



2021

Inclusion, Diversity & Equity Report



AMERICAN WATER

Beautifully Different



For the latest ID&E metrics, visit DiversityatAW.com

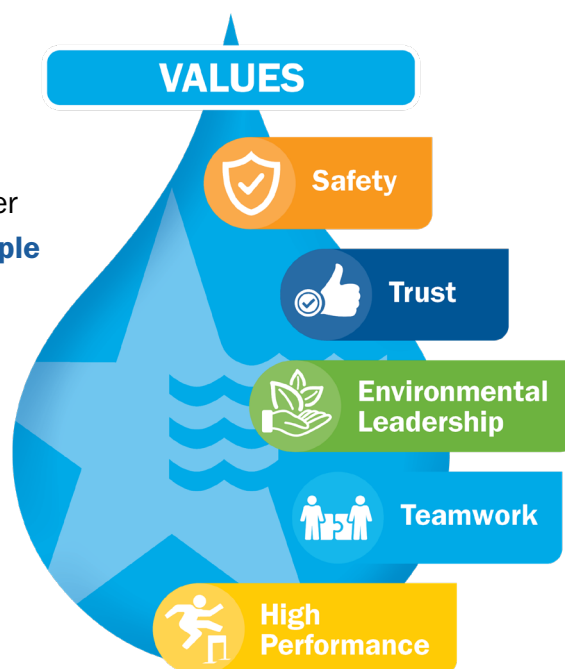
OUR COMMITMENT TO INCLUSION, DIVERSITY AND EQUITY

With a history dating back to 1886, American Water is the largest and most geographically diverse U.S. publicly traded water and wastewater utility company. We employ more than 6,400 dedicated professionals who provide regulated and regulated-like drinking water and wastewater services to more than **14 million people in 24 states**.

American Water has worked hard to embed Inclusion, Diversity and Equity (ID&E) into the fabric of our culture, and we have been recognized for our progress. For us, inclusion is feeling that you belong – being comfortable to bring your whole self to work and freely express your ideas. This is why we start with **inclusion first**.

You can learn more about our ID&E strategic framework on [DiversityatAW.com](https://diversityataw.com). In the meantime, take a look at our 2021 ID&E metrics listed throughout this report.

For the latest ID&E metrics, visit [DiversityatAW.com](https://diversityataw.com)





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AMERICAN WATER

American Water's headquarters in Camden, N.J., honoring Pride Month in June.



WE ARE BEAUTIFULLY DIFFERENT

At American Water, we regularly reflect on our values and our culture. We're all different, and having that diversity across our organization makes us a great company. We're strong because we have different ideas, viewpoints, experiences, and backgrounds. Most importantly, we embrace and expect one another to respect and value those differences.

We believe that ID&E are vital elements to our success. Creating an environment where everyone can bring their whole selves to work is essential for the emotional safety of our employees. We are more successful when our workforce reflects the communities that we serve. We have come a long way, and we know there is more work to do.

Building open and respectful dialogue, listening to different perspectives, and learning from one another is not always easy. We are committed to using our collective voices to continue to get better at building a truly inclusive work environment.

At American Water, we say "Include Yourself" because employee engagement is essential in creating a workplace where everyone feels safe, included, and treated with respect and dignity. "Include Yourself" is about empowering employees to contribute and participate in the culture we aim to create and maintain - one that is beautifully different.



**M. SUSAN
HARDWICK**

President, Chief
Executive Officer
and Chief Financial
Officer

A handwritten signature in black ink.



**MELANIE
KENNEDY**

Executive Vice
President and Chief
Human Resources
Officer

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**CHERYL
NORTON**

Executive Vice
President and Chief
Operating Officer

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**VALORIA
ARMSTRONG**

Chief Inclusion Officer
and Vice President,
External Affairs

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OVERALL AMERICAN WATER DIVERSITY







American Water has a **strong commitment to employee inclusion, diversity and equity** so that we reflect the customers and communities we serve. The data below represents the diversity of our workforce through **voluntary employee self-identification**.

American Water's fiscal year 2021 numbers, as compared to 2020 data, are impacted by a smaller workforce population due to the sale of Homeowner Services and New York American Water. As a result of the impact of the sales, our year-over-year data shows a slight decrease in the diversity of our overall workforce, female population, and ethnic/racial diversity population. Had the sale not occurred, the diversity of our overall workforce, female population, and ethnic/racial diversity population would have stayed relatively flat or exhibited a slight increase. Our disability, military vets, military spouse, and LGBTQ+ populations increased slightly with or without the sale.

We acknowledge we have work to do and are committed to continuing and improving our efforts in the coming year and beyond. Since December 2021, American Water has continued to hire diverse talent across the organization, including at the executive levels. We are pleased to report that as of April 1, 2022, the ethnic and racial diversity of our executive leadership team has increased. Going forward, our most recent workforce diversity data can be found on DiversityatAW.com and will be updated quarterly. American Water also established 2022 targets related to increasing women and ethnic and racial diversity in management roles and will report on our progress at year-end.

A Look at our Diversity

2020 → 2021

AMERICAN WATER	Metrics as of 12/31/2020	Metrics as of 12/31/2021	
		Including Homeowner Services and New York American Water	Excluding Homeowner Services and New York American Water
 Disability	1.6%	2.5%	2.4%
 Female	26.0%	26.2%	24.1%
 Military /Veterans	6.1%	6.2%	6.4%
 Military Spouse	0.1%	0.2%	0.2%
 LGBTQ+	0.7%	1.2%	1.2%
 Ethnic/Racially Diverse	21.0%	21.5%	19.8%
Total Diversity	44.0%	44.8%	42.8%

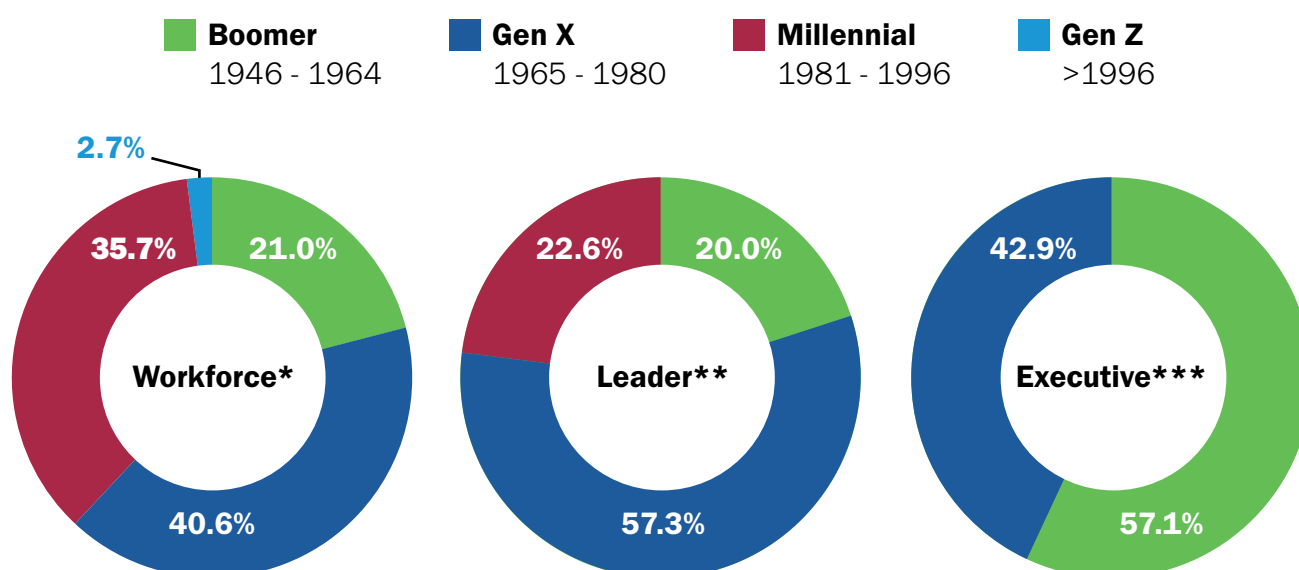
For the latest ID&E metrics, visit DiversityatAW.com



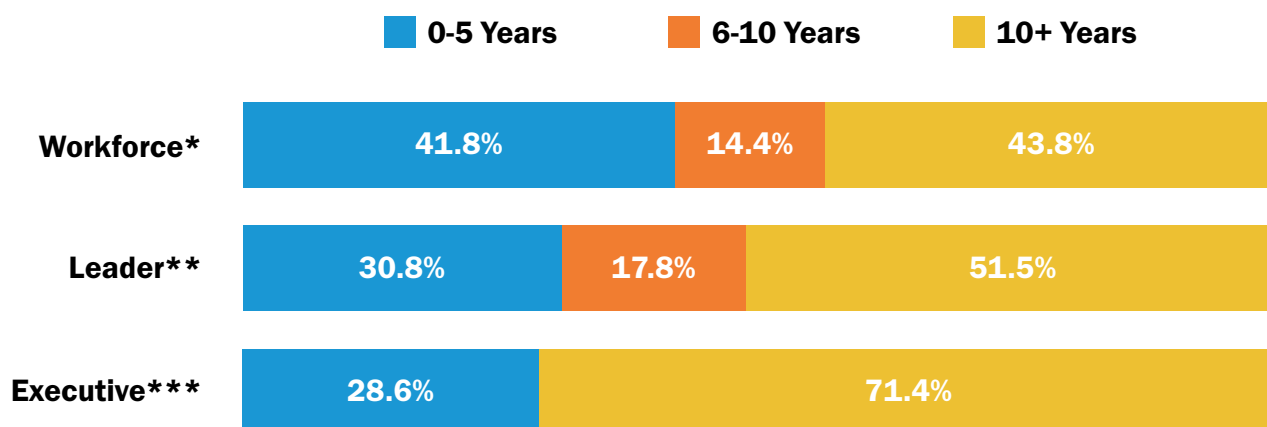
A DIVERSE WORKFORCE FROM DIFFERENT PERSPECTIVES

Diversity of our workforce is important as we evaluate generations and tenure.

DIVERSITY ACROSS GENERATIONS



BY TENURE



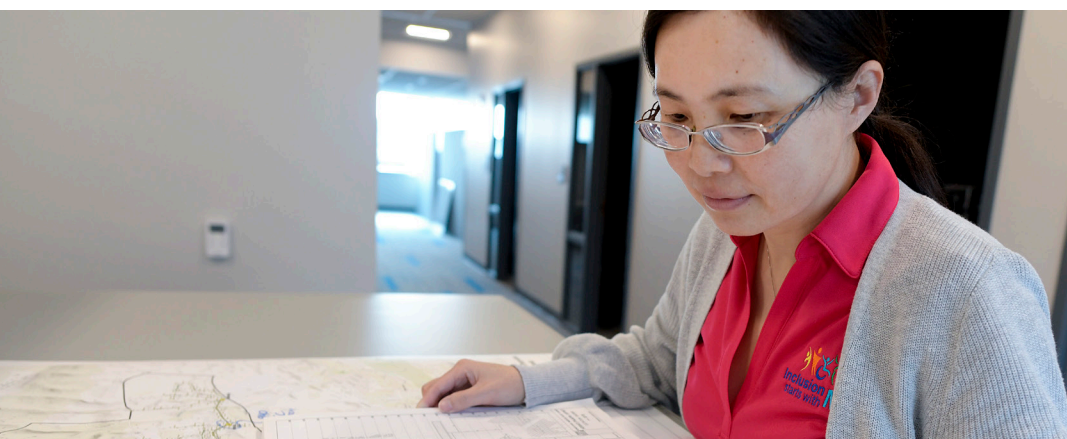
As of 12/31/2021

For the latest ID&E metrics, visit [DiversityatAW.com](https://diversityataw.com)

*Workforce is all employees with the exception of leaders/executives.

**Leaders are defined by having at least one direct report or by position.

***Executives include the Chief Executive Officer and one level of direct reports.



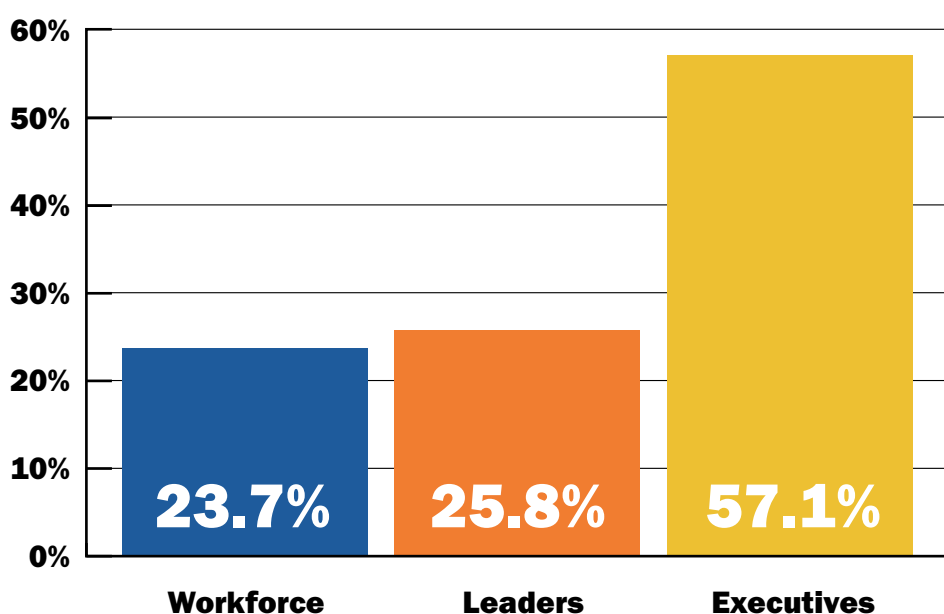
24.1%
of our overall
workforce
is female

DIVERSITY METRICS: WOMEN

We recognize the benefits of increasing our female representation in the workforce to better reflect the customers and communities that we serve. We are committed to closing the gender gap. Our recruitment and retention strategies include a holistic view of the areas that can have the greatest impact: evaluating the employee value proposition, auditing internal processes for inclusion, updating our job descriptions to be gender-neutral and supporting authentic leadership to improve women's representation in leadership roles.

Additionally, achieving and maintaining gender parity and diversity at the Board level is important for the company. As of April 1, 2022, the American Water Board was 70% diverse, which is defined as ethnically or racially diverse, female, veteran, or an individual with a disability, and all based on voluntary self-identification. Going forward, this data can be found on DiversityatAW.com, and will be updated quarterly.

WOMEN AT AMERICAN WATER



As of 12/31/2021

For the latest ID&E metrics, visit DiversityatAW.com



DIVERSITY METRICS: **WOMEN**

FEMALE EMPLOYEES BY ETHNICITY, RACE, AND CAREER LEVEL

White

Black/African American

American Indian/Alaska Native

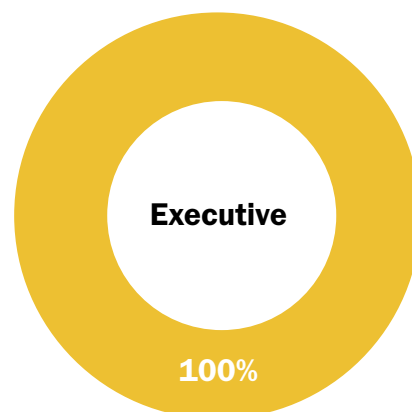
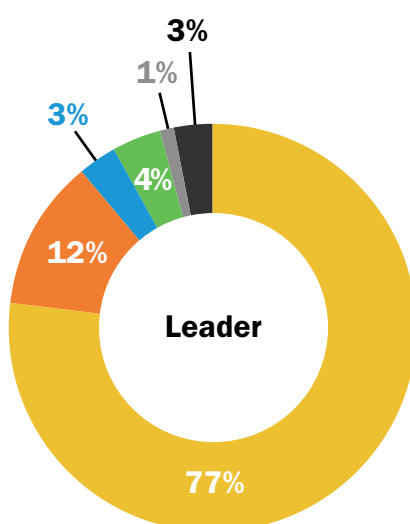
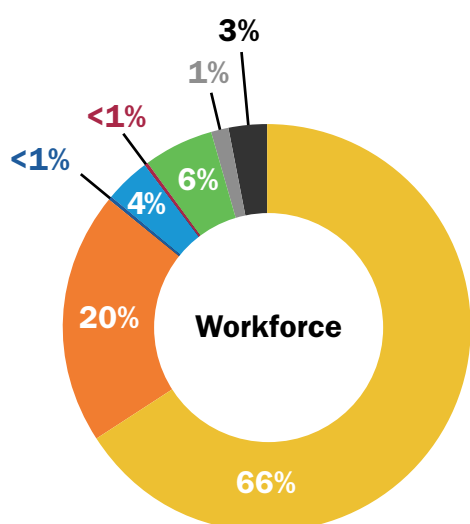
Asian

Native Hawaiian/Other Pacific Islander

Hispanic/Latino

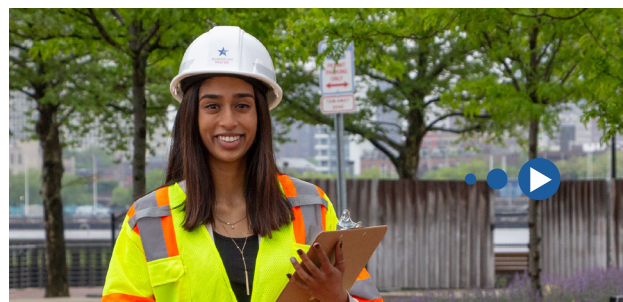
Two or More Races

Unidentified



As of 12/31/2021

For the latest ID&E metrics, visit DiversityatAW.com



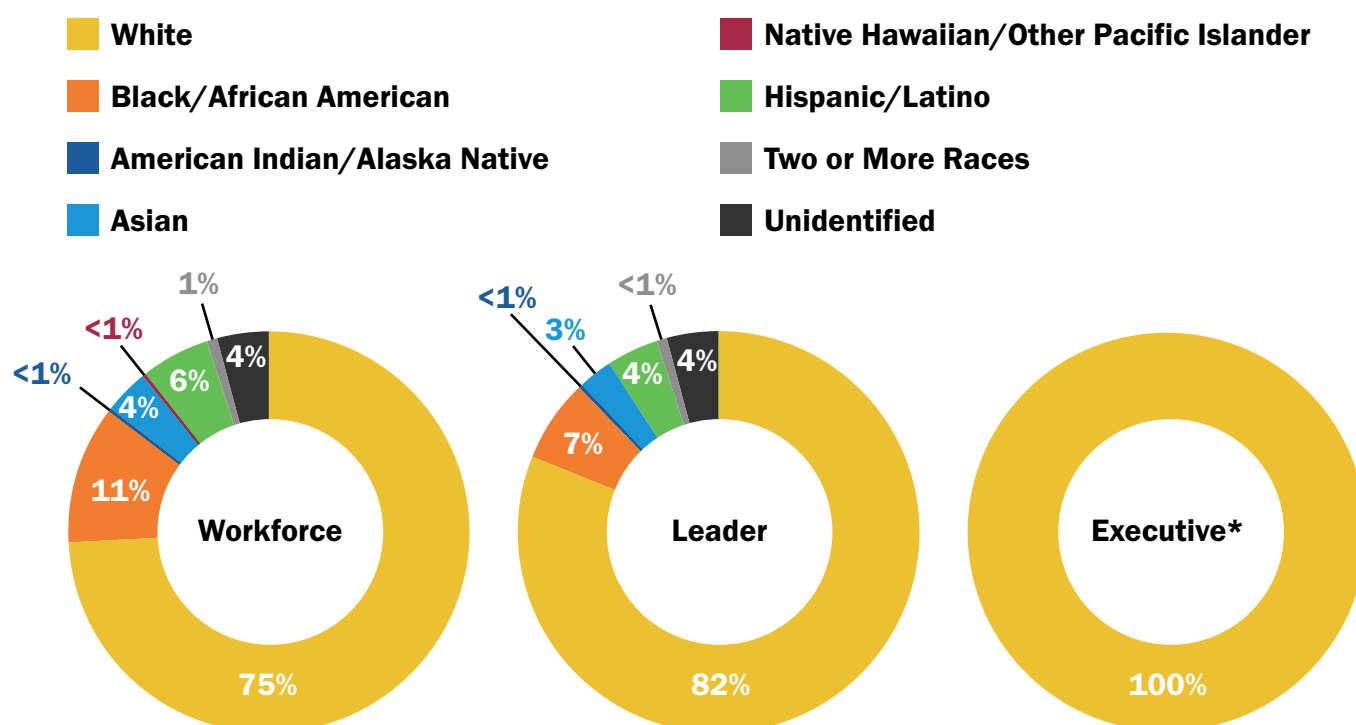
DIVERSITY METRICS: ETHNICITY AND RACE

American Water knows that diversity across our company will create stronger teams, better ideas, innovative ways of doing our work, long-term sustainability, and, ultimately, an organization that provides the best service to our customers. Since 2017, we have had a focused ID&E recruitment strategy with annual goals to improve diversity across the company. We leverage our ID&E Executive Council, a robust employee referral program, and ID&E Champion Network to identify diverse talent during the recruitment process. We also engage with Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions to increase our diverse talent candidate pool.

Our Employee Business Resource Groups (EBRGs) also focus on attracting diverse talent to our company. One example - Together We Stand, our Black and African American EBRG, served as company representatives at the National HBCU Week Career and Recruitment Fair. This group of employees also holds virtual learning sessions to assist employees with career growth and development.



ALL EMPLOYEES BY ETHNICITY, RACE AND CAREER LEVEL



As of 12/31/2021

*As of 4/1/2022, the ethnic/racial diversity of American Water executives increased.

For the latest ID&E metrics, visit DiversityatAW.com

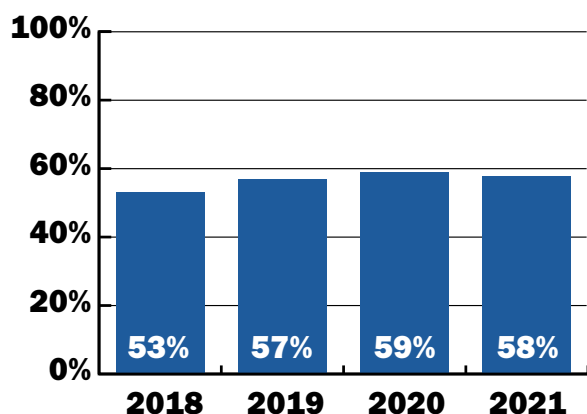


ATTRACTING AND RETAINING DIVERSE TALENT

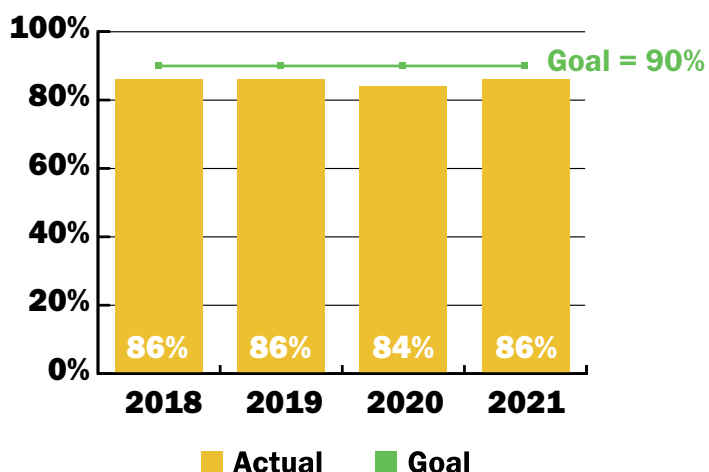
American Water knows we have more work to do to meet our diversity goals. We partner with organizations to increase our diverse candidate pools. Examples of partnerships include American Corporate Partners, Disability:IN, Getting Hired, Military Spouse Employment Partnership, Out & Equal Workplace Advocates, Paradigm for Parity® coalition, and more.

Diversity is a focus in every job posting and candidate pool. We have partnered with several organizations (Hiring Our Heroes, Getting Hired, Hispanic/Latinx Professionals Association, Hirepurpose) to create opportunities for underrepresented groups and assist us with our commitment to increase our diverse talent pools.

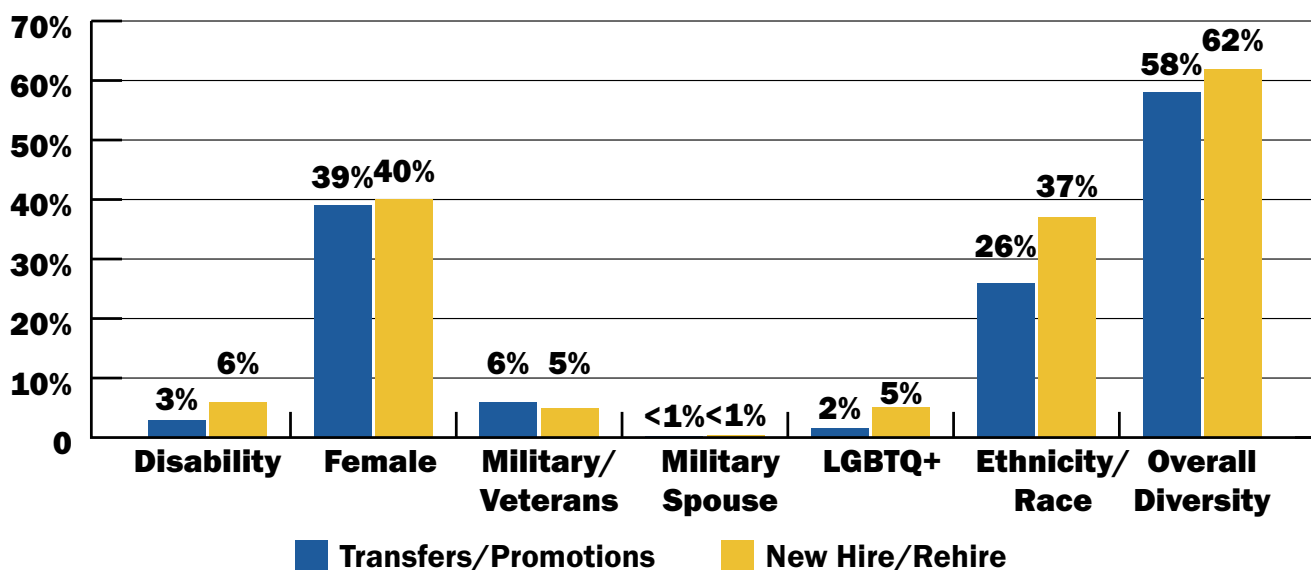
PERCENTAGE OF DIVERSE TRANSFERS/PROMOTIONS*



PERCENTAGE OF REQUISITIONS WITH DIVERSE CANDIDATE POOL*



Below is a closer look at the percentage of diverse transfers, promotions, and new hires by category who have voluntarily self-identified.



As of 12/31/2021

For the latest ID&E metrics, visit [DiversityatAW.com](https://www.americanwater.com/diversity)

*Ethnically or racially diverse, female, military, veteran, military spouse, individual with a disability, and LGBTQ+ who voluntarily self-identify.



SELF-ID AND EQUAL EMPLOYMENT OPPORTUNITY DATA

Employees at American Water are educated on voluntary self-ID and the ability it provides for workforce diversity transparency. During the year, we asked employees to voluntarily self-identify in the categories of gender, ethnicity, race, military/veteran status, disability, sexual orientation, and military spouse. Understanding our workforce helps us to better recognize the unique skill sets, experiences, and perspectives shaping our culture, as well as providing support to the addition of benefits, programs, and resources to meet our employees' needs.

Self-identification is the Equal Employment Opportunity Commission's (EEOC) preferred method of confirming race, ethnicity, and sex information for the EEO-1 Report*.

WHAT IS AN EEO-1 REPORT?

Since 1966, the EEOC has required eligible employers to submit workforce demographic data on an annual basis. All private employers that are covered by Title VII of the Civil Rights Act of 1964, 42 U.S.C. 2000e, et. seq., as amended (Title VII) and that have 100 or more employees are required to file the EEO-1 Component 1 Report. In addition, the U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) regulations require certain federal contractors to file the EEO-1 Component 1 Report if they have 50 or more employees and are not exempt as provided for by 41 CFR 60-1.5.

Employers meeting the reporting thresholds have a legal obligation to submit annual workforce demographic data on their employees by race/ethnicity, sex, and job category. The data include seven race/ethnicity categories and 10 job categories. EEO-1 Component 1 data are used by the EEOC to investigate charges of employment discrimination against employers and to provide information about the employment status of minorities and women.

*EEOC's terminology

DEFINITIONS OF THE EEO-1 RACE AND ETHNICITY CATEGORIES

Hispanic or Latino - A person of Cuban, Mexican, Puerto Rican, South or Central American or other Spanish culture or origin regardless of race.

White - A person having origins in any of the original peoples of Europe, the Middle East or North Africa.

Black or African American - A person having origins in any of the black racial groups of Africa.

Native Hawaiian or Other Pacific Islander - A person having origins in any of the peoples of Hawaii, Guam, Samoa, or other Pacific Islands.

Asian - A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent, including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.

American Indian or Alaska Native - A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.

Two or More Races - All persons who identify with more than one of the above five races (White, Black or African American, Native Hawaiian or Other Pacific Islander, Asian, American Indian or Alaska Native). For the purposes of this group, identifying as Hispanic or Latino and only one of the listed 5 race groups does NOT qualify.

More data on EEO-1 reports:

<https://eeocdata.org/EE01/support/faq>



AMERICAN WATER 2020 EEO-1 EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NON-HISPANIC OR LATINO												Overall Totals
			MALE						FEMALE						
	Male	Female	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or More Races	
Executive/Sr. Officials & Managers	3	1	96	3	0	2	0	1	28	3	0	2	0	0	139
First/Mid Officials & Managers	32	13	709	43	1	18	0	8	256	42	0	17	1	2	1142
Professionals	24	23	427	40	0	74	1	5	291	54	1	42	0	3	985
Technicians	9	1	125	10	1	1	0	3	34	7	0	3	0	2	196
Sales Workers	8	11	15	12	0	1	0	0	19	35	0	0	0	2	103
Administrative Support	20	44	203	43	1	8	1	2	480	230	1	10	3	13	1059
Craft Workers	96	5	1257	105	6	7	5	13	45	5	0	1	0	0	1545
Operatives	85	5	1249	152	1	5	5	18	52	9	0	1	0	1	1583
Laborers & Helpers	16	1	101	19	0	2	1	1	3	1	0	0	0	0	145
Service Workers	0	0	2	0	0	0	0	0	0	0	0	0	0	0	2
Total	293	104	4184	427	10	118	13	51	1208	386	2	76	4	23	6899
Previous Report Total	256	90	4139	424	9	110	10	43	1228	414	1	73	2	18	6817

- 2021 EEO-1 Employment Data will be released later in the year upon certification
- More information on EEO-1 Report at <https://eeocdata.org/EE01/support/faq>
- U.S. Census Bureau information available at <https://www.census.gov/>



AMERICAN WATER IS COMMITTED TO FAIR PAY

In accordance with best practices, American Water audits both pay gaps and pay equity on an annual basis. We use the information from these audits to address inequalities identified and update processes to allow for equal pay, development, and advancement opportunities for all employees. The findings of these audits are reviewed annually with our Board of Directors and Executive Leadership Team, along with a plan of action to close identified gaps.

We believe it is crucial to help ensure equal pay for equal work, just as importantly, to help ensure all employees have equal opportunities to develop.

We know we need to increase the representation of female and ethnically/racially diverse employees in higher-paying roles to close our pay gaps. Working across the business, we continue to look for ways to improve our programs to **attract, reward, retain, and develop** a diverse employee population.

Here are some steps we took in 2021:

- Implemented a process where the hiring manager and talent acquisition set a narrow range for position's starting rate before the successful candidate is identified. We set a range based on the position, not the person, which does not consider a candidate's salary expectations. This creates a more consistent and fair approach to starting rates for new hires and promotions.
- Worked to help ensure job titles are gender-neutral to encourage women to apply for roles that are traditionally male-dominated.
- Began job description review, focused on helping ensure requirements are not too restrictive, which could discourage diversity in the pool of candidates who apply.

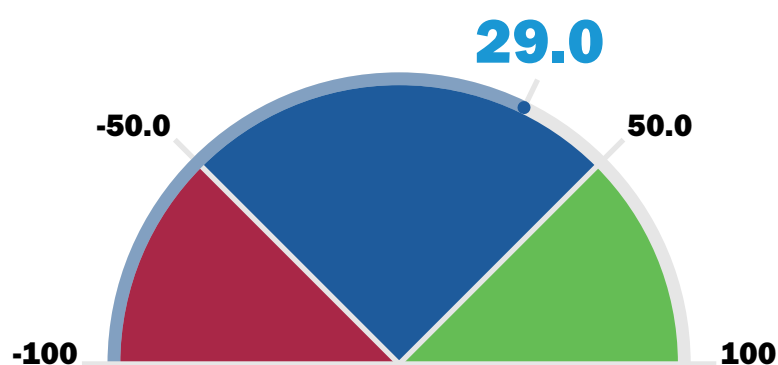


A LOOK AT 2021 EMPLOYEE ENGAGEMENT

The Employee Net Promoter Score (eNPS) allows employers to measure and get a snapshot of employees' willingness to be ambassadors for the company by advocating employment.* This score is determined from our annual employee survey. In 2021, **4,912 employees (70%)** completed our Culture Survey. Our 2021 eNPS was **29.0**, a decline year-over-year and attributable to a blend of in office and remote working arrangements caused by the COVID-19 pandemic.

Based on responses to the question **"On a scale of 0-10, how likely are you to recommend American Water as a place to work?"** employees are segmented into **Promoters, Passives, and Detractors**.

2021 TOTAL COMPANY EMPLOYEE NET PROMOTER SCORE



- **2021** Total Company Employee Net Promoter Score was **29.0**
- **2020** Total Company Employee Net Promoter Score was **40.6**
- **2019** Total Company Employee Net Promoter Score was **26.0**

"American Water has an inclusive culture where employees are fairly recognized for their contributions."



"There is a culture of dignity and respect at my work location."



DETRACTORS

Unhappy employees who may impede growth through negative word of mouth.

PASSIVES

Satisfied but unenthusiastic employees who are vulnerable to accepting other offers.

PROMOTERS

Employees who are enthusiastic about their work and the company, and are likely to refer others.

Scores range from -100 to 100. *eNPS equals % Promoters minus % Detractors.



SUPPLIER DIVERSITY

Supplier diversity is an American Water business imperative. We aim to provide companies owned and operated by ethnic minorities, women, veterans, people with disabilities, and members of the LGBTQ+ community the opportunity to compete for our sourcing needs. The **value, innovation, flexibility, and customer-focused approach** of diverse businesses serve as a true value proposition to American Water.

To further strengthen our commitment to supplier diversity, American Water hosts our Supplier Diversity Summit annually. This is our signature event to connect diverse suppliers to our business stakeholders. Our prospective suppliers meet and discuss opportunities with the decision-makers to align with our procurement needs.

METRICS FOR 2021*

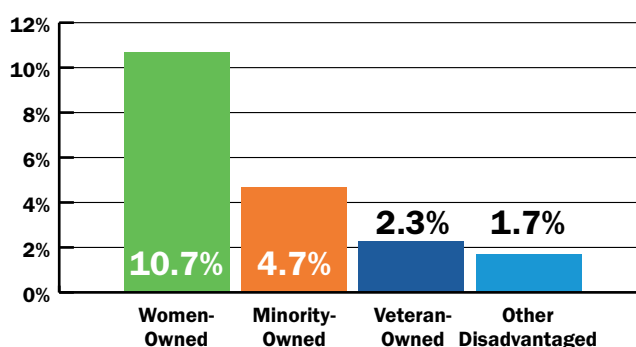
Our Diverse Supplier spend topped **\$417 million** in 2021.

Supply Chain surpassed its goal in 2021 to increase diverse supplier spend to 18.9%.

2021 Diverse Supplier Goal: **18.9%**

2021 Actual Diverse Supplier Spend: **19.3%**

OUR DIVERSE SUPPLIERS



*2021 performance represents the fourth year American Water has surpassed the stated goal for spend with diverse businesses.



American Water was a sponsor of the 2022 Circle of Achievement Awards Gala hosted by the African American Chamber of Commerce of New Jersey (AACCNJ). Attendees of the event included, from left to right, New Jersey American Water President Mark McDonough, employees Dina Cooper-Williams, Denise Venuti-Free, Veronica Alloway, Doreene Bennett, and American Water Sr. Manager of National Supplier Diversity Lawrence Wooten, also a member of the AACCNJ Foundation Board of Directors.

EMPLOYEE BUSINESS RESOURCE GROUPS

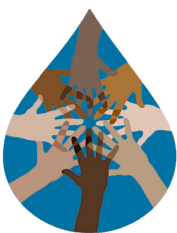
In 2021, we launched our first Employee Business Resource Groups (EBRGs) as part of our journey and continued commitment to an **inclusive workplace for all**. For us, EBRGs are voluntary forums for employee participation and business impacts in the areas of **Culture, Careers, and Community**. EBRGs are dedicated to raising awareness for underrepresented groups, such as Black/African Americans, Women, LGBTQ+, and employees with disabilities. The goal of these groups is to build high-trust relationships that contribute to fostering a greater sense of belonging within American Water. Ultimately, they are vehicles for **inspiring conversation** and encouraging **diversity of thought**, and identifying of new ways to **resolve concerns, drive innovation and improve business performance**.



American Water Abled advocates for creating equity for employees with all types of disabilities (visible and invisible), caregivers and their allies to lead and excel both personally and professionally.



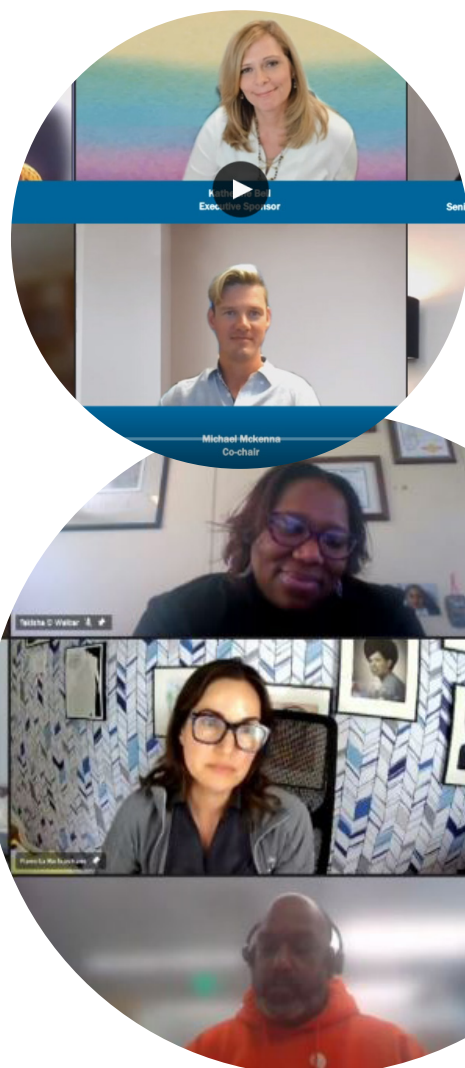
American Water Proud creates awareness and fosters candid discussions that proudly support the LGBTQ+ community and their allies.



Together We Stand promotes a diverse and inclusive work environment for Black/African American employees and their allies, at all levels within the company.



WE CAN, the Women Empowered Champion and Ally Network fosters an inclusive culture where female employees' personal and professional growth contributes to the success of our company and the communities we serve.





Awards and Recognition



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