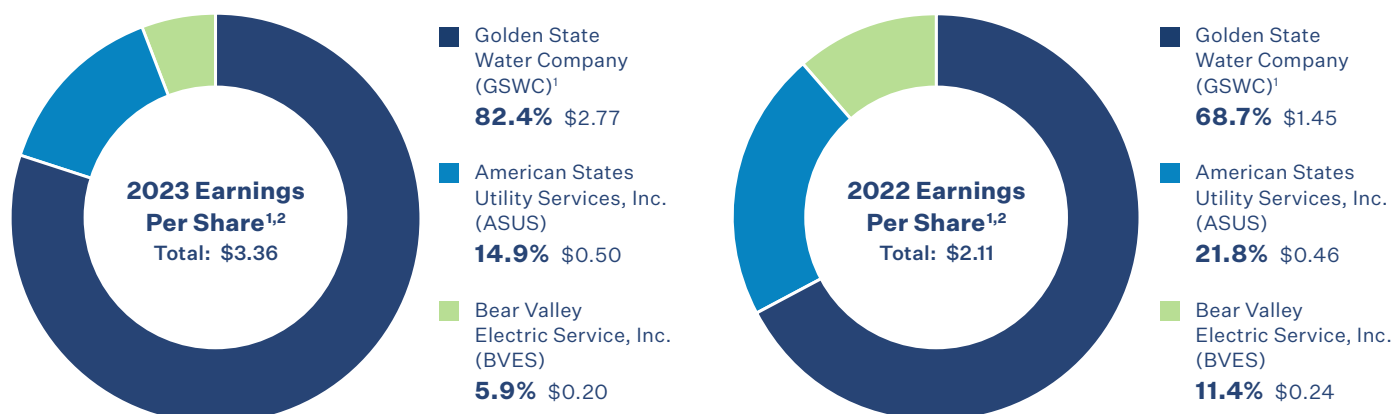
- Fort Bliss in El Paso, Texas (parts in New Mexico)
- Joint Base Andrews and Naval Air Station Patuxent River in Maryland
- Fort Gregg-Adams (formerly Fort Lee) in Virginia (wastewater only)
- Joint Expeditionary Base Little Creek-Fort Story and Joint Base Langley-Eustis in Virginia
- Fort Jackson in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



About Our Company

Fiscal Responsibility

Financial Results



¹ Adjusted consolidated earnings were \$2.75 per share for 2023 and \$2.34 per share for 2022, which exclude i) the impact of retroactive rates related to the full year of 2022 resulting from the final CPUC decision in the water general rate case recorded in 2023, ii) impact of changes in estimates resulting from revenues subject to refund related to GSWC's cost of capital proceeding and iii) gains and losses on investments held to fund one of the company's retirement plans. All adjustments to recorded consolidated earnings relate to GSWC.

² Consolidated earnings also includes the parent company of -\$0.10 per share and -\$0.04 per share for 2023 and 2022, respectively.

Note: Certain amounts in the graphs above may not foot or crossfoot due to rounding.

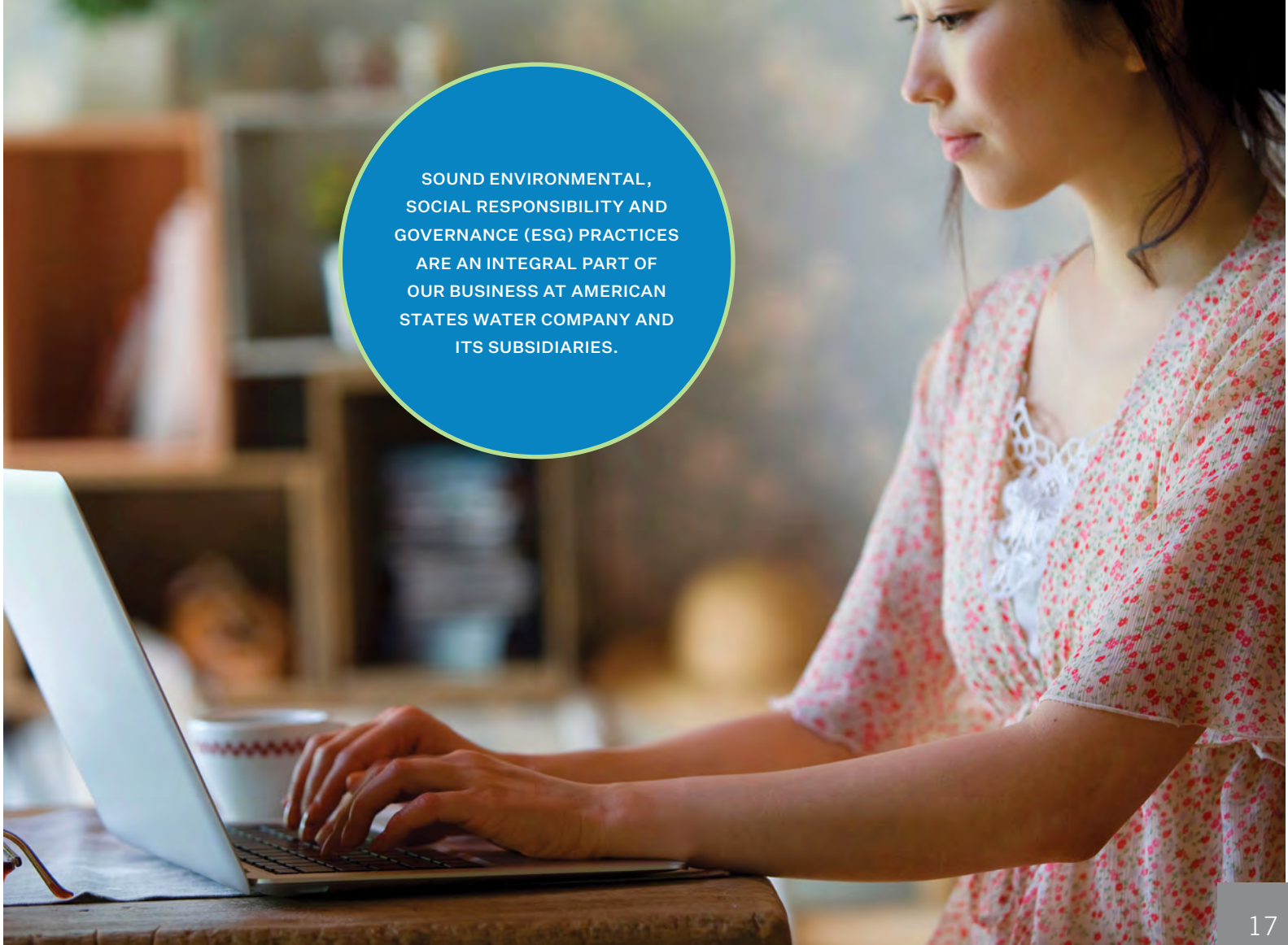
Maintaining strong fiscal responsibility provides funding to enable us to be good stewards of the environment and provide critical services to our customers. For our regulated water and electric services, we must balance the need for maintaining and improving the reliability of our infrastructure with the overall cost to our customers. Our capital improvement programs for our regulated businesses have totaled \$745.4 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 \$536.8 million to renew and replace utility infrastructure, and made over \$659.6 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.

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.



SOUND ENVIRONMENTAL,
SOCIAL RESPONSIBILITY AND
GOVERNANCE (ESG) PRACTICES
ARE AN INTEGRAL PART OF
OUR BUSINESS AT AMERICAN
STATES WATER COMPANY AND
ITS SUBSIDIARIES.

Governance, Ethics, Human Rights and Risk Management

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 available on our website.

Key Corporate Governance Metrics

- 8 of 9 board members are independent
- Women on the board represent 4 out of 8 independent directors, or 50%
- 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's clawback policy for its performance-based executive compensation meets the SEC's new clawback rules
- 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.

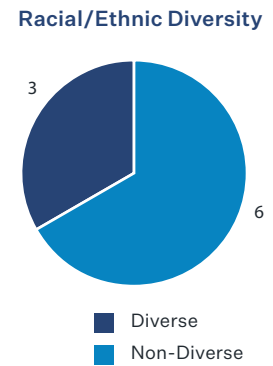
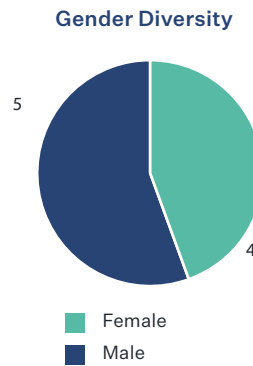
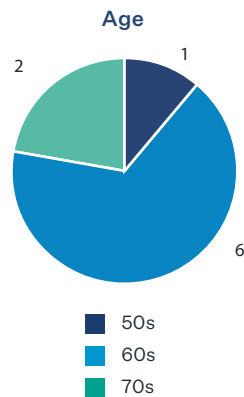
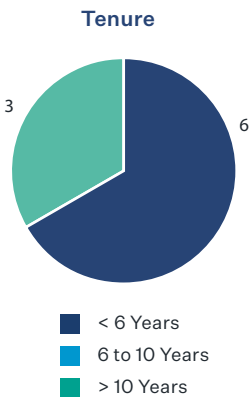
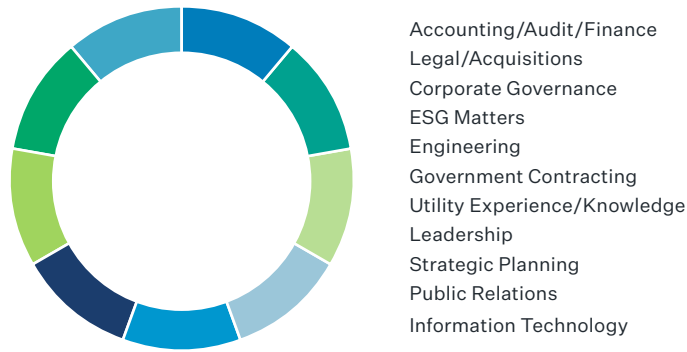
Board Diversity

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, 44% 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 12% in the Russell 3000 Index have achieved.*

*Source: www.5050wob.com

Governance, Ethics, Human Rights and Risk Management

Our Board's Expertise and Skills



Board information above as of May 21, 2024

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, unless noted.

Governance, Ethics, Human Rights and Risk Management

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.

Governance, Ethics, Human Rights and Risk Management

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.



Governance, Ethics, Human Rights and Risk Management

Responsible Sourcing

We strive to strengthen reliability and responsibility throughout our supply chain by selecting suppliers that seek to mitigate their environmental impacts, align with our expectations for conduct, and reflect the diversity of our communities.

Vendor Code of Conduct

In addition to applicable regulations, we require our suppliers to comply with our Vendor Code of Conduct, which is available on our website. The Code 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. The Code describes our commitments and expectations regarding ethical standards, compliance, health, safety and environment, conflicts of interest, anti-corruption and bribery, employment practices and workplace conduct, prohibiting retaliation, and records.

Supplier Selection, Evaluation, and Monitoring

The company works to select dependable and reputable suppliers and contractors and monitors their performance. This plays an important role in limiting risk, and ensuring that our business partners meet our standards and performance expectations.

During our initial screening of new suppliers, it is our policy to assess supplier compliance with our standards and to consider supplier diversity among a number of selection criteria. 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 standards and all regulatory requirements, including health and safety requirements. We have zero tolerance for vendor misconduct 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. We include conditions in our major contracts to help minimize the risk of negative impacts and enforce management practices related to hazardous materials and health and safety.

In alignment with best practices, it is our policy to establish ongoing communication with our key suppliers, collect information about their performance, and address any issues in a timely manner. If we determine that any vendors do not meet our standards, we may engage our internal subject matter experts to address the concerns, where needed. We may issue stop work orders, terminate contracts, and/or add a supplier to our no-bid list if critical issues are repeated or remain unresolved.

Conflict Minerals

The company has not had a reportable event that required disclosure regarding Conflict Minerals. We do not have any contracts or purchases for goods or

Governance, Ethics, Human Rights and Risk Management

Human Rights

Our Human Rights Policy, available on our website, aligns with the UN Guiding Principles on Business and Human Rights. The Board of Directors oversees our Human Rights Policy, which covers topics related to ethical conduct, water access and affordability, workplace health and safety, equal opportunity and working conditions, labor practices and relations, vendor selection and expectations and training and reporting.



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 informational and 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.

Governance, Ethics, Human Rights and Risk Management

Cyber and Digital Security

Approach

The privacy of our customers, employees, and board members is of paramount importance to us, as is protecting proprietary company information. We understand that sharing personal information for any reason is a risk in today's digital-first world. In order to protect the trust given to us, we have implemented robust cybersecurity systems and controls to prevent any unauthorized access to information. Our platform was designed to be consistent with industry best practices such as the U.S. National Institute of Standards and Technology (NIST) Cybersecurity Frameworks. In addition, we continue to devote significant resources to address any security vulnerabilities in an effort to prevent cyberattacks.

Our employees are an important part of our security program. We begin providing them with cybersecurity training during orientation and reinforce that training with monthly exercises and quarterly training courses. Additionally, our ASUS subsidiary conducts annual training in the additional measures necessary to protect information in accordance with Federal Government regulations.

We have developed a comprehensive set of policies to govern the use of our networks and assets aimed primarily at the protection of information. Our General Computer Control policies govern all aspects of computer use, physical design and security, and external connections. We review our policies annually and update them when necessary to remain relevant in the face of changing technologies.

Risk Management and Oversight

Computer use is an inescapable function of everyday operations. We fully understand that simply being connected to the Internet presents risks that must be examined, considered, and controlled in order to protect the systems we use to provide safe, reliable water to our customers. Cyber risk management is an ongoing process that requires continuous identification, assessment, and management of potential threats. The risk management process is a vital part of the planning and operation of every part of computer systems.

Our cybersecurity team subscribes to multiple national and state-level threat information and vulnerability disclosure feeds, both general-purpose and industry-specific in nature.

Governance, Ethics, Human Rights and Risk Management

Information from these sources is integrated with security tools to provide rapid alerting for emerging threats. We use behavioral baselining tools to monitor for anomalous system use and provide automated response to mitigate potentially threatening activity. The cybersecurity team conducts configuration review sessions with tool vendors to ensure optimal configurations are being used to protect our environments.

Risks that go beyond the scope of day-to-day management are reviewed by the IT Management team to ensure appropriate actions are taken. Issues that present risks to the company or our customers are presented to the Board of Directors as part of our quarterly Enterprise Risk Management (ERM) updates. Through our ERM process, the Board is able to provide advice on the strategic direction of our cyber risk management efforts. The Board is also briefed on technology projects that would have an impact on how our customers or employees access or use information or company systems.

We conduct regular assessments of our security posture and processes using external consultants. These include tabletop exercises related to incident response, penetration testing, and policy reviews to ensure we are prepared for and respond to cyber threats. Results are shared with the Board and recommendations are implemented as necessary to improve our security posture and ensure proper responses to threats when they appear.



Governance, Ethics, Human Rights and Risk Management

Compliance

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.

Incidents

The company has never experienced a cybersecurity incident or breach.

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 their 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.

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

Stakeholder Engagement

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, groundwater supplier groups, groundwater basin management associations, economic development corporations, and various technical committees. These associations and committees work together to develop and improve business relationships, sustainability plans and operational guidelines to maintain or 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 engaged with our regulators and state governments in support of their goals, from finding solutions to bring clean water to disadvantaged communities, to ensuring a reliable, high quality and affordable 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.

Stakeholder Engagement

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 company-wide lobbying and political contributions:

Lobbying Activity

Political Contributions

Tracking Stakeholder Engagement and Collecting Feedback

Our community outreach program is focused on establishing and maintaining positive relationships with our customers, communities and all local, regional, state and federal stakeholders. Through customer surveys and our presence on various social media platforms, we are able to effectively and efficiently engage with our customers and stakeholders and review the results (quantitative and qualitative) of our outreach programs. This information is reviewed by executive management. Our outreach programs are focused on keeping our stakeholders well informed not only of local and regional activities and issues, but of all aspects of the water utility industry in general, including but not limited to regulatory, environmental and legislative issues.

Open communication informs our approach to minimizing impacts and improving service for customers. In addition to our regular engagements, we may hold community meetings and participate in panel discussions about local water conditions or other water related topics that may be of interest to the community.





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 directly tied to the daily lives of our customers, 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.

Serving Our Communities

Community Engagement

We continue to emphasize community engagement through live events, our social media platforms, online venues and meetings, and involvement with non-profit organizations which include charitable contributions, fundraising and participating in the activities specific to the mission of the non-profit organization.

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, the Gardena Chamber of Commerce's Operation Backpack and the annual Women's Conference at McKinley, a 124 year old organization located in San Dimas that provides educational and mental health services to underserved families and individuals.

Service Hours: Through our Community Engagement Program, GSWC encourages employees to remain active in our communities. Moreover, GSWC implemented service hour guidelines for all salaried members of our team to ensure that all GSWC employees are connected

to the communities that we serve and to maximize our reach through service organizations and community activities. Although the COVID-19 pandemic significantly impacted community events, engagement opportunities are steadily increasing to pre-COVID levels. In 2022-23, GSWC employees still managed to contribute over 2,700 hours of volunteer time 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 270,000 turkeys to community-based organizations like the Salvation Army, the Boys and Girls Clubs of America, local churches and other non-profit organizations.

Serving Our Communities

Charitable Contributions: GSWC supports community non-profit organizations through charitable contributions in addition to volunteer support. 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 and young adults in the coming years through education, career opportunities, 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 is 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, non-profit organizations, food banks and other critical community focused organizations.



Serving Our Communities



Bear Valley Electric Service

School Programs: BVES collaborates with education and career partners to participate in Bear Valley Unified School District's STEAM Night at Big Bear Middle School. Our Community Engagement Program aims to expand its reach to more children and young adults, promoting education and fostering healthy, active lifestyles.

Operation Gobble: BVES is committed to assisting the Big Bear community. BVES actively supports local charities and addresses food insecurity by organizing the annual Operation Gobble outreach program during the holiday season.

Service Organizations and Community Leadership: BVES actively engages with important organizations, including the Chamber of Commerce, Mountain Mutual Aid, and Big Bear Fire Safe. Furthermore, our employees play vital roles as board members and volunteers in these community programs.

Customer Service Week: We extend our heartfelt appreciation and recognition to our customers and the BVES customer service team for their exceptional efforts year-round. Annually, we host a week-long celebration during Customer Service Week to honor the dedication and accomplishments of our customer service team and express gratitude to our valued customers.

Celebrations and Awareness: Annually, BVES joins a Halloween event that unites the Big Bear community. Our participation aims to nurture community spirit while thanking our valued customers for their ongoing support, and allows customers to learn about important programs such as CARE and ESA.

Earth Day: Annually, BVES hosts the Earth Day Expo at our headquarters in collaboration with community-based organizations within our service area. This event draws over 500 attendees, including vendors, local school students, and community members who gather to celebrate and raise awareness about environmental issues. BVES is dedicated to preserving the natural beauty and resources of our region for future generations by fostering a sense of responsibility and promoting eco-friendly habits.



Serving Our Communities

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 and/or honorable discharged veterans stationed at bases served by ASUS.

Fisher House: ASUS subsidiaries raise money for Fisher House facilities, which provides free lodging and dining for military and veterans' families while a loved one is in the hospital.

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 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 13 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.

Customer Focus

Golden State Water Company

At Golden State Water Company, we have been putting customers first for more than 90 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:

- **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.
- **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](https://www.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.

Customer Focus

- **Our Genasys® system** allows us to communicate with our customers based on their preferred communication pathway (email, text or voice mail or all three). The GIS capabilities of the Genasys system not only allow GSWC to provide targeted messages to a select group of customers for operational purposes, but companywide general messages (i.e. water conservation) to all GSWC customers.
-

- **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. Our website also has a translation feature that allows the user to select their preferred language.
-

- **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.
-

- **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 allow 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.

At Bear Valley Electric Service, Inc., our dedicated team prioritizes superior customer service and reliable power delivery. Every day, we work with confidence and safety to serve the tight-knit Big Bear community in the San Bernardino Mountains. Our customers—many of whom are our neighbors, friends, and family—know they can rely on us to get the job done. Our dynamic customer service approach includes real-time, personalized interactions, allowing us to address almost any issue promptly. We pride ourselves on meeting our customers where they are and providing various options.

- **Diverse payment choices.** We offer multiple payment options, allowing customers to select the one that suits their needs best.
-
- **Digital service enrollment.** Customers can conveniently sign up for electric service online, using either a smartphone or computer.
-
- **Multilingual communication.** We prioritize posting essential information in the primary languages spoken by our customers.

Additionally, BVES’s low-income customers may be eligible for assistance through the California Alternate Rates for Energy (CARE) and Energy Saving Assistance (ESA) programs.



Customer Focus

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 Reporting System (CPARS) score 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 scores 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 and expertise of ASUS personnel in achieving quality and reliability standards consistently above 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

Education

GSWC

At GSWC, we offer a variety of customer education opportunities through our social channels 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. GSWC continues 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 employs a mix of contemporary and conventional communication channels to educate customers on various topics. These include electric service details, rates, customer assistance programs, wildfire mitigation efforts, and Public Safety Power Shutoffs. Our website acts as the central repository for customer-related information. Additionally, we actively engage with our community through our Facebook page (@BearValleyElectricService), where we share timely updates, conservation tips, and community involvement initiatives. Furthermore, our knowledgeable customer service representatives are well-equipped to address any inquiries customers may have when they visit our local office or call 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 in classroom settings and through participation in community events. ASUS also utilizes its social media channels to educate local communities through helpful tips and awareness.

Customer Focus



Water Access

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.

Affordability 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 CPUC approved Customer Assistance Program (CAP). 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. On behalf of our customers, GSWC and BVES participated in the federal funding programs administered by the state of California that focused on eliminating arrearage balances related to the COVID-19 pandemic. Through two separate funding events, GSWC received \$13 million that was applied to qualifying customer accounts through early 2024. BVES received over \$470,000 which was applied to qualifying customer accounts. GSWC also implemented a targeted outreach program to assist our customers in applying for the financial relief provided by the Low Income Household Water Assistance Program (LIHWAP). Through this effort, GSWC customers were able to receive over \$1.2 million through March 2024 in financial assistance from LIHWAP.

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. Moreover, we understand the need to invest in our systems to ensure that we provide high quality, long lasting and reliable services to meet the social and economic objectives of the communities that we serve.

Our company prides itself on developing assets that create sustainable, long-term value. With our net utility plant of \$1.9 billion at cost, we make infrastructure investments with a long-term perspective. Besides replacing aged 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, particularly in underserved communities. 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. Moreover, we understand the need to invest in our systems to ensure that we provide high quality, long lasting and reliable services to meet the social and economic objectives of the communities that we serve. 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.

Infrastructure Investments

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 adequate main replacement, based on age, type of material 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 full site condition assessments at each facility to direct 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.

We are proud of our replacement cycle, which is aligned with the industry's recommended replacement rates to ensure that we provide our customers with reliable services, while reducing operating costs associated with aged infrastructure.



Infrastructure Investments



At Bear Valley Electric Service, Inc., we employ a risk-based decision-making process. This involves quantitatively assessing safety risks and developing mitigation programs and projects. The outcome includes a list of these initiatives, along with quantified risk reductions and risk spend ratios. By following this process, BVES can effectively evaluate projects in terms of risk reduction and choose optimal alternatives when available.

The company's commitment to investing in our infrastructure is unwavering. Over the past five years (2019-2023), our regulated utilities' capital improvement program has totaled \$745.4 million, while ASUS has spent over \$286 million in construction expenses over the same time period.

The regulated utilities spent \$29.0 million in 2023 and expect to spend approximately \$23.5 million in 2024 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 2023, ASUS performed construction activities related to environmental control facilities with a contract value of \$4.5 million, and expects to perform construction activities with a contract value of \$9.2 million in 2024. 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

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 \$8,573 at the end of 2023, while \$1 out of every \$2.71 collected from our customers in 2023 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 activities 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 ten 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, persons with disabilities, lesbian, gay, bisexual and transgender business enterprises (WMDVLGBTDBE) 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 35.1% in 2023, exceeding the CPUC's target of 22.5% for that year. 2023 marked the 11th 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.

Economic Impact and Supplier Diversity

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 2023, ASUS continued to focus on subcontracting to small business designated firms. Of this subcontract work, 81% 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.

**IN 2023,
14 OF THE TOP 20
SUBCONTRACTORS
DOING WORK FOR ASUS
ARE SMALL BUSINESS
DESIGNATED FIRMS.**

Environmental Impact

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.

IN OUR BUILDINGS AND PROCESSES, WE MINIMIZE ENERGY AND WATER USAGE. WITH OUR VEHICLE FLEET, WE MINIMIZE ENERGY USAGE.

THESE EFFORTS CONSERVE SUPPLIES AND MINIMIZE OUR CONSUMPTION OF NON-RENEWABLE NATURAL RESOURCES.

WE PURCHASE PRODUCTS AND SERVICES THAT ARE ENVIRONMENTALLY FRIENDLY.

Environmental Impact

Climate & GHG Emissions

Governance

The Nominating & Governance Committee is responsible for overseeing the preparation of the Corporation's ESG Report and practices. These include climate-related issues such as GHG emissions inventory and reduction targets. Our CEO briefs the Nominating & Governance Committee on these issues, as well as the full board when appropriate.

In addition, climate-related items are regularly included in the company's capital expenditures budget, which is overseen by the board's Audit & Finance Committee. Budget items may include replacing aged pipe to reduce water loss to combat drought conditions, fortifying our assets against wildfires, improving water quality, investing in technology to reduce energy use, or the purchase of generators in case of electricity loss or Public Safety Power Shut-Off (PSPS) events.

Our board's Compensation Committee oversees and guides climate-related goals for the company's officers' incentive plans through the dollar amount spent on capital expenditures in a given fiscal year.

Lastly, the board oversees enterprise risk management, or ERM, performed under the direction of the senior management team through the ERM liaison between the board and management, who leads the effort on behalf of the board. Some risks have been delegated to individual board committees due to their expertise and some risks remain with the full board. The board obtains information from the ERM liaison on those risks not assigned to a committee, each committee chair regarding the committee's risk oversight activities, and from regular reports directly from officers, the management sustainability oversight team and other key management personnel responsible for risk identification, risk management and risk mitigation strategies. The reporting processes are designed to provide visibility to the board about the identification, assessment and management of critical risks and management's risk mitigation strategies.

On a quarterly basis, management discusses critical risks including any newly identified critical risks and the implementation status of plans to mitigate these risks, with the ERM liaison and the committees. The ERM liaison and each committee chair provide a report to the full board regarding the critical risks discussed, management's mitigation plans and implementation of the ERM program and other matters relevant to the risk oversight responsibilities of the board. On an annual basis, management also provides to the ERM liaison, each committee and the board an updated list of all critical and medium risks identified by management, an assessment of the company's financial exposure should the risk not be mitigated and management's assessment of the probability of an event occurring given the company's mitigation plans. The ERM liaison and each committee chair review and comment on this information. Thereafter, the ERM liaison and each committee chair report to the full board on the results of its consideration of enterprise risks within its area of responsibility.

Environmental Impact

Our Approach

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. 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 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.

California requires electric utilities to prepare plans on constructing, maintaining, and operating their electrical lines and equipment to minimize the risk of catastrophic wildfires. As a result, BVES developed comprehensive wildfire mitigation plans.

Environmental Impact

Greenhouse Gas (GHG) Emissions and Related Metrics

The company set a Market-based Scope 1 and 2 GHG emissions reduction target of 60% by 2035 from the 2020 baseline. To achieve the reductions within the target timeframe, 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.

Implementation of these plans from 2020 to 2023 has resulted in a 42.1% reduction in total Market-based GHG emissions (Scope 1 and 2). As a result of buying more power from renewable sources, we were able to lower these emissions significantly in 2023. In addition, successful customer water conservation efforts decreased our need to pump or purchase water, both of which reduce overall energy consumption. And lastly, we reduced energy consumption by conducting regular pump efficiency tests that resulted in the replacement of pumps or adjustments to bring the pump back to operating specifications.

Our GHG emissions inventory has been developed in alignment with Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), GHG Protocol Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard, collectively referred to as the “GHG Protocol.”

METRIC CATEGORY	Base Year 2020	2021	2022	2023	UNITS
Total Scope 1 — Direct Emissions	2,585	2,572	2,604	2,608	tCO ₂ e
Total Scope 2 — Indirect Emissions (Location-based) ¹	15,138	13,818	14,865	13,425	tCO ₂ e
Total Scope 2 — Indirect Emissions (Market-based) ²	14,876	14,881	12,466	7,495	tCO ₂ e
Total Emissions (Scope 1 + 2)					
Total (Location-based)	17,724	16,391	17,469	16,032	tCO ₂ e
Total (Market-based)	17,462	17,453	15,070	10,103	tCO ₂ e
Scope 3 Emissions³				127,935	tCO ₂ e
Total Grid Electricity Consumption	66,924	67,220	63,818	59,497	MWh
Water Supply Intensity (Market-based) ⁴	0.000279	0.000285	0.000262	0.000187	tCO ₂ 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. Scope 3 emissions are the result of activities from assets not owned or controlled by our company, but that indirectly affect our value chain.

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

² Market-based emissions are calculated using electrical utility specific intensity factors

³ Included are the following categories: 1 - Purchased goods and services, 2 - Capital goods, 3 - Fuel- and energy-related activities (not included in Scope 1 and 2),

5 - Waste generated in operations, 6 - Business travel, 7 - Employee commuting, and 15 - Investments

⁴ 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.

Environmental Impact

Our GHG inventory does not include ASUS, whose assets are owned by the Department of Defense (DoD) and therefore the ASUS operations do not fall within the Financial Control Inventory boundary and are excluded from this disclosure. This approach is consistent with how other similar water utilities address emissions from DoD facilities.

Air Emissions

The company does not produce any significant NO_x, SO_x, Particulate Matter and other significant air emissions, and do not meet the threshold to require federal air permits, which reflects our lower impact on air emissions overall. We do manage air emissions beyond greenhouse gases to support our compliance with environmental standards and reduce air pollutants. We hold permits for backup generators, and we select generator technologies that are designed to meet requirements for emissions controls to address California legislation and meet multiple stringent local air district requirements regarding air toxins. We also have permits for a few small wells in California to help manage hydrogen sulfide removal from the water.



Environmental Impact

Renewable Energy

Golden State Water Company

As a result of buying more power from renewable sources, we were able to lower our GHG emissions significantly in 2023, as discussed earlier.

As part of GSWC's 2023 Water General Rate Case application and the joint settlement agreement with the Public Advocates Office at the California Public Utilities Commission, one of the key capital projects includes the installation of solar generation facilities at our water supply sites within the desert systems.



Bear Valley Electric

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 2023, BVES's RPS obligation represented 41.3% of total electric supply purchases. RPS requirements continue to escalate, reaching 50% by 2026 and 100% carbon free by 2045. In addition, BVES has entered into a contract to construct a solar energy project in the City of Big Bear Lake area, subject to obtaining CPUC approval and necessary permits. If approved and constructed, the project will provide a source of clean, local energy for BVES's customers.

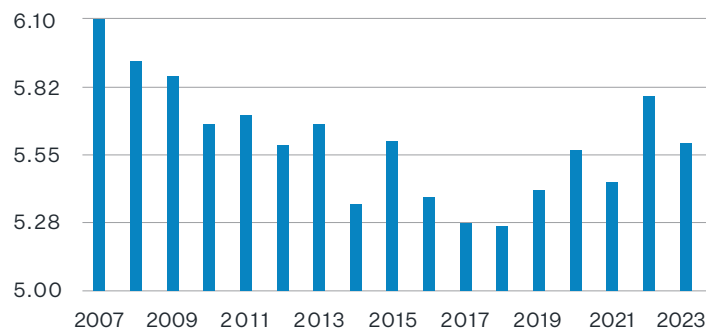
BVES offers a Distributed Generation Program, which benefits customers who install a solar or wind-generating facility that produces renewable energy. Those customers can receive a bill credit if their monthly renewable energy production exceeds their on-site use. BVES also has a large number of customers 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).

Environmental Impact

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. Each year, BVES hosts an Earth Day event, offering community members the opportunity to deepen their understanding of conservation practices for both electricity and water. 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 7.1%

Mega-watt hours per customer



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.



Environmental Impact

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 have implemented additional measures 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. Where possible, rooftop solar and LED lighting helps lower energy consumption.

Environmental Impact

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 the 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 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 solutions 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’s subsidiaries are responsible for ensuring compliance with the reduction and/or removal of all constituents required under its wastewater treatment plant

operating permits. ASUS works with state regulators and industry associations to remain current with emergent issues and proactively addressing any change in wastewater treatment regulation.

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

Waste Management

Across our operations, we employ management systems and procedures specifically designed to minimize the use of hazardous materials, to minimize the generation of waste and to enable recycling and reuse of materials.

Hazardous Waste

Our environmental team oversees a hazardous waste management program to ensure compliance with stringent regulatory requirements, minimize waste generation and ensure efficient and effective operations.

- **Routine Operations** - During typical water treatment operations, the company generates various waste streams. Through treatment plant optimization, waste streams are minimized and water is conserved. Over the last three years, hazardous waste generation from our treatment processes has been reduced by an average of 45 percent.

Environmental Impact

- **Non-Routine Operations** - Hazardous waste that is infrequently generated includes used oil, pipe material, expired/unused lab materials and other hazardous materials. To reduce these waste streams, we recycle all used oil, where feasible, utilize qualified vendors that repurpose hazardous materials for other uses, and provide enhanced hazardous material training and awareness.

Other hazardous wastes that are generated periodically are from construction projects. Our environmental team, project engineers and contractors work closely to reduce, reuse or recycle these wastes, where feasible. The amount generated varies significantly from year-to-year and is highly dependent on operations and construction activities.

Hazardous wastes that cannot be reused or recycled are transported to permitted receiving facilities for processing. We strive to reduce our carbon footprint by using in-state receiving facilities to the extent possible.

- **Universal Waste** - Our office locations generate various universal wastes including electronic waste (e-waste), batteries, fluorescent bulbs, and aerosol cans. We contract with third-party recyclers to handle all other types of universal waste.



Non-Hazardous Waste

Examples of non-hazardous waste that we generate include:

- **Wastewater** - We implement best management practices to repurpose non-potable water discharges, where there is sufficient land for irrigation or groundwater recharge. Wastewater that cannot be reused or recycled is typically discharged (under permit) to flood control systems or wastewater treatment systems. The total amount of non-hazardous wastewater generated varies year-to-year and is dependent on water quality and other operational activities.
- **Construction & Demolition (C&D) Waste** - To the extent allowed by regulations, we reuse or recycle C&D waste such as pipes, system appurtenances, asphalt, concrete, and soils. The amount of C&D wastes that are generated can vary greatly each year and depends on the type and quantity of capital projects.
- **Office Waste** - Office waste is separated (e.g., refuse, paper/cardboard, cans and bottles) and third parties are utilized for recycling or disposal. At leased office locations, we work with property managers to recycle where feasible.

Water Supply

During 2023, GSWC delivered 111 million gallons of water to its customers on average 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 drought conditions in the west and in California over the last several decades, coupled with the focus on climate change, has resulted in California instituting legislative measures that require all urban water suppliers that operate systems with 3,000 or more service connections to implement indoor and outdoor water use allocations for each customer as well as reduce distribution system water loss (non-revenue water). GSWC's prudent planning, conservation efforts, and customer outreach have allowed the company to successfully meet the challenges of California's droughts and we are confident that we will meet the legislative measures and successfully address future drought conditions in California.

GSWC has a diverse water supply portfolio, which includes groundwater, surface water, and recycled water to help meet water supply requirements. A significant amount of GSWC groundwater is pumped from adjudicated groundwater basins in which GSWC has water rights. In addition, GSWC utilizes surface water purchased from a wholesale agency or diverts and treats its own surface water rights from a local source. 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 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.



Water Supply

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, 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, focusing on water use 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 groundwater levels to help ensure operational efficiencies when pumping and identify any impacts on the aquifer. We use groundwater models in certain areas, and 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 Supply

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 continually assesses its water rights and groundwater storage assets.

The company has 69,409 acre feet of adjudicated groundwater rights and 11,335 acre feet of surface water rights. It also has a significant number of unadjudicated groundwater 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 in the Annual Water Quality/Consumer Confidence Report for each system located on GSWC's website at <http://www.gswater.com/annual-water-quality-reports/>.

Water Recycling

GSWC utilizes recycled water supplies to serve recycled water customers in several service areas. The typical facilities served by recycled water are golf courses, cemeteries and industrial manufacturing. GSWC also participates in regional water reuse projects that utilize recycled water to replenish regional groundwater basins. For 2023, GSWC was assigned a benefit of using 4,996.9 Acre-feet of reuse water, which equaled 44% of our groundwater produced from a groundwater basin that was replenished with recycled water.

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 regulations.



Water Efficiency and Conservation



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

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.

Water Efficiency and Conservation

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, represents approximately 8% of total company production. 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.

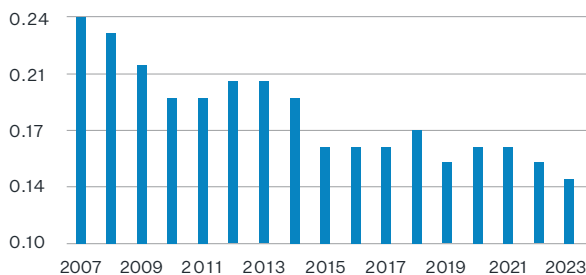


Water Efficiency and Conservation

Customer Conservation

California, where we serve our regulated utility customers, has experienced severe drought conditions intermittently for years. 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, water usage per customer by GSWC customers is down 41.6%.

Millions of gallons per customer



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 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. We offer rebates for weather-based irrigation controllers and smart water metering devices.

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.

Water Efficiency and Conservation

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. These standards will be implemented over a period of several years and GSWC expects to meet these standards.

Regulatory Mechanisms

California has adopted a Water Revenue Adjustment Mechanism (WRAM) and Base Revenue Requirement Adjustment Mechanism (BRRAM), which decouple revenues from sales. Revenue decoupling mechanisms have been used by investor owned utilities, in conjunction with tiered rates, to incentivize conservation. In the currently pending GSWC general rate case covering 2025-2027, GSWC has requested

to continue using a full revenue decoupling mechanism.

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 upon historical data, ASUS has played a substantial role in reducing water usage and wastewater effluent discharge at bases served since the UP contracts were awarded. This amounts to notable cost savings annually to the Government. This achievement is even more noteworthy when considering that the cumulative population at these bases has measurably increased during this period. These annual cost savings, generated by ASUS's proactive efforts, are directly applied to the installations served.

Water Quality

We are proud to be a trusted water provider serving our customers, and work hard to ensure our customers receive quality water that they consume on a daily basis. That is our focus, and we have devoted significant resources to do so. High quality water is essential to our customers' 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.



OUR DRINKING WATER MEETS STATE AND FEDERAL DRINKING WATER STANDARDS, AND WE FOLLOW STRINGENT ENVIRONMENTAL REGULATION AND TESTING REQUIREMENTS.

Stringent Environmental Regulation and Testing

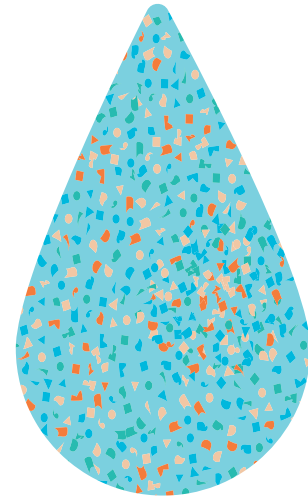
AWR's subsidiaries are subject to stringent environmental regulations. We are required to comply with the safe drinking water standards established by the United States Environmental Protection Agency (USEPA) and the California State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW). The USEPA 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 USEPA, administers the USEPA'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

Addressing Water Quality Risks

We understand there are risks and threats to our water systems. These include aging infrastructure, public safety power shut offs, 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.



We collaborate with the EPA and state agencies to help establish effective environmental, health and safety, and water quality standards and regulations. The Company's engagement and leadership roles in the various water industry organizations (AWWA, NAWC, etc.) provides us with early insights into emerging regulatory issues and initiatives.

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. GSWC collaborates with local and state response agencies, as well as interdependent utilities in power, gas and telecommunications, through partnerships and association memberships.

Per- and Polyfluoroalkyl Substances (PFAS)

A contaminant that we are addressing as part of our water quality efforts is PFAS, which were chemicals used to make certain fabrics and other materials, certain fire suppression agents and used in various industrial processes.

On April 10, 2024, the U.S. EPA announced its final drinking water regulation for six PFAS. With these new water quality regulations, we will make necessary treatment adjustments to comply with the new standards. There are more than 40 wells at GSWC that have exceeded one or more of the PFAS maximum contaminant levels. Assuming \$2-\$5 million per well, that results in approximately \$80-\$200 million of capital expenditures. With these new regulations, we expect to see an increase to Golden State Water's capital investments as well as operations and maintenance expenses over the next several years to comply with these rules.

Water Quality

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.

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.

**The company supports the need for research
in the water industry.**



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

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 its 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.

Policies & Programs

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.

Our policies are the starting point for our safety programs which are designed to protect our employees, our customers and stakeholders exposed to our facilities and the consequences our facilities may have on their communities. Our programs cover a wide range of topics from personal protective equipment and fall protection to electrical safety and wildfire risk reduction. Each subsidiary maintains programs tailored specifically for their facilities and operations. We are committed to reducing the number of OSHA recordable incidents, accidents and injuries in the workplace.

Our Workforce

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. But the culture of safety goes beyond compliance. The company's culture of safety means everyone looks out for their co-workers, ensuring everyone on the team gets home safe, every day.

Emergency Preparedness

The company prides itself on protecting the lives and well-being of its customers, employees, and contractors every day, even in unforeseen circumstances. Emergency management programs are designed to protect the safety and welfare of our employees, while keeping our commitment to customer service. While the underlying hazards associated with many emergencies may go beyond the company's control, the company must be prepared to respond to them. Robust emergency response plans are developed for each subsidiary and are ready to be implemented when the need arises. The plans are reviewed and updated regularly. Plans anticipate a variety of emergencies both natural, such as extreme weather and fire, and manmade, such as sabotage and cybersecurity breaches.

Employees are continually trained in emergency response procedures, perform exercises, and conduct preparations well ahead of expected emergencies. The training includes evacuation procedures, hazardous materials response, communication procedures and using the incident command system framework. These plans and training 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 customers. Cross functional response teams are assembled and include representatives from Health and Safety, Operations, Engineering, Water Quality and Accounting. The teams use our plans and adhere to the guidelines of the National Incident Management System.

Community partnerships are vital during an emergency. Each subsidiary spends a great deal of time coordinating and collaborating with the local, state or military installation entities, as appropriate, to ensure a unified response to all emergencies. The company maintains a leadership role in several regional and statewide mutual assistance associations while creating a network of interdependent utility sectors to ensure effective coordination and communication during emergencies.

Our Workforce

Safety Initiatives

To support our commitment to safety, our program focuses on proactive measures to injury prevention. This includes addressing the root cause of accidents and the behaviors that drive accidents. This involves not just looking at improving safety management systems, safety competencies and oversight but looking at workplace culture issues that contribute to accidents or injuries. Our program has identified that the majority of all accidents result from a behavioral issue such as rushing, frustration, fatigue and complacency that result in a critical error. 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. Identifying state of mind and preventing critical errors is the key to injury prevention.

Safety initiatives 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. Back safety was identified as the top avoidable workplace injury. We've mapped these injuries to associated job tasks and are targeting intervention programs to address the injuries.

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.

In our GSWC subsidiary, we monitor water pressure throughout various pressure zones and maintain 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.

In response to the changing work environment and hazards, we have implemented workplace violence prevention procedures and training programs. The programs include investigation procedures, additional security measures as well as active shooter training.



Our Workforce

Recognition

GSWC has been recognized by the California-Nevada Section of AWWA for having an outstanding safety program. This includes independent review of GSWC's accident rate, training programs and employee involvement as compared against other California water utilities. 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.

Employee Engagement

The company provides opportunities for the entire workforce to be engaged in and drive the culture of safety. The company provides incentives and awards for employees who exceed expectations in areas of safety, customer service or any job performance metric.

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 classroom style, online, field safety meetings, and on the job training. Safety training is tracked in our online portal and visible to all employees. Attendance records are maintained by our Training & Compliance team and Safety Coordinators. Safety training goals are distributed to managers and supervisors regularly to ensure full engagement. Our goal is always 100% completion of all safety training each year.

Contractor Safety Management

Contractors are held to the same safety standards and expectations as our employees. Contractors are required to have a health and safety plan available for our review and confirm that any staff working with us have been trained. Both contractors and employees are required to review the job safety analysis before commencing work to support the identification of risks and understand methods to help mitigate any hazards. This includes compliance with Underground Service Alerts (USA) program prior to beginning any excavation. To help maintain oversight of contractors, we have company inspectors who visit job sites to ensure that work is performed safely and accurately. These inspections have the authority to stop work on any job for unsafe work conditions.

Our Workforce

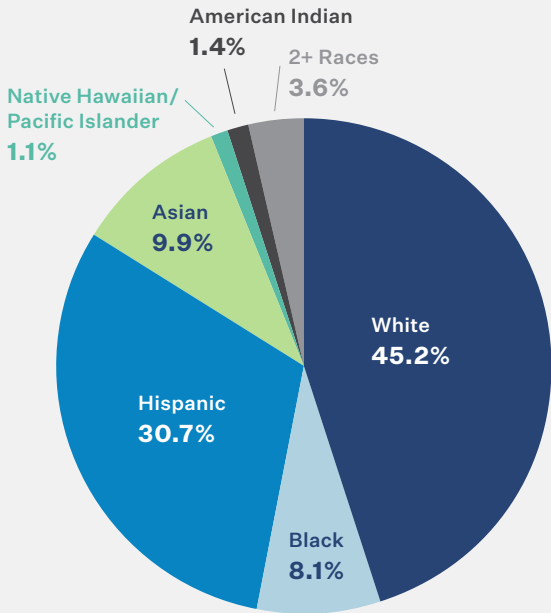
Talent Acquisition, Development and Retention

The mission of the Human Capital Management team is to support the company in its commitment to its employees. 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

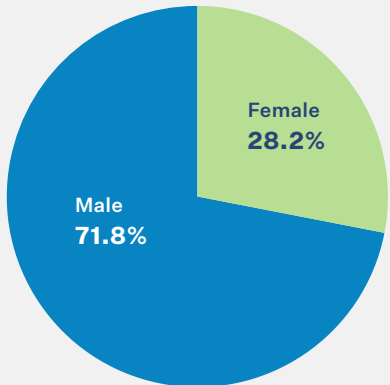
INTEGRITY • TEAMWORK • RESPECT • EXCELLENCE IN SERVICE • ACCOUNTABILITY

Employee Demographics (as of 12/31/23)

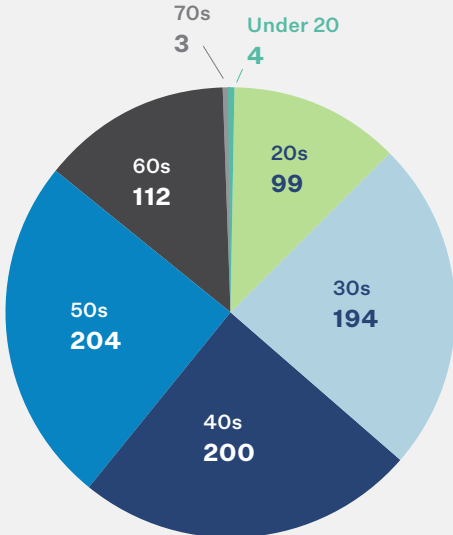
Our workforce is representative of the U.S. workforce population in terms of racial diversity. Although our workforce gender population does not correlate with the national statistics, it does align with the industry population statistics for the water, wastewater and electric utility industries. For our full employee demographics and EEO-1 Report, see the ESG Data Summary.



Ethnicity of Workforce
Total: 100%



Gender of Workforce
Total: 100%



Age of Workforce
Total: 816

Our Workforce

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 and overtime.

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
- 12 paid holidays, consisting of 11 set days plus a birthday holiday
- 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

Our Workforce

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 PARENTAL LEAVE AND FAMILY MEDICAL 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

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 implementing 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

3.9% 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 livelihoods 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 30% 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.

Our Workforce

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, individuals with disabilities, 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.

The company's Employee Referral Program has proven successful with our efforts to 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

Investing in Future Talent

We have continued our practice of participating in community and college career fairs that has 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 career 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. Additionally, our Corporate Partners in Education program supports those who are pursuing undergraduate degree completion with tuition reimbursement assistance.

Our Workforce

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. Further, there are regulatory training requirements for compliance with local, state, and federal environmental laws. These include various agencies such as the Environmental Protection Agency, California State Water Resources Control Board, 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:

AWR

Recognized as “gender-balanced” by the 50/50 Women on Boards™ organization – a designation that only 12% of Russell 3000 companies have achieved.* 44% of our board of directors are women

*Source: www.5050wob.com

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

Number one on the “Dividend Kings” list, companies that have increased their dividends for at least 50 consecutive years

GSWC

George Warren Fuller Award, presented by the California-Nevada Section (CA-NV Section) of the American Water Works Association to Katherine Nutting, General Manager – Southwest District, 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

The General Manager of GSWC’s Foothill District, Benjamin Lewis, received recognition for his leadership, service, and commitment to improving small businesses from the California State Senate, California State Assembly, and Los Angeles County for his term as a San Dimas Chamber of Commerce Board Member

The General Manager of GSWC’s Orange County District, Ken Vecchiarelli, received recognition for his dedication and commitment as President of the Cypress College Foundation Board of Directors. He continues to serve on the Foundation Board as Past President and member at large

ASUS

Vets Indexes 4-Star Employer recognizes ASUS’s commitment to recruiting, hiring, retaining, developing and supporting veteran employees and others in the military-connected community. Initially awarded as 3-Star Employer in 2021, continually awarded annually with the 2024 award increasing to 4-star

Military Spouse Employment Partnership with the Department of Defense. Originally awarded in 2019 and renewed annually as an Enduring Partner

Military Friendly® Company – Originally awarded gold in 2019 and renewed annually since then, with 2024 being designated as a Top 10 Employer

Military Spouse Friendly® employer Bronze Designation - originally issued in 2019 and renewed annually since then, with 2024 being designated as a Top 10 Employer

Platinum HIRE Vets Medallion award; issued by the United States Department of Labor - Originally issued in 2018 and renewed annually

Military Friendly® Supplier Diversity Program - Originally awarded in 2022 and renewed annually

Appendix

SASB Content Index

Water Utilities and Services Sustainability Accounting Standard

SASB CODE	ACCOUNTING METRIC	LOCATION
Energy Management IF-WU-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	2023 ESG Data Summary
Distribution Network Efficiency IF-WU-140a.2	Volume of non-revenue real water losses	2023 ESG Data Summary
Effluent Quality Management IF-WU-140b.1	Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	2023 ESG Data Summary
Water Affordability and Access IF-WU-240a.1	Average retail water rate for (1) residential, (2) commercial, and (3) industrial customers	2023 ESG Data Summary
IF-WU-240a.3	(1) Number of residential customer water disconnections for non-payment, (2) percentage reconnected within 30 days	2023 ESG Data Summary
Drinking Water Quality IF-WU-250a.1	Number of incidents of non-compliance associated with drinking water quality standards and regulations	2023 ESG Data Summary
IF-WU-250a.2	Discussion of strategies to manage drinking water contaminants of emerging concern	Water Quality

Appendix

SASB Content Index

SASB CODE	ACCOUNTING METRIC	LOCATION	
End-Use Efficiency IF-WU-420a.1	Percentage of water utility revenue from rate structures designed to promote conservation and revenue resilience	2023 ESG Data Summary	
	IF-WU-140a.2	Customer water savings from efficiency measures, by market	Water Efficiency and Conservation
Water Supply Resilience IF-WU-440a.2	Volume of recycled water delivered to customers	Water Supply	
	IF-WU-440a.3	Discussion of strategies to manage risks associated with the quality and availability of water resources	Water Quality Water Supply
Network Resiliency & Impacts of Climate Change IF-WU-450a.4	Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	Climate & GHG Emissions	
Activity Metric IF-WU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided	2023 ESG Data Summary	
	IF-WU-000.B	Total water sourced, percentage by source type	2023 ESG Data Summary
	IF-WU-000.C	Total water delivered to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers	2023 ESG Data Summary
	IF-WU-000.E	Length of water mains	2023 ESG Data Summary

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

Investor Relations / ESG Reporting
American States Water Company
630 East Foothill Boulevard
San Dimas, California 91773
(877) 463-6297 (INFOAWR)
investorinfo@aswater.com



American States
Water Company