

**AQUA AMERICA, INC.**  
**Board of Directors**  
**Corporate Governance Guidelines**

The following corporate governance guidelines will provide the principles by which the Board of Directors (the “Board”) of Aqua America, Inc.(the “Corporation”) will organize and execute its responsibilities along with the requirements of the Corporation’s Articles of Incorporation, Bylaws and the laws and regulations governing the Corporation and the Board. These Guidelines have been developed by the Corporation’s Corporate Governance Committee, which will annually review these Guidelines and recommend to the full Board any changes that are deemed necessary or appropriate.

**I. COMPOSITION OF THE BOARD**

1. A majority of the Board shall be comprised of independent directors as determined under the guidelines established by the New York Stock Exchange.
2. No director will be deemed independent unless the Board affirmatively determines that the director has no material relationship with the Corporation (directly or as a partner, stockholder, or officer of an organization that has a relationship with the Corporation).
3. The Board has established the following standards to assist in determining director independence:
  - a. *Categorical Standards.* A director will not be deemed independent if:
    - i. the director is, or has been within the last three years, an employee of the Corporation, or an immediate family member is, or has been within the last three years, an executive officer of the Corporation;
    - ii. (A) the director or an immediate family member is a current partner of a firm that is the Corporation’s internal or external auditor; (B) the director is a current employee of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the Corporation’s audit; or (D) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Corporation’s audit within that time;
    - iii. the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Corporation’s present executive officers at the same time serves or served on that company’s compensation committee; or

- iv. the director has received or has an immediate family member who has received during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) and, in the case of an immediate family member, other than compensation for service as an employee of the Corporation (other than an executive officer). (Members of the Audit Committee and of the Compensation Committee are subject to additional requirements as set forth in the Audit Committee Charter).
- b. In addition, a director will not be deemed independent if:
- i. the director is an executive officer or employee, or someone in her/his immediate family is an executive officer of, another company that, during any of the other company's past three fiscal years made payments to, or received payments from, the Corporation for property or services in an amount which, in any single fiscal year of the other company, exceeds \$1 million or two percent, whichever is greater, of the other company's consolidated gross revenues or
  - ii. The director serves as an executive officer of a charitable organization and, during any of the charitable organization's past three fiscal years, the Corporation made charitable contributions to the charitable organization in any single fiscal year of the charitable organization that exceeded \$1 million or two percent, whichever is greater, of the charitable organization's consolidated gross revenues.
  - iii. For the purposes of these categorical standards, the terms "immediate family member" and "executive officer" have the meanings set forth in the New York Stock Exchange's corporate governance rules.
- c. For relationships not prohibited by the guidelines in subsection a or b above, the determination of whether the director would be independent or not shall be made by the Board, unless an independence determination is otherwise precluded by a listing or regulatory requirement.
- d. Audit Committee members will be evaluated under the following additional standards:
- i. No Audit Committee member shall accept, directly or indirectly, any consulting, advisory, or other compensatory fees from the Corporation or any of its subsidiaries, except for fees for services as a director and a member of the Audit Committee and any other Board of Directors' committee.

- ii. All members of the Audit Committee must be financially literate (as such qualification is interpreted by the Board of Directors in its business judgment) or become financially literate within a reasonable time after appointment to the Committee. The Chairperson of the Audit Committee must have accounting or financial management experience.
  - iii. If a member serves on the audit committees of more than three companies, the Board of Directors must determine that this does not impair his or her effectiveness to serve on the Audit Committee, and disclose such determination in the Corporation's annual proxy statement or other applicable filing filed with the Securities and Exchange Commission.
  - iv. At least one member of the Audit Committee shall be an "audit committee financial expert," as that term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the Securities and Exchange Commission.
- e. Compensation Committee members will be evaluated under the following additional standards:
  - i. No Compensation Committee member shall accept, directly or indirectly, any consulting, advisory, or other compensatory fees from the Corporation or any of its subsidiaries, except for fees for services as a director and a member of the Compensation Committee and any other Board of Directors' committee.
  - ii. In addition, in affirmatively determining the independence of any director who will serve on the Compensation Committee, the Board of Directors must consider all factors specifically relevant to determining whether a director has a relationship to the Corporation which is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to whether such director is affiliated with the Corporation, a subsidiary of the Corporation or an affiliate of the Corporation or a subsidiary of the Corporation. When considering any relationship a director has with the Corporation, a subsidiary of the Corporation, or an affiliate of the Corporation or a subsidiary of the Corporation, in determining his or her independence for purposes of Compensation Committee service, the Board of Directors should consider whether the affiliate relationship places the director under the direct or indirect control of the Corporation or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his or her ability to make independent judgments about the Corporation's executive compensation.

4. In accordance with the Corporation's Articles and Bylaws, the size of the Board is determined by the Board. Although the size of the Board may change as the Corporation changes, based on the present circumstances, the Board believes that a Board of 8 to 12 members is the most conducive to the development of close working relationships among the directors, while providing sufficient directors for the Board Committees. The optimal size of the Board may need to be re-evaluated as a result of significant growth or acquisitions by the Corporation.
5. The nomination of candidates for election to the Board is the responsibility of the Board. The identification, evaluation and recommendation of candidates for nomination for election is the responsibility of the Corporate Governance Committee, taking into consideration input from other members of the Board, input from management and candidates recommended by shareholders. Recommendations of candidates by shareholders should be submitted to the Chairman of the Corporate Governance Committee at least 120 days before the date on which the Corporation first mailed its proxy materials for the prior year's Annual Meeting of Shareholders.
6. Candidates for nomination to the Board will be considered based on their personal abilities, qualifications, independence, knowledge, judgment, character, leadership skills, education, background and their expertise and experience in fields and disciplines relevant to the Corporation, including financial expertise or financial literacy. When assessing a candidate, consideration will be given to the effect such candidate will have on the diversity of the Board. Diversity of the Board is evaluated by considering a broad range of attributes, such as background, both geographic and demographic (including, without limitation race, gender and national origin), expertise and experience. Due consideration will also be given to the position the candidate holds at the time of their nomination and their capabilities to advance the Corporation's interests with its various constituencies.
7. Within three months prior to the expiration of a director's term, the Chair of the Corporate Governance Committee and the Chairman of the Board will meet with the director to discuss the appropriateness of nominating the director for re-election to another term. In determining whether to recommend a director for re-election, consideration will be given to, among other things, the director's past attendance at meetings and participation in and contributions to the activities of the Board. The Chair of the Corporate Governance Committee will then make a recommendation to the Corporate Governance Committee regarding the director's re-nomination.
8. The Board believes that term limits are an important element of good governance. However, it also believes that it must strike the appropriate balance between the contribution of directors who have developed, over a period of time, meaningful insight into the Corporation and its operations, and therefore can provide an increasing contribution to the Board as a whole. Accordingly, the Board has established that upon the fifteenth anniversary of a director accepting appointment to the Board of Directors, the director shall tender his resignation to the Board (the "Term Limit Policy"). The Term Limit Policy shall not apply to existing Directors as of December 1, 2015.

9. The Board believes that a policy of retirement for directors at age 75 is in the best interests of the Corporation. All directors are required to submit their resignation from the Board effective as of their 75<sup>th</sup> birthday.
10. It is not the Board of Director's policy that a director must immediately resign from the Board in the event of retirement or other change in the position he/she held when joining the Board. However, it is the belief of the Board that if such an event were to occur, the director should meet with the Chairman of the Board and the Chair of the Corporate Governance Committee to discuss the situation. The Corporate Governance Committee, in consultation with the Chairman of the Board, will then determine if the director's continued service is appropriate and make a recommendation with respect thereto to the Board.
11. The Board believes that, based on the current facts and circumstances, the positions of Chairman and Chief Executive Officer should be held by the same person. This belief is based on the principle that unified leadership and direction of the Board and the leadership team serves the Corporation's shareholders by, among other things, providing accountability in decision-making, providing uniformity in leadership, and has worked well for the Corporation for several decades. The Board has delegated to the Corporate Governance Committee the responsibility to review the efficacy of this practice on an annual basis and periodically as circumstances change, such as in connection with a transition in leadership. As long as the positions of Chairman and Chief Executive Officer are held by the same person, it is the policy of the Board to maintain the position of lead independent director.
12. The Board has established the position of lead independent director. The lead independent director shall be appointed annually by the full Board of Directors. The lead independent director shall have the following duties and powers:
  - a. Presiding at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors;
  - b. Serving as liaison between the independent directors and the Chairman of the Board;
  - c. Reviewing and approving meeting agendas and information provided to the Board for meetings, including the authority to add items to the agendas for any such meeting;
  - d. Reviewing and approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;
  - e. Having the authority to call executive sessions of the independent directors and prepare the agendas for such executive sessions;
  - f. If requested by major shareholders, ensures that he or she is available for consultation and direct communications;
  - g. Serving as a member of the Executive Committee;
  - h. In the event of the death or incapacity of the Chairman, becoming the acting Chairman of the Board until a new Chairman is selected; and

- i. Having the authority, with the approval of the majority of the directors, to engage such legal, financial or other advisors as the independent directors shall deem appropriate at the expense of the Company and without consultation or the need to obtain approval of any officer of the Company.
13. In an uncontested director election (i.e. an election where the only nominees are those recommended by the Board), any incumbent director nominated for re-election as a director who receives a greater number of votes “withheld” for his or her election than votes “for” such election shall promptly tender his or her resignation after such election. The independent directors of the Board, through a process managed by the lead independent director (unless he or she is the director submitting his or her resignation), shall evaluate the relevant facts and circumstances in connection with such director’s resignation, giving due consideration to the best interests of the Corporation and its shareholders. Within 90 days after the election, the independent directors shall make a decision on whether to accept or reject the tendered resignation, or whether other action should be taken. Any director who tenders a resignation pursuant to this provision shall not participate in the Board's decision, but will otherwise serve as a director during the period of the independent directors’ deliberations. The Board will promptly disclose publicly its decision and the reasons for its decision. The Board believes that this process enhances accountability to shareholders and responsiveness to shareholder votes, while allowing the Board appropriate discretion in considering whether a particular director's resignation would be in the best interests of the Corporation and its shareholders.

## II. RESPONSIBILITIES OF THE BOARD

1. It is the responsibility of the Board to provide guidance and direction on the Corporation’s general business goals and strategy, and to provide general oversight of, and direction to, management so that the affairs of the Corporation are conducted in the long-term interests of all its shareholders.
2. It is the responsibility of the Board to hire the Chief Executive Officer (“CEO”) for the Corporation, assess the overall performance of the CEO and terminate the CEO should such action become necessary.
3. The Board, directly and through its Committees, is responsible for: (a) oversight of the preparation of the Corporation’s financial statements; (b) oversight of the Corporation’s compliance with legal and regulatory requirements; (c) the selection and oversight of the Corporation’s independent auditors; (d) the establishment of an internally consistent and externally competitive executive compensation program designed to attract, retain and incent qualified executives and approval of the annual and long-term compensation of the Corporation’s CEO and executive officers; (e) the identification and selection of qualified individuals to become Board members; (f) the development and review of appropriate corporate governance guidelines; (g) the development and periodic review of a management succession plan for the CEO and other executives as appropriate; (h) the review, approval and monitoring of

- fundamental financial and business strategies and major corporate actions; (i) the development of an educational program for new Board members that includes meetings with key management; (j) the development of continuing education programs for existing directors designed to improve their ability to perform their duties; and (k) the oversight of management's risk management policies.
4. The Board will review and, if it deems appropriate, approve changes to these Corporate Governance Guidelines that have been recommended to the Board by the Corporate Governance Committee.
  5. The Board believes that the Corporation should maintain an appropriate code of ethical business conduct covering: (i) conflicts of interest, (ii) corporate opportunities, (iii) confidentiality, (iv) fair dealing, (v) protection and proper use of company assets, (vi) compliance with laws, rules, and regulations, (vii) encouraging the reporting of any illegal or unethical behavior and (viii) such other matters as the Board deems appropriate. Such code also will include standards of conduct reasonably applicable to designated persons, including the CEO and the senior financial officers, designed to promote: (i) honest and ethical conduct, (ii) full, fair, accurate, timely, and understandable disclosure in the periodic reports, proxy statements, and other filings under the Securities Exchange Act, that are required to be filed by the Corporation, (iii) compliance with applicable governmental rules and regulations, (iv) the prompt internal reporting of violations of the codes and (v) the accountability for adherence to the codes.

### III. OPERATION OF THE BOARD

1. The Board and each Committee holds a minimum of five regularly scheduled meetings each year. Directors are expected to attend all regularly scheduled meetings and to have, prior to the meetings, reviewed the written materials distributed to them in advance.
2. The Board believes that maintaining confidentiality of information and deliberations is an imperative.
3. The Board believes that its responsibilities can be fulfilled most effectively through the operation of committees. Each of these committees will be designated by the Board and will have a written charter meeting all legal and, if appropriate, stock exchange requirements that will be reviewed annually by the full Board. Under the Corporation's present circumstances, the Board believes that five committees are appropriate: Executive, Audit, Corporate Governance, Risk Mitigation and Investment Policy, and Executive Compensation. The Board will review and, if it deems appropriate, approve changes to the committee charters that have been recommended to the Board by such committees.
4. Each year the Corporate Governance Committee, in consultation with the Chairman of the Board, will propose the members and chairs of the committees to the Board for

the Board's review and approval. Rotation of committee chairpersons is encouraged and may occur at any time by a vote of the Board of Directors.

5. The Chairman of the Board, in consultation with the Chief Executive Officer, will establish the agenda for each Board meeting. Each Board member is encouraged to submit items for consideration for inclusion.
6. At the meetings of the Board and its Committees, the directors will review and discuss reports by management on the performance of the Corporation, its strategic and operating plans and any significant issues facing the Corporation. It is management's responsibility to submit important information and data to the Board and its Committees in writing in advance of each meeting.
7. The Board shall have such access to management as it deems necessary or desirable for the accomplishment of its responsibilities. The Board has the authority, in its discretion and at the Corporation's expense, to retain independent advisors.
8. The non-management members of the Board will meet as a group in executive session (i.e. with no executive officer or director who is not independent present) at least twice a year to review the overall state of the Corporation, the Corporation's strategy and management's performance, including an evaluation of the CEO. These sessions will be led by the lead independent director for general purposes and the Chair of the Executive Compensation Committee will lead the discussion on management's performance. In addition, every Board meeting may provide time for an executive session if any member of the Board so desires to discuss any matter.
9. The Board will establish performance criteria for itself and annually review the Board's performance against those criteria. These criteria should include guidelines as to the ownership of stock in the Corporation and attendance at Board and Committee meetings. Annually, the Chair of the Corporate Governance Committee will conduct a board evaluation in which directors evaluate individual members as well as the collective Board performance. The Chair of the Corporate Governance Committee will coordinate the development of these criteria and lead the Board's discussions thereof.
10. The Executive Compensation Committee will periodically review the compensation package for directors and make recommendations to the Board for any changes. Such reviews shall take place annually. The Board should make changes in its director compensation only upon recommendation by the Executive Compensation Committee and after discussion and approval by the Board. Both the Executive Compensation Committee and the Board should be guided by the following principles: compensation should fairly pay directors for the work required; compensation should align directors' interests with the long-term interests of shareholders, while not calling into question their objectivity; and the structure of the compensation should be simple, transparent and easy for shareholders to understand.



Adopted: December 13, 2017



# Code of Ethical Business Conduct

for Aqua America and Subsidiaries



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# Introduction





*Aqua provides water and wastewater services to about 3 million people in eight states. These customers rely on us to provide reliable service, and they trust our ability to do so safely and with integrity.*

## Aqua's Mission:

Protecting and providing Earth's most essential resource.

## Aqua's Vision:

At Aqua America, we know that water is a precious resource — one that plays a critical role in sustaining life. We take seriously our responsibility to protect and provide this essential resource. We are committed to sustainable business practices; excellent customer service; attracting and developing top talent; the strategic growth of our company; delivering shareholder value; investing in technology and infrastructure; and giving back to the communities in which we operate. We do all these with integrity and transparency.

## Aqua's Core Values:

At Aqua, we are guided by a set of principles that embody the character of our company and inspire our work together. They are embedded within our business practices and our behavior. We are proud to be united by **integrity, respect and the pursuit of excellence** to be the best we can be for our customers and communities.



Aqua is dedicated to:

- Providing reliable water and wastewater service in a manner consistent with applicable standards for public health and environmental quality.
- Continuing its capital investment in system improvements including the rehabilitation and replacement of key infrastructure and treatment plants.

- Treating employees fairly, communicating openly and providing opportunities for development and growth to retain a well-trained workforce and the necessary management depth so that succession planning is an integrated element of the culture.
- Ensuring courteous and responsive service to customers, regulators and public officials. Demonstrating leadership through civic involvement in the communities we serve, acting as stewards of the environment, and being proactive in the development of public policy issues crucial to the success of the water and wastewater industry.
- Being the investment of choice among utility investors based on growth in earnings, dividends and total return to shareholders.



## A history of growth with integrity

Aqua dates to Jan. 4, 1886 when a group of Swarthmore College professors received a charter to supply water to the residents of Springfield Township, Delaware County, Pennsylvania. The professors built a small pumping station and laid pipes to deliver spring water to nearby homes. As the number of potential customers increased, the association incorporated as the Springfield Water Company.

Over the years, the company acquired additional water systems in Pennsylvania. In 1971, it began publicly trading on the New York Stock Exchange. In 1996, the company entered the wastewater business and began to provide operations and management services to other water utilities. In 2004, following tremendous growth and expansion, the corporation changed its name to Aqua America.

As we continue to grow, we maintain a commitment to conducting business in a sustainable manner by investing in needed infrastructure improvements, protecting natural resources and building a corporate culture and organization that will live beyond current management.

## Aqua's code of ethics

Everyone at Aqua is expected to conduct business in an ethical manner and in compliance with all applicable laws, statutes, ordinances, rules and regulations.

Our Code of Ethical Business Conduct outlines the principles and standards that reflect this expectation. It governs the business-related conduct of all employees, officers and directors of the company and its subsidiaries. Our code:

- Encourages a culture of honesty, accountability and mutual respect in compliance with the law
- Provides guidance to help you recognize and deal with ethical issues
- Describes how to seek advice or report unethical conduct

The code cannot address every situation we will face. In the end, our business decisions always rely on sound judgment and a reasonable sense of right and wrong. The company provides this code and other resources to guide you in your decisions.

## Guide to ethical decision-making

When faced with a situation requiring sound ethical judgment, the best course of action is not always clear. Whenever you feel uncomfortable about a situation but are not sure how to deal with it, ask yourself these questions. The answers can point you toward the best course of action.

### What is the ethics issue?

This question helps you identify and clarify the ethics issue at stake in the situation. It moves you beyond that uncomfortable feeling into a process of ethical reflection.

### Does this situation violate company policy or the law?

This question prompts you to consult our company resources to determine whether the situation is against company policy or the law.

### How could our stakeholders be affected?

This question helps you focus on the effects your decision will have on our customers, employees, shareholders and communities. It invites you to widen your ethical lens and think about what is fair and equitable for all parties involved.

### How could this decision affect my reputation and Aqua's?

The last question brings into focus the consequences of your decision for both you and the company, and it can help you overcome obstacles that prevent you from doing the right thing.

Finally, if you have questions about the code or an ethical issue that arises in the workplace, ask for help.



## Reporting your concerns

Aqua strongly encourages dialog between employees and their supervisors to increase awareness of situations that raise ethical questions and to discuss acceptable ways to handle those situations. If you have any questions about a situation with legal or ethical consequences, seek advice from one of the resources listed below.

It is essential that employees promptly report illegal or unethical behavior or violations of this code to maintain a robust and effective ethical culture and compliance system.

If you become aware of any illegal or unethical behavior or violations of this code, you are encouraged and expected to report it to one of our internal resources. You may report your concerns orally or in writing to:

- Aqua's compliance officer:

**Christopher Luning**

**610.645.1068**

**CPLuning@AquaAmerica.com**

- Any manager
- Any member of the audit committee or board of directors.

You can also report your concerns to the toll-free Employee Ethics Hotline at 800.461.9330 or the Convercent website ([www.convercent.com](http://www.convercent.com)). You can make a report on the website by clicking **submit or check a report**. You may contact these resources on a confidential and anonymous basis, 24 hours a day, seven days a week. It is unacceptable to submit a complaint if you know it is false.

Reports of violations will be investigated under the supervision of the compliance officer, the audit committee or the board of directors, as appropriate. Aqua employees are expected to cooperate in the investigation of reported violations.

## Non-retaliation policy

Retaliation in any form against an individual who, in good faith, reports an alleged violation of this Code of Ethical Business Conduct is a violation of the code and may be against the law. Report any alleged act of retaliation immediately to a member of management, the compliance officer or human resources. If an investigation shows that retaliation has occurred, the company will take appropriate disciplinary action, up to and including termination of employment.

## Responsibilities for enforcement

The primary responsibility for enforcing this code and ensuring that employees understand its contents lies with the company's officers and managers. However, every employee, officer and director is expected to promote honest and ethical conduct. Managers may be disciplined if they condone violations of this code, fail to report violations or take reasonable measures to detect violations, or don't demonstrate the appropriate leadership to ensure compliance.

Aqua's board of directors is ultimately responsible for the implementation of the code. The board has designated the company's general counsel as the compliance officer for the implementation and administration of the code. If you have questions about this code, contact the compliance officer.



## Q&A

**If I want to make a report, do I have to talk to my manager first?**

No. Aqua encourages discussion of ethical issues with supervisors or managers because they are the people who know you and your job best. However, if you do not wish to discuss an issue with a manager, you can contact any of the other resources: the compliance officer, any member of management, any member of the audit committee or board of directors, the toll-free Employee Ethics Hotline, or the Convercent website.

**I know of a situation that may violate our code of conduct. Should I report it even if I'm not completely sure there is a problem?**

Yes, you should immediately report any possible violations to one of the resources listed in this code. The report will be taken seriously and investigated. It is better to report a suspicion that turns out not to be an issue than to ignore a possible violation.





# Our commitment to the company





***At all times, we observe honest and ethical conduct in the performance of the company's business.***

## Relationships with contractors, suppliers and vendors

Purchases by the company shall be based on the cost, quality and value of the product or service, including the experience and dependability of the vendor.

All of our business decisions must be made in Aqua's best interests, while developing and enhancing mutually productive relationships with customers and suppliers.

## Avoiding conflicts of interest

A conflict of interest may exist if your personal interests, activities or relationships interfere with the independent exercise of your judgment or your ability to properly perform your job at the company. Even the appearance of a conflict of interest might damage the company's reputation.

Examples of conflicts of interest include:

- You or a member of your immediate family work for, or have a financial interest in, a supplier, contractor, vendor, regulator or competitor of the company. The term immediate family means your spouse, parents, children, siblings, mother- or father-in-law, son- or daughter-in-law, and brother- or sister-in-law.
- You have an outside job or interest that significantly encroaches on your time and attention, or adversely affects the quality or quantity of your work at Aqua.
- You use or develop for your personal benefit a product or business opportunity related to the company's current or potential businesses.

The company will not make loans or extend credit guarantees for the personal benefit of employees, officers or directors, except as permitted by law and the listing standards of the New York Stock Exchange.

Officers, managers, supervisors and other employees involved in purchasing decisions are required to sign a statement confirming their compliance with the company's Conflict of Interest Policy annually.

***Related Policy: Conflict of Interest Policy***



## Q&A

**I have been offered a part-time job that will require me to work nights and weekends. Occasionally, I am on call for weekend work at Aqua. May I accept the part-time job?**

You are expected to put your duties at Aqua ahead of any other work commitments. Before accepting this job, speak to your manager to be sure it will not conflict with your responsibilities at Aqua. If a conflict with your duties at Aqua develops later, you may be asked to modify or terminate your other employment.

**My manager strongly suggested that I use a business owned by his sister to supply certain materials we use. Her business is legitimate and fairly priced. What should I do?**

We base our purchasing decisions solely on the cost, quality and value of the product and service, including the experience and dependability of the vendor. Although you can ethically use this vendor despite her relationship to your manager, the pressure from your manager to use her represents a conflict of interest. Speak to your manager about this, and if the pressure continues, contact the compliance officer. Any decision to use this vendor should be approved by a member of management above the level of your manager.

**My son just got a job with a company that supplies contractors to Aqua. Do I need to disclose this? He is not currently working on any Aqua projects.**

Though he may not be working on an Aqua project now, since this possibility exists, you should disclose your son's employment to the compliance officer.



## Gifts and entertainment

Occasional business-related entertainment, such as meals or sporting, theatrical or other public events, can create goodwill and foster sound working relationships. Acceptable business entertainment conforms to generally accepted business practices and is not likely to influence the participant's business judgment.

Employees, officers and directors and members of their immediate families must not exchange discounts, services, unusual hospitality, unusual entertainment or gifts of other than nominal value with current or prospective suppliers, contractors, vendors or competitors of the company. We must also respect the rules regarding gifts or entertainment of any client, supplier, distributor or regulator.

Employees, officers and directors and members of their immediate families may give or accept money or loans only from bona fide lending institutions at generally available interest rates.

If you are unsure about the appropriateness of any gift or entertainment, contact the compliance officer.

**Related Policy: Conflict of Interest Policy**



## Q&A

### **A contractor gave me two box-seat tickets to a baseball game. May I accept these tickets?**

The cost of these tickets is not excessive; therefore, you may accept them. Keep in mind that there are situations that would cause this offer to be unacceptable. For example, if the tickets were expensive or difficult to obtain, if this contractor gives you tickets or other entertainment on several occasions, or if our company was currently involved in a bidding process or contract negotiation with this contractor, the offer might have the appearance of trying to influence our decision, and you would need to refuse it.

### **What are some examples of nominal gifts and entertainment?**

Items such as t-shirts, mugs, pens or hats with a company logo are nominal, as well as payment for meals in a reasonably priced restaurant. Remember, even nominal gifts or entertainment can be unacceptable if they are frequent or if they cause the appearance of undue influence.

### **A supplier sponsored a reception at a trade show. All of the supplier's customers and potential customers were invited. Is it okay to attend this kind of event?**

Yes, because the event is not exclusive, you may attend. Be cautious that the event does not cause the appearance that the supplier is trying to obtain business favors from attendees.



## Keeping accurate records

Our company policy does not allow us to intentionally falsify or unlawfully destroy company records.

We maintain company records accurately and with an auditable record of all financial transactions, in conformance with generally accepted accounting principles. All entries reflect only the true nature of the transaction. We cooperate with the company's audit process and take no action, directly or indirectly, to fraudulently influence this process.

We will not destroy or otherwise impair the availability of any record with the intent to impede or influence an investigation by the company or any governmental authority.

As a publicly traded corporation, our filings and submissions with the Securities and Exchange Commission and our public communications provide full, fair, timely, accurate and understandable disclosure. All employees — those engaged in the preparation of these communications and those who provide information for them — take this responsibility very seriously. We do our best to ensure that the company's reports are complete, fair and understandable and are provided on a timely basis.

**Related Policy: Standards of Employee Conduct**



## Q&A

**I took a non-employee friend to lunch while visiting a plant. Is it okay to put the cost of her meal on my expense report if the total amount is not more than the expected reasonable cost of a meal?**

No. Your expense report should reflect the actual cost of your trip on behalf of the company; therefore, it should include the cost of your meal only.

**I found some documents that are several years old. They don't seem relevant any more. Should I throw them out?**

Before destroying any company documents, check with your manager. There might be legal requirements for retention of these documents or other reasons why they should not be destroyed.

## Proper use of company resources

Company property, including facilities, materials, supplies, information, intellectual property, software and other assets owned or leased by the company or in our possession, should be used for company business only. We do not use company resources for personal purposes except with proper authorization from an officer of the company.

## Business opportunities

Business opportunities that come to you as a result of your relationship with the company belong to the company. Before you or a member of your immediate family act on such an opportunity for personal benefit, disclose the opportunity to the compliance officer to be sure the company has declined it.

## Confidential information

We maintain the confidentiality of information acquired in the course of our work with the company. This includes information about the company's potential acquisitions, customers, vendors, competitors and other employees. We disclose information only when disclosure is approved by an officer of the company or otherwise legally mandated. We honor the confidentiality or restrictions on use of any information given to us in confidence by any party.

We safeguard proprietary information, which includes information that is not generally known to the public and has commercial value in the company's business.

We disclose company financial information only if disclosure is approved by the company, or after two full business days following the disclosure of such information in a press release or a report filed with the Securities and Exchange Commission.

**Some of our inspection procedures seem redundant or even unnecessary. If plant equipment is operating without problems, isn't it okay once in a while to sign the log book without making a thorough inspection?**

Thorough plant inspections and accurate log book entries are critical to public safety and the delivery of safe drinking water to our customers. In addition, they are part of our commitment to meet regulatory requirements. Never falsify a log book entry for any reason.



## Proper use of computers and technology

Aqua's technology equipment belongs to the company and is intended for business use. This includes any communications, information, or data created, transmitted, stored or received on these systems.

Limited, incidental personal use of company computers is allowed, but you are expected to use good judgment in determining acceptable use, and personal use may be restricted or terminated by the company at any time. Do not use the corporate system to transmit any information that violates the law or may be offensive, disruptive or inconsistent with the company's professional image.

The company may access, monitor, audit and disclose the contents of any information contained on corporate systems, including your personal email. Employees should have no expectation of privacy when using company equipment or technology for personal use or otherwise.

Our policies include security measures to safeguard system integrity. You are responsible for protecting your accounts, passwords and other authentication data. Do not reveal these to anyone, including family or other employees.

## Communications with the public

When communicating publicly, employees, officers and directors must separate personal views from the company's views. No one should speak on behalf of the company, for example to the media, analysts or public gatherings, without approval from senior management.

## Political, civic and charitable activities

Aqua and its employees are a vital part of the communities we serve. We encourage employees, officers and directors to participate in civic, charitable and political activities of their choice, and to contribute to candidates as they see fit.

The company maintains federal and state political action committees (PAC) to provide employees, officers and directors with a means to contribute to candidates. Joining or donating to a PAC is completely voluntary. Any questions regarding PAC activities should be directed to the PAC administrator.

### Related Policy:

- *Technology Acceptable-Use Policy*
- *Theft of Company Property Policy*
- *Employee-Customer Accounts Policy*



## Q&A

**I sometimes watch internet videos on my company computer. I do this on my lunch hour. Is this okay?**

No. Our policies forbid connecting to any video or audio sources on the Internet unless required in the course of normal business activity.

**I am an Aqua customer as well as an employee. Some of the information on my personal account needs to be changed. May I do this myself?**

No. Our policies strictly forbid employees from accessing their own customer accounts. Refer to the employee-customer accounts policy for more information.

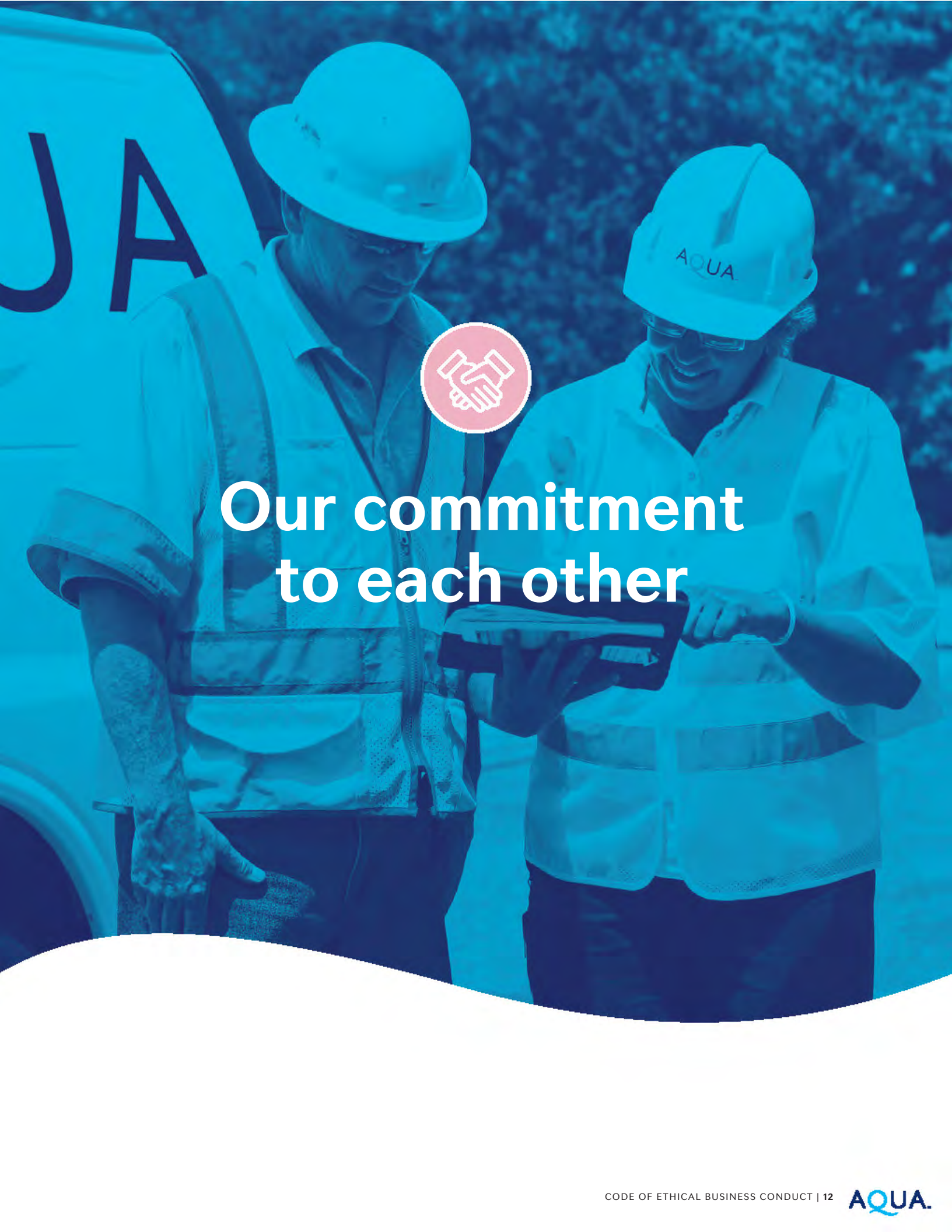
**Sometimes workers at our job site load scrap materials in their personal trucks. They say it's only going to be thrown away anyway so it's not hurting anyone. Is this acceptable?**

Scrap materials are not trash and, in fact, might have significant market value. Removing materials from a company facility or job site without permission from an officer of the company is stealing. It is against our policies and this code, and employees could be disciplined up to and including termination for doing it.

**I would like to use some company-owned equipment for a landscaping project at my father's house. I plan to do this on the weekend, when the equipment is idle anyway. Is this okay?**

No, you should not use company equipment for personal purposes. Company resources may be used for personal purposes only with proper authorization from an officer of the company.





# Our commitment to each other



## Respect in the workplace

Aqua strives to maintain a workplace that fosters mutual respect and promotes harmonious, productive working relationships. Aqua employees, officers and directors treat others with dignity and respect, including other employees, customers, regulators, stockholders, suppliers, vendors and visitors. We provide equal employment opportunity in our employment programs and decisions. Respect for one another is crucial to achieving success in our work in efficient, effective and innovative ways.

The senior leadership of the company expects that everyone will act responsibly to establish an inclusive and friendly work environment. Consistent with our vision, mission and core values, Aqua employees:

- Recognize similarities and value differences among all employees and customers.
- Strive to ensure a respectful work environment free from all forms of discrimination, including harassment, bullying or any other types of inappropriate behavior.
- Promote a cooperative work environment that fosters a positive attitude toward each other and our stakeholders.

Aqua does not tolerate harassment and other inappropriate workplace behavior. If you believe you are being harassed or subjected to disrespectful behavior, or if you have observed harassment or disrespectful behavior, report it immediately to your immediate supervisor, another member of management or human resources.

## Health and safety

### Security and workplace violence

Security is everyone's concern at Aqua. We do not allow unauthorized or unwanted persons to trespass on company property. Each of us must be aware of specific security concerns that might exist at our workplace and report any suspicious activities.

Firearms and other dangerous weapons are forbidden on company property. We do not tolerate acts or threats of violence, either verbal or physical. Report any act or threat immediately to your supervisor or facility security and/or your local police department (911).



## Q&A

**A member of my work crew had a minor accident at work the other day. No one was hurt. He does not want to report the incident because he doesn't want it on his record. What should I do?**

Remind your co-worker that our standards of employee conduct require that all workplace accidents and injuries should be reported immediately. If he still refuses to report the incident, you should report it to your supervisor.

**A co-worker sometimes tells ethnic jokes. He says that because he's a member of this ethnic group, his jokes are acceptable. No one has complained about these jokes, so are they acceptable?**

No. A joke that pokes fun at a specific group of people is potentially offensive, and it is inappropriate. It doesn't matter who is telling the joke or whether anyone has complained.

**I am supervising a contractor's work on an Aqua capital project. I found some minor issues with the work, but the contractor assured me they would be corrected later. What should I do?**

You have a responsibility to Aqua — and, ultimately, to our customers — to be diligent in your duties as an inspector. Your inspection report must list any issues you find, and the contractor must correct them in fulfillment of his contract.

**A co-worker seems anxious and unusually sensitive. Yesterday he spoke very harshly to another co-worker. What should I do?**

This kind of behavior is a warning sign that could lead to violence or other disruptive behavior. Speak to your supervisor or human resources about the situation.

### Related Policy:

- **Violence in the Workplace Prevention Policy**
- **Anti-Harassment Policy**



## Our commitment to conduct business fairly and in compliance with laws

Each employee, officer and director should deal fairly and in good faith with the company's other directors, employees, customers, suppliers, regulators, business partners and others.

### Compliance with laws

A variety of laws apply to the company and its operations. Each company employee, officer and director is expected to comply with all applicable governmental laws, rules and regulations.

The company must and will report all suspected criminal violations to the appropriate authorities for possible prosecution, and will investigate, address and report non-criminal violations as appropriate.

### Securities trading

It is against the law to trade in the company's securities while in possession of material, non-public information, known as inside information. It is also unlawful to disclose material, non-public, inside information to third parties who then use it to trade in the company's securities.

Information is considered non-public until it has been disclosed broadly to the general public, and it is considered material if it is important enough to influence a reasonable investor to buy, sell or hold the company's securities. Examples are information related to acquisitions and mergers, stock splits, dividend declarations, earnings or earnings projections, major management changes, expansion plans and other important corporate developments.



## Q&A

**At a family party, a relative asked me some very specific questions about our company. Is it okay to discuss these issues with family?**

Insider trading rules and our company policies on confidential information apply to members of your family. Do not discuss any confidential information about our company with friends and family, or even with other employees who have no specific business need to know the information.

**Through my job, I learned some confidential information about another company that could affect its stock price. I know I can't use this information to buy or sell stock, but is it okay to tell a friend about it?**

You are obligated to safeguard the confidentiality of the information you learned through your job. Sharing it is a violation of our company policy and this code. In addition, even if you do not personally profit from it, a tip based on this information violates insider trading rules and is unethical and illegal.





# Our commitment to sustainability





***Aqua has been in the business of practicing sustainability and corporate social responsibility for more than 130 years. After all, our business revolves around providing Earth's single most essential resource — water. Each year, Aqua delivers more than 86 billion gallons of water to about 3 million people — including families, businesses and school communities — across eight states. We have long believed that with this role comes an inherent responsibility to ensure that this finite resource is carefully protected.***

That responsibility starts with the fundamental processes we have in place to treat and deliver water – processes that ensure the water we provide to our customers is safe to drink and is treated through the most sustainable and environmentally friendly methods available. These practices include our wastewater business, where we have the great responsibility of ensuring that the treated water we return to the Earth is safe for all living things – people, animals and plants.

Our employees, officers and directors support our efforts to build a sustainable future. These efforts include measures in eight distinct categories.

- 1. Sustainable infrastructure** — Aqua is a leader among U.S. water suppliers in infrastructure replacement and rehabilitation investments. We are committed to a proactive approach to maintaining safe and reliable water and wastewater systems.
- 2. Tracking water production and delivery** — Aqua uses efficient and modern technologies to monitor its distribution network and to measure water production and delivery.
- 3. Treatment plants and wastewater reuse** — Aqua's team of professional engineers and production and treatment technicians have collectively made Aqua an industry leader in renovating older, less-efficient water facilities with state-of-the-art technology.
- 4. Residuals management** — Residual wastes are created during the water and wastewater treatment processes. Aqua owns and operates water and wastewater treatment plants that employ a number of sustainable, environmentally friendly means for proper treatment and disposal of residual wastes.
- 5. Watershed protection** — Aqua depends on reliable natural water sources to provide its service. Preservation of native vegetation and wildlife surrounding streams, rivers and reservoirs helps maintain water quality. Aqua's watershed protective initiatives have preserved large tracts of land that provide a home for wildlife and recreational venues for people.
- 6. Energy resources** — Aqua has considered how environmental changes, including climate change, might affect its utilities. We continue to address these issues with reservoir storage, conjunctive use of water resources, and emergency conservation and water-use restrictions, as well as investing in alternative energy sources, such as wind and solar.
- 7. A culture that values employees** — Aqua's employees are essential to our company's success, and your commitment, expertise and hard work make it possible to deliver life-sustaining services to millions of people every day. Together, we continue to create a work environment that ensures we recruit, train, retain and promote engaged, passionate employees who will flourish.
- 8. Contributing to our communities** — At Aqua, we believe our mission, vision and core values shape us as an exceptional company. They enable us to go above and beyond, making a positive impact on water, the environment, our communities and our work together. The Ripple Effect initiative represents our continued commitment to reinforcing these ideals – now and in the future. There are four areas that contribute to these efforts: volunteering, Aqua's charitable trust, work-life balance and knowledge sharing.



To read Aqua's sustainability report, please visit [CSR.AquaAmerica.com](https://www.aqua.com/CSR).



# Waivers



No waiver of any provisions of this Code of Ethical Business Conduct may be granted to any director or executive officer of the company except by the board of directors, and any such waiver must be promptly disclosed in accordance with all applicable laws and regulations. Waivers for other employees may only be granted by an officer of the company in consultation with the compliance officer.

Requests for a waiver of a provision of this code must be submitted in writing to an officer of the company and the compliance officer (general counsel) for appropriate review. For conduct involving a director or executive

officer, only the board of directors has the authority to waive a provision of this code. The corporate governance committee must review and approve any related party transaction as defined in Item 404(a) of Regulation S-K, promulgated by the Securities and Exchange Commission, before it is consummated. In the event of an approved waiver involving the conduct of a director or executive officer, appropriate and prompt disclosure must be made to the company's shareholders as required by the Securities and Exchange Commission or the New York Stock Exchange.