



**American States**  
Water Company  
and its subsidiaries

# **Diversity & Inclusion Policy**

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# AMERICAN STATES WATER COMPANY AND ITS SUBSIDIARIES

## DIVERSITY & INCLUSION POLICY

### 1. INTRODUCTION

American States Water Company and its subsidiaries (collectively the “**Company**”) are comprised of diverse individuals who share in a common bond – the desire to serve our customers and our communities. The strength of our family of companies is predicated on the professional service and accountability that each of our employees brings to their respective area of work. This team of diverse individuals allows our Company to sustain our service legacy existing since the founding of our Company in 1929.

The Company believes that our employees are high-performing individuals who reflect the diversity of the communities in which we work and live, while also providing a better understanding of the service needs and requirements of our customers and the communities that we serve. The Company’s commitment to diversity and inclusion includes recruiting, hiring, and retaining employees from diverse backgrounds and experiences, creating awareness of diversity issues and benefits, and fostering a supportive environment where inclusivity is expected.

The Company’s commitment to diversity and inclusion is recognized by our Board of Directors, senior management team, and extends to each Company employee. We collectively promote a culture that empowers our employees and fosters values and expectations of diversity, inclusion, and belonging across the Company. Our policy is supported by a commitment to account for and expect diversity and inclusion throughout the Company.

### 2. PURPOSE AND SCOPE

Our shared commitment to diversity and inclusion are embodied by the Company’s core 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.

Throughout our history, the Company has required equitable inclusion of people of all races, religions, national origins, ancestries, ethnicities, genders, gender identities and expressions, family and relationship statuses, sexual orientations, military and veteran statuses, genetics, disabilities, and/or abilities. The Company is committed to achieving short- and long-term diversity and inclusion expectations and objectives that respond to the evolving needs of our workforce, customers, and our business.

Our expectations and objectives are to provide a working environment where all employees are included and valued for their contributions and to reflect the diversity of the customers and the

communities in which we work and live. This document provides the Company's policy in relation to diversity and inclusion, and guides our Board of Directors, management, and employees in maintaining an inclusive culture.

This policy provides the framework for new and existing diversity and inclusion related initiatives and policies for the Company. This policy applies to all employees, and it covers all aspects of employment including, but not limited to, recruitment, hiring, job assignment, promotion, employee benefits, conditions of employment, compensation, transfer, discipline, training, work environment, and termination of employment.

### 3. COMMITMENT

The Company is committed to providing equal opportunity employment; creating, managing, and valuing diversity and inclusion in our workforce; providing a safe and healthy work environment; and fostering a culture of belonging where all employees are included, treated with dignity and respect, promoted on their merits, and placed in positions to contribute to our future success. We are guided by the principles of honesty, integrity, trust, and respect as we work together to meet the Company's expectations and objectives.

We promote and embrace a diverse and inclusive workforce and recognize and respect qualities including, without limitation, people of all races, religions, national origins, ancestries, ethnicities, genders, gender identities and expressions, family and relationship statuses, sexual orientations, military and veteran statuses, genetics, disabilities, and/or abilities. We also embrace diversity of perspective including differences in personality, life and work experience, skills, and ways of thinking and working.

The Company's commitment to diversity and inclusion extends to all areas of our business including recruitment, job assignment, compensation and benefits, talent development, skills enhancement, promotions, employee retention, flexible work arrangements, forms of leave available to employees, policies, and procedures. Moreover, the Company's commitment to diversity and inclusion applies to all applicants for employment and all of our employees, as well as our Board of Directors.

### 4. DEFINITIONS

4.1 **Diversity** is the collective mixture of differences and similarities that include individual and organizational characteristics, values, beliefs, experiences, backgrounds, preferences, and behaviors.

4.2 **Inclusion** is the achievement of a work environment in which all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the Company's success. Without inclusive practices, a diverse environment cannot be achieved.

4.3 **Belonging** refers to employees' sense that they are welcomed, accepted, valued, respected, and empowered for their diverse backgrounds and experiences. An inclusive work environment helps foster a sense of belonging.

## 5. APPROACH TO DIVERSITY & INCLUSION

The Company believes that when our employees reflect the diversity of the communities in which we work, the Company gains a better understanding of our business needs and requirements. The Company is committed to our goal of diversity and inclusion by increasing our focus on recruiting and retaining from diverse backgrounds, creating additional awareness of diversity issues and benefits, fostering a more supportive environment where inclusivity is expected and required, and embedding accountability for diversity throughout the Company as embodied by our core values and policies.

Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and the Company's achievement as well. We embrace and encourage our employees' differences in age, race, disability, ethnicity, family and marital status, gender identity and expression, language, national origin, physical and mental ability, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique. Our diversity initiatives are applicable, but not limited, to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; terminations; and the ongoing development of a work environment built on the premise of inclusion of all employees.

The Company undertakes various diversity and inclusion efforts throughout our operations. Our efforts are focused and supported by policies and initiatives in the following areas:

- **Equal employment opportunities:** The Company is committed to attracting, hiring, and retaining employees from diverse backgrounds and fostering an inclusive, supportive environment. We ensure that our practices and processes attract a diverse range of candidates and that candidates are recruited, hired, assigned, developed, promoted, and paid based on merit and their alignment to our values.
- **Code of Conduct and Employee Handbook:** The Company is committed to creating an environment that is free from discrimination, bullying, and harassment, and supporting and maintaining a healthy and safe workplace. Our policies expressly prohibit any form of discrimination, bullying, retaliation, and harassment, and our zero-tolerance for any such prohibitions are effectuated through proper investigations with the appropriate corrective actions, up to and including termination of employment.
- **Dignity and respect for all:** Pursuant to the Company's policies, all employees have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit requisite professionalism and conduct that reflects inclusion during work, at work functions on or off the work site, and at all other work sponsored events. Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action, up to an including termination of employment.
- **Equal Pay Analysis:** Each year we conduct a comprehensive equal pay analysis for all employees and we make any appropriate adjustments as necessary.

- **Vendor Code of Conduct:** Our high standards and requirements that we hold for the Company also apply to all of the Company's vendors through our Vendor Code of Conduct, which expressly provides that vendors are to operate in full compliance with all applicable laws, rules, and regulations, and must at all times act in a legal and ethical manner in all aspects of their dealings with their employees, customers, governmental agencies, and other third parties. Moreover, our Vendor Code of Conduct provides, among other things, that all of our vendors are expected to respect and value the contributions that people of different characteristics, experiences, and backgrounds offer, and vendors must promote a cooperative and productive work environment by supporting diversity of their workforce and commitment to providing equal employment opportunity to all qualified individuals. In addition, our Vendor Code of Conduct prohibits, including without limitation, any form of discrimination, bullying, retaliation, harassment, or any other unlawful or unethical practice.
- **Supplier diversity:** We endeavor through our procurement and business practices to maximize vendor opportunities with women, minority, disabled veteran and lesbian, gay, bisexual, and transgender business owners as well as under-represented small businesses owned by military veterans (WMDVLGBTBEs) as suppliers, contractors, and subcontractors of goods and services. The Company seeks to build relationships with, develop, and buy from WMDVLGBTBEs. This contributes to strengthening communities and creates long-term growth and competitive advantage for us. Our vendor management procedures require all new vendors to answer during their due diligence review whether or not they fall under the WMDVLGBTBEs definition. Our procurement staff tracks and measures this information to monitor the Company's vendor diversity. In addition, all qualified vendors are required to comply with the Company's Vendor Code of Conduct, which provides, among other things, that vendors must provide equal employment opportunities to all employees and job applicants.
- **Leave policies:** A range of leave options are available to our employees to ensure that they have appropriate options for taking time off work, and this includes, without limitation, family and medical leave, sick leave, vacation leave, pregnancy leave, parental leave, military leave, crime victims leave, and others.
- **Safe work environment:** We provide regular training to all employees to improve their understanding of behaviors that can be perceived as discriminatory, exclusionary, retaliatory, harassing, and/or bullying, and provide numerous safe avenues for employees to report such inappropriate behaviors. We have policies, including our Code of Conduct and Employee Handbook, that expressly prohibit any such inappropriate behaviors, and employees understand acceptable workplace behavior as covered by our policies. We also implement best practices and comply with local, state, and federal legal requirements.
- **Learning and development opportunities:** To support our employees in reaching their full potential, the Company offers a wide range of internal and external learning and development opportunities. Education assistance is offered to financially support those employees who seek to expand their knowledge and skill base.
- **Flexible workplace arrangements:** The Company believes in assisting employees to maintain a healthy balance between work and domestic responsibilities along with other

personal commitments. Sometimes employees require flexible working arrangements and, for a range of reasons, may seek to alter their working arrangements. The Company considers requests for flexible working arrangements on a case-by-case basis, considering the merit of the proposed arrangement, personal circumstances of the employee, the nature of the employment, the impact on the respective business area, and other business and operational requirements.

The Company's senior management provides oversight, and it reviews and approves the diversity and inclusion objectives across our family of companies.

## 6. SUPPORTING POLICIES AND PROGRAMS

- Equal Employment Opportunity
- Code of Conduct
- Employee Handbook
- Vendor Code of Conduct
- Leave Policies
- Supplier Diversity Program

## 7. OTHER PROVISIONS

- 7.1 **Amendments.** Amendments to this Policy must be in writing and approved by the President and CEO.
- 7.2 **Clarification.** All employees are specifically directed to read and understand their obligations as set forth in this policy, including any and all other policies cited herein. All employees are expected and required to comply with and support the commitment to diversity and inclusion as set forth in this policy. Any violations of this policy may result in appropriate disciplinary action, up to and including termination of employment with the Company. This policy articulates general principles designed to guide employees in connection with the Company's commitment to diversity and inclusion. It cannot, and is not intended to, address every possible situation that may arise in the course of business. Therefore, nothing in this policy prohibits or restricts the Company from taking disciplinary action on any matters relating to employee conduct whether or not they are expressly discussed in this document.