

California
Water
Service
Group

A New Day for ESG

2020 Environmental, Social,
and Governance Report





It's the dawn of a new day in Environmental, Social, and Governance (ESG) performance and reporting at California Water Service Group. We made excellent progress on ESG in 2020, and look forward to continuing to evolve and mature our program in the years ahead.

This report contains forward-looking statements within the meaning established by the Private Securities Litigation Reform Act of 1995. Because they are based upon currently available information, expectations, and projections, they are subject to various risks and uncertainties, and actual results may differ. Because of this, the Company advises all interested parties to carefully read and understand the Company's disclosure on risks and uncertainties found in Forms 10-K, 10-Q, and other reports filed with the Securities and Exchange Commission.

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CEO Letter



Pictured from left to right: Tony Flores (Rancho Dominguez District employee), Eric Lopez (Rancho Dominguez District employee), Marty Kropelnicki (President and Chief Executive Officer), DeiVionne Horton (Rancho Dominguez District employee)

As a company, “doing the right thing” has always been in our DNA. We strive to make the world a better place and take pride in our long-standing efforts to provide safe water at affordable rates, plan for our customers’ future water needs, be responsible stewards of the environment, give back to our communities, have the best-trained employees, and maintain the highest ethical standards. This commitment is distilled in our shared purpose, which is to enhance the quality of life for our customers, communities, employees, and stockholders.

We are building on that strong foundation, sharpening our focus on ESG and reporting in a way that is intended to meet the expectations of our customers, regulators, stockholders, and other partners. It’s a new day for ESG, and we look forward to evolving and maturing our program over the next several years.

Why ESG Matters

We are sharpening our focus on our ESG program because we believe that managing and addressing ESG risks is critical to the long-term sustainability of our business. As a provider of a precious and finite natural resource, we understand our responsibility to minimize our impact on the environment and prepare for the inevitable and significant effects of climate change. We recognize the importance of making water affordable and accessible to all we serve, despite the rising cost of delivering a reliable supply that meets increasingly stringent standards. And, at a time when society is wrestling with complex issues such as racial and social injustice, we must make our company be a place where everyone feels valued and has an opportunity to succeed.

Our Vision and Strategy

We are building an ESG program that plays a very real part in helping us achieve our purpose of enhancing the quality of life for those we serve, both now and into the future. Our strategy is simple: We focus our efforts on the ESG topics that are most relevant to our business. We set measurable, time-bound goals related to those topics. We measure and report our progress on achieving those goals. And, we weave ESG considerations into the decisions we make. We are organizing internally and collaborating externally to execute this strategy.

Key Achievements in 2020

It goes without saying that 2020 was a year of unprecedented challenges. The global pandemic put our emergency response capabilities to the test, and I’m proud to say we passed with flying colors. We went to great lengths to keep our employees safe, healthy, and informed, so that they could continue to serve our customers. We also made critical improvements to our infrastructure in order to continue to provide a safe, reliable, and affordable water supply to customers in the future.

To improve our ESG program and reporting, we partnered with a third party in 2020 to conduct a materiality assessment to determine the highest priority ESG topics to our internal and external stakeholders. After a rigorous process that included research and benchmarking, value chain mapping, stakeholder engagement, scoring, and validation with our leadership team, we identified our top ESG topics.

One issue cutting across many of our high-priority ESG topics is climate change. Climate change is a risk that has been identified through our Enterprise Risk Management and is overseen by me and our Board of Directors. In 2020, to bolster our understanding and address the risks posed by climate change, we established

a Water Resource Sustainability Department that combines employees from water supply and demand management. The new team reports to our Chief Citizenship Officer, a position created in 2020 that is tasked with leading future ESG efforts.

We also completed the first phase of a Climate Change Water Resources Monitoring and Adaptation Plan, which, when completed, will enable us to develop adaptation strategies based upon the vulnerability and risks of projected climate change impacts to our facilities, infrastructure, and water sources. This adaptation plan builds upon the climate change study we completed in 2016.

Looking to 2021 and Beyond

Having identified our top ESG priorities and produced our first report aligned with recognized reporting frameworks, we can now identify opportunities to strengthen our ESG performance. Working with our Board of Directors, we will establish a formal ESG vision and governance structure to drive improvement. We will set goals and key performance metrics related to our highest-priority ESG topics. We will continue to align our disclosures with the Sustainability Accounting Standards Board (SASB) Water Utilities & Services Industry Standards or other appropriate framework, and, most importantly, we will advance our efforts on understanding and addressing the risks associated with climate change and reporting our progress based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will include updates on these efforts in our next annual ESG Report.

A handwritten signature in black ink that reads "Martin A. Kropelnicki".

Martin A. Kropelnicki
President and Chief Executive Officer

Our Core Values



Integrity



Service



Value



Health and Safety



Respect and Collaboration



Corporate Citizenship

351,788 thousand cubic meters
of water delivered from Cal Water

12,324 kilometers
in total length of water mains

12,068 thousand cubic meters
of water delivered from Hawaii Water

143 kilometers
in total length of sewer pipe

1,733 thousand cubic meters
of water delivered from New Mexico Water

\$794.3 million
operating revenue (USD)

5,068 thousand cubic meters
of water delivered from Washington Water

1,182
total employees

About Us

At California Water Service Group, our purpose is to enhance the quality of life for our customers, communities, stockholders, and employees by being the leading provider of water and wastewater services. As the third-largest publicly traded water utility in the United States (NYSE:CWT), we serve more than 2 million people in over 100 communities.

Headquartered in San Jose, California, Group consists of four regulated subsidiaries: California Water Service (Cal Water), Hawaii Water Service (Hawaii Water), New Mexico Water Service (New Mexico Water), and Washington Water Service (Washington Water). We secure, treat, test, store, and distribute water, and we provide wastewater collection and treatment services. Our [10-K](#) includes additional information about our operations.

About This Report

We are pleased to present our 2020 Environmental, Social, and Governance (ESG) Report. This report, which covers our activities from January 1, 2020 to December 31, 2020, marks the fourth year of reporting on our ESG activities. We are excited to provide a broader and deeper view of these activities by reporting disclosures aligned with the [Sustainability Accounting Standards Board \(SASB\)](#) Water Utilities & Services Industry Standard and referencing the [Global Reporting Initiative \(GRI\) Standards](#). If you have any questions about this report, please contact Yvonne Kingman, Director of Corporate Communications, at sustainability@calwater.com.

Our Approach to Corporate Responsibility and Sustainability

Since our founding more than 90 years ago, we have worked hard to do the right thing, always. We take pride in our history and believe it has allowed us to provide sustained, long-term value to our customers, communities, stockholders, and employees. As a responsible steward of our planet’s most precious resource, the sustainability of our business is inextricably linked to the sustainability of our water supply and the wellbeing of our stakeholders. In our increasingly changing and interconnected world impacted by climate change, a global pandemic, social tensions, and technological innovations, it is more important than ever to build corporate responsibility, sustainability, and resilience into everything we do.

Over the past several years, we increased our focus on and increased our ESG efforts in numerous ways, as highlighted in this report. We are building upon our accomplishments to date while sharpening our focus on ESG and reporting to provide more transparency and information to our customers, regulators, stockholders, and other partners. It’s the dawn of a new day for ESG, and we look forward to evolving and maturing our program over the next several years.

To reach our ESG ambitions, we will continue to apply our “one-team” approach across departments and districts to coordinate efforts, maintain consistency in communications, and require accountability throughout our company. Cross-functional communication and collaboration enable us to supply necessary resources to our teams and support our employees as we work together to take ESG to the next level throughout our organization.

Looking ahead, we will be building upon our “one-team” culture and core values by establishing a formal ESG vision, governance structure, and goals to strengthen our management approach to and accountability for those ESG topics most important to Group and our stakeholders.

Finally, our ESG focus did not falter during this year of crises; in fact, the challenging year reaffirmed the importance of focusing on ESG and incorporating ESG considerations into how we do business. We remain committed to ensuring the health and safety of our people and communities, conducting our business responsibly, giving back, and reducing our impacts on the environment as we deliver on our core business activities.



Materiality Assessment

In 2020, we collaborated with a third party to perform a materiality assessment. This assessment was an evidence-based approach to update and prioritize the top ESG topics for our business and stakeholders. The insights gleaned from the assessment provided a refreshed basis for our ESG strategies, goal-setting, and disclosures, including this 2020 ESG Report.

The process included three stages: topic identification, prioritization, and validation. We identified potential topics through research and benchmarking, participated in an impact mapping session to connect topics to our value chain, engaged stakeholders and analyzed sources to collect evidence and perspectives, synthesized feedback, and validated the results through discussion with key internal leaders. We are reporting on our most material ESG topics, as well as additional topics we deemed to be high priorities, as noted below.

Reporting Topics¹

Environmental	Social	Workforce	Governance
<p>Most Material</p> <ul style="list-style-type: none"> Water Supply Management, Reliability, and Resilience Water System Efficiency and Conservation Climate Change, Energy, and Emissions <p>High Priority</p> <ul style="list-style-type: none"> Environmental Management and Compliance 	<p>Most Material</p> <ul style="list-style-type: none"> Drinking Water Quality and Customer Safety Emergency Preparedness and Response Water Affordability and Access Stakeholder Engagement and Public Participation Cybersecurity and Data Privacy Community Support <p>High Priority</p> <ul style="list-style-type: none"> Customer Service 	<p>Most Material</p> <ul style="list-style-type: none"> Diversity, Inclusion, and Equality Talent Attraction and Retention <p>High Priority</p> <ul style="list-style-type: none"> Workplace Health and Safety Training and Development Labor Relations and Management Compensation, Benefits, and Employee Wellbeing 	<p>Most Material</p> <ul style="list-style-type: none"> Public Policy and Political Involvement Corporate Governance Ethics <p>High Priority</p> <ul style="list-style-type: none"> Responsible Sourcing

¹The reporting topics are listed in priority order for each tier according to the results of the materiality assessment, with our most material ESG topics listed first. Each material topic is covered in detail throughout this report.

We were pleased to see the significant alignment between our top material ESG topics and the Tier 1 Risks we had previously identified as part of the Enterprise Risk Management (ERM) process we began in 2008. In 2021, we will further align our ESG topics and ERM risks and update models accordingly. Following is our 2020 Risk Responsibility Matrix, which demonstrates our commitment to accountability at the highest level of our company:

2020 Risk Responsibility Matrix

Board Oversight	Tier 1 Risk ¹	Lead Officer	Department
Full Board	Political Risk	VP, Customer Service and Chief Citizenship Officer	Government Affairs
	Regulatory Risk	VP, Corporate Development and Chief Regulatory Officer	Regulatory Relations
	Water Supply Risk	VP, Customer Service and Chief Citizenship Officer	Water Resource Sustainability
	Climate Change Risk	VP, Customer Service and Chief Citizenship Officer	Water Resource Sustainability
Enterprise Risk Management, Safety, and Security Committee (ESSC) ²	Environmental Contamination Risk	VP, Engineering and Chief Water Quality and Environmental Compliance Officer	Environmental
	Physical Safety and Security Risk	VP, IT and Chief Risk Officer	Safety
	Natural or Human Caused Disaster Risk	VP, IT and Chief Risk Officer and VP, Operations	Safety
	Emergency Preparedness and Business Continuity Risk	VP, IT and Chief Risk Officer	Safety and IT
Finance Committee	Water Quality Risk	VP, Engineering and Chief Water Quality and Environmental Compliance Officer	Water Quality
	Infrastructure Failure Risk	VP, Engineering and Chief Water Quality and Environmental Compliance Officer and Chief Engineering Officer	Engineering
Organization/ Compensation Committee	Credit Risk	VP, CFO and Treasurer and VP, Corporate Controller	Finance
	Talent Risk, Including Diversity, Equality, and Inclusion	VP, Human Resources	Human Resources
Audit Committee	Cybersecurity Risk	VP, IT and Chief Risk Officer	IT
	Third-Party Supplier Risk	VP, CFO and Treasurer and Chief Procurement Officer	Procurement

¹Each Tier 1 Risk topic is also led by designated officers of the Company across departments.

²The ESSC is responsible for the oversight of the ERM process, including ERM updates and annual reporting to the Board regarding compliance.

Engagement Activities

At Group, we engage a diverse group of stakeholders and proactively manage many of these relationships on an ongoing basis to foster open, two-way communication. We define stakeholders as those who could impact our ability to successfully run the business and/or may be impacted by our operations. The following table summarizes our engagement activities and key topics typically discussed with each stakeholder group:

Engagement Activities With Stakeholder Groups

Customers and Communities	Non-Governmental Organizations and Activists
<p>Primary Engagement Methods</p> <ul style="list-style-type: none"> Focus groups Interviews Meetings Presentations Surveys 	<p>Key Topics and Concerns</p> <ul style="list-style-type: none"> Climate change Community impacts Water quality and customer safety Emergency preparedness Water affordability Water conservation
<p>Employees</p> <p>Primary Engagement Methods</p> <ul style="list-style-type: none"> Focus groups Meetings Surveys 	<p>Key Topics and Concerns</p> <ul style="list-style-type: none"> Cybersecurity Diversity, equality, and inclusion Employee engagement Safety Water supply management, reliability, and resilience
<p>Industry Associations</p> <p>Primary Engagement Methods</p> <ul style="list-style-type: none"> Conferences Memberships 	<p>Key Topics and Concerns</p> <ul style="list-style-type: none"> Regulatory relations Water affordability Water system efficiency Water supply management, reliability, and resilience
<p>Investors</p> <p>Primary Engagement Methods</p> <ul style="list-style-type: none"> Conferences Earnings calls Meetings Securities and Exchange Commission filings 	<p>Key Topics and Concerns</p> <ul style="list-style-type: none"> Climate change Customer satisfaction Emissions and energy consumption Water supply management, reliability, and resilience
<p>Regulators and Legislators</p> <p>Primary Engagement Methods</p> <ul style="list-style-type: none"> Filings and reports Lobbying Meetings Trade associations 	<p>Key Topics and Concerns</p> <ul style="list-style-type: none"> Political involvement Public policy Water affordability Water supply management, reliability, and resilience
<p>Suppliers</p> <p>Primary Engagement Methods</p> <ul style="list-style-type: none"> Supplier audits and evaluation Contract negotiations 	<p>Key Topics and Concerns</p> <ul style="list-style-type: none"> Climate change Labor relations Local economic impact Supplier diversity

2020 COVID-19 Response

When COVID-19 began to impact the U.S., our CEO held enterprise-wide calls to inform employees about the status of the pandemic, explain the Company’s response, and offer outside guidance from experts. Below you will find an overview of the comprehensive measures we took—and continue to take—to support our customers, communities, and employees in response to the global public health crisis. Please see the [COVID-19 page](#) of our web site for more details.

Supporting Our Customers

In 2020, we continued to emphasize our dedication to our customers and their wellbeing and remained focused on water service reliability and affordability so our communities could depend on having the water they needed during this unpredictable time.

Our Customer Service Representatives made care calls to assure our customers we were available to support them. We offered flexible payment plans and extensions and provided more than \$402,000 in one-time hardship grants to customers who fell behind on payments during the pandemic. We also continued to offer and enroll those who qualify into our Low-Income Ratepayer Assistance (LIRA) program, and performed an additional data share with energy utilities to identify qualified customers who could be automatically enrolled in our LIRA program.

We took it upon ourselves, prior to any mandate, to suspend water service disconnections for those unable to pay their bills and restored service to those who were previously disconnected for non-payment.

We also took the unique step within the water utility industry to ask the California Public Utilities Commission (CPUC) to defer any rate increases in 2020. We continue to work with our customers so they can pay what they can afford and defer what they cannot; however, to prevent customers from facing an overwhelming balance after the pandemic has passed and to mitigate the future difficulty in paying deferred bills, we are actively collaborating with the CPUC to address this issue and provide long-term deferred payments plans in 2021.

Supporting Our Communities

As part of our Group-wide approach to supporting our communities, we partnered with local organizations in our service areas to help feed those in need and implemented a matching program for employees who contributed financially to COVID-19 relief efforts. Together with our employees, we gave a total of \$88,200 to local non-profits in response to COVID-19, bringing our total charitable contributions in 2020 to more than \$1.7 million. After this successful campaign in 2020, we initiated an ongoing employee match program that will now occur year-round.

Supporting Our Employees

In early 2020, we took swift action to protect our employees. This enabled us to make sure our essential workers could continue to provide safe, reliable water service to our customers while staying safe themselves. In addition to providing emotional support and education about the spread and prevention of the virus, we provided employees with up to 15 days of paid COVID-19 leave beyond their regular sick leave and vacation allowances, long before California mandated that employers provide up to 10 days of paid COVID-19 leave.



To keep our employees safe, we activated our Emergency Operations Center (EOC) to enable communication and coordination on instituting new protocols. By doing so, we were able to develop and manage a coordinated response, reduce impacts, and fulfill needs across our operations and offices in four U.S. states, including 22 California districts.

Throughout the pandemic, we collaborated across the Company to:

- Deliver multiple levels of training and guidance for COVID-19 protocols and safety measures, including temperature screening, contact tracing, use of masks and pulse oximeters, work from home expectations, and return-to-work integration;
- Conduct extra cleanings of our facilities;
- Develop signage for social distancing and awareness;

- Produce COVID-19 Essential Services Guidelines;
- Fund additions to our fleet to allow for social distancing in transit;
- Create new vehicle cleanliness checklists;
- Execute COVID-19 employee and contractor screening processes;
- Initiate COVID-19 district validation audits;
- Distribute personal protective equipment, such as thermometers and KN95 and surgical masks; and
- Provide necessary equipment to those employees who were able to work from home.

For our response to the pandemic in 2020, the Stevie Awards for Great Employers recognized us with a Silver Stevie® Award in the category of Most Valuable Employer for COVID-19 Response. Learn more about [this distinction](#) online.

Environmental Stewardship



Climate Change, Energy, and Emissions

The sustainability of our business is inextricably tied to the sustainability of our planet. There is strong scientific consensus that human activity is contributing to long-term, global climate change. We are already experiencing some of the effects of climate change, including more disastrous wildfires, frequent droughts, and extreme storms. Although it is difficult to know exactly how or when additional climate change impacts will unfold and affect our business, they are likely to be significant and complex. We have a responsibility to understand these risks and incorporate them into our business planning, so we can provide a reliable source of water for our customers in future decades.

In 2020, we established a new Water Resource Sustainability Department and completed the first phase of a water resource monitoring and adaptation plan, both of which will better enable us to address the risks posed by climate change, as described in more detail in the Risk Management section below. Guided by the framework from the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#), we will continue to develop and mature our climate change strategy. We are starting to incorporate the TCFD recommendations into our risk assessments and will be using its guidance as we develop new capabilities to understand the climate-related physical, transitional, and financial risks to our business.

Governance

Oversight of our climate change management approach ultimately lies with the full Board of Directors. The Nominating and Corporate Governance Committee is responsible for ESG issues; the Enterprise Risk Management, Safety, and Security Committee is responsible for the enterprise risk management (ERM) process, including ERM updates and annual reporting to the Board regarding compliance.

Within our executive leadership team, the CEO spearheads the planning and execution of our climate change strategy. Our Enterprise Risk Management team and Water Resource Sustainability Department collaborate to identify, assess, and manage climate-related risks and opportunities. The Enterprise Risk Management team incorporates climate into its risk analysis, which is reported to the Board. The Water Resource Sustainability Department coordinates our efforts to understand, plan, and execute our risk mitigation and overall strategies, overseen by our Vice President, Customer Service and Chief Citizenship Officer, who updates the Board throughout the year.

Strategy

Our responsibilities are twofold. First, it is important to build resilience and business continuity into our planning, infrastructure, and operations. To do this, we must understand and plan for potential impacts to our supply sources and how we manage them. We also need to anticipate changes in demand as our customer base grows and could shift where they live and work. This impacts how we enhance and manage our distribution network and assets to serve those customers.

Second, it is important to reduce our own and our customers' contributions to climate change as well as its potential impacts. We focus on where we have the most impact, which includes water demand management and conservation, increased energy efficiency in our facilities and fleets, and overall reductions in our energy consumption and emissions.

Risk Management

To understand and identify the impacts of climate change on our water sources, we initially completed a study in 2016 that assessed vulnerabilities in our local surface water, groundwater, and purchased water supplies. Our [Climate Change Update](#) includes the results of that study.

Over the past several years, we have identified new opportunities to enhance our water supplies and protect our business by reducing our exposure to climate change risks. We focus on both mitigation and adaptation, addressing our impact while seizing opportunities to strengthen our infrastructure and processes.

To increase the resiliency of our water supplies, we are diversifying supply sources to include recycled water, updating our plans for water shortages, and improving how we monitor our current and future supplies. To monitor and adapt to demand changes, we use sophisticated, localized forecast modeling across our districts, which incorporates long-term expectations regarding customer populations and income, precipitation and drought, temperature, new plumbing codes, and other factors.

In 2020, we began updating and expanding this work, collaborating with a third party to develop a detailed and comprehensive Water Resources Monitoring and Adaptation Plan. This multiphase initiative includes identifying and prioritizing climate-related risks to our facilities, operations, and water supply portfolio; understanding climate-related impacts to our demand forecasts; and developing mitigation and adaptation strategies. The analysis is being conducted at the service district level and incorporates climate scenario modeling and multiple adaptation pathways. We expect the output of this work to contribute to the development of more sophisticated adaptation strategies to increase system resiliency and reduce climate change impacts to our business. We will provide updates regarding this work in our annual ESG reports.

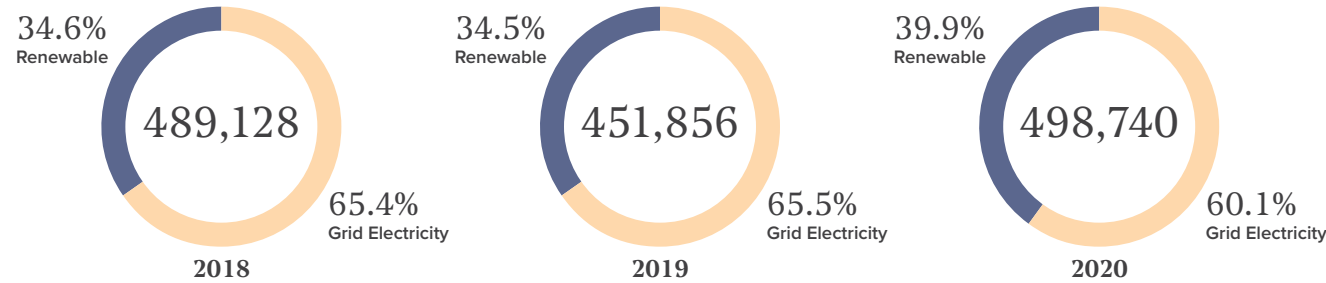
Regarding energy and emissions reductions, we target opportunities across our distribution network and also have multiple programs to encourage customer conservation. For more information, please see the [Energy and Emissions](#) section below and the [Water System Efficiency and Conservation](#) section of this report.



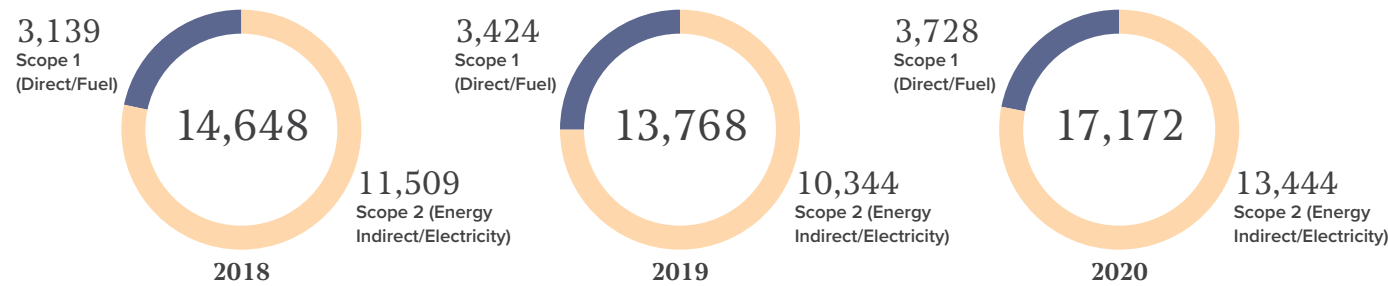
Metrics¹

We began tracking our Scope 1 and 2 emissions in 2014 and have reduced them by 25% as of 2020. We continue to enhance our energy and emissions tracking and internal reporting to help focus on improvements each year.

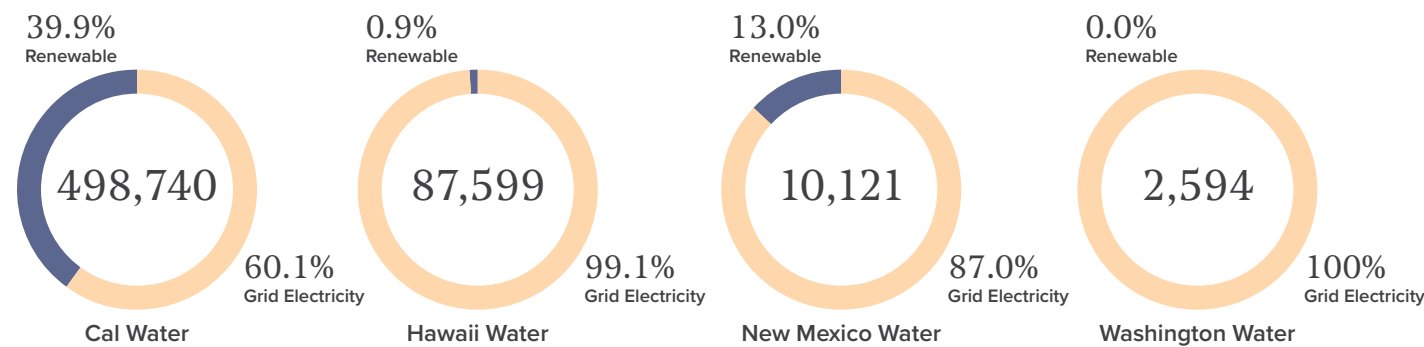
Cal Water Year-Over-Year Total Energy Consumption (GJ)²



Cal Water Year-Over-Year Greenhouse Gas Emissions (Metric Tons CO₂e)³



State-to-State Energy Consumption Comparison for 2020 (GJ)



¹ CO₂e = carbon dioxide equivalent; GHG = greenhouse gas; GJ = gigajoule

² The 2020 increase in use of electricity from renewable sources is due to higher availability from our electric utilities. Although we are committed to minimizing our carbon footprint, our ability to make investments to reduce our emissions is limited because such investments must be supported by our regulators, the state public utilities commissions. As we mature our climate change strategy, we will focus on what we can control and advocate for meaningful progress from our regulators.

³ GHG emissions only include Cal Water. We use direct consumption and renewable energy content data from our utilities and fleet management company for our energy and emissions data. Emissions ratios for our Scope 1 and 2 emissions calculations are based on the [United States Environmental Protection Agency \(EPA's\) Emissions & Generation Resource Integrated Database \(eGRID2016\)](#). The increase in Scope 1 emissions in 2020 was caused by an increase in fuel consumption and the number of vehicles used during the pandemic to support social distancing. The increase in Scope 2 emissions in 2020 was caused by an increase in overall energy consumption, attributed in part to new accounts coming online (919 in 2019 to 942 in 2020) and increased consumption in existing accounts; the Clean Power Alliance also has 19% of power from "Unspecific Sources," which prevents us from tracing the source of energy.

Energy and Emissions Reduction

The Strategic Operations Committee, composed of a group of our senior officers, oversees our energy management strategy. This strategy includes two priority focus areas: the energy efficiency of our facilities and distribution network and fuel consumption of our fleet.

To improve the energy efficiency and emissions footprint of our operations, we continue to evaluate our processes and programs for monitoring and improving performance. We also partner with the electric utilities to implement energy efficiency programs, attain energy rebates, and complete efficiency improvements to facilities.

Below are many of the programs that support our energy and emissions reduction initiatives:

Facilities and Infrastructure

- Analysis of system energy efficiency, targeting facility improvements and reduction in energy consumption related to water loss. A Water Infrastructure System Efficiency (WISE) program baseline study informed our approach.
- Water pump and motor replacement program. In 2020, we completed 41 of these replacement projects and more than 900 pump efficiency tests to identify future projects.
- HVAC system optimization at our Customer Support Services office facilities. The units were replaced in 2020.

Renewable Energy

- Solar panels at our Chico District Customer Center.
- Wind turbine at our Waikoloa wastewater treatment plant.
- Demand response programs, which aim to reduce energy demand during peak times:
 - Bakersfield peak demand reduction program;
 - "Rider-M program" in our Hawaii subsidiary, through which we shut down certain wells during peak energy use periods, and receive a rebate directly credited to customers through our power cost adjustment; and
 - Ongoing pilot study with the Electric Power Research Institute (EPRI) on-demand response program in East Los Angeles.
- California's Direct Access energy purchase program. Through this program, we would purchase electricity for several of our systems from a separate provider, rather than Southern California Edison (SCE). Selection criteria for the provider would include its renewable energy profile. Access to this program is limited and governed by a lottery process, which we entered in both 2019 and 2020.
- Power in California districts purchased from Community Choice Aggregators, which have higher percentages of renewable power sources compared to regular facilities. Community Choice Aggregators provide their power content publicly every year, and we review our purchases accordingly.

Employee Engagement

- Commuter benefits program focused on public transportation and ride-sharing. This program was temporarily suspended due to the coronavirus, but will be reinstated when appropriate.

Our Fleet team is responsible for improving our fleet’s fuel consumption strategy. We incorporate hybrids and electric vehicles into our fleet when economically viable to replace aging vehicles, and we have electric vehicle chargers at both our San Jose campus and our Bayshore District facilities. In 2021, the team began a fleet strategy update that includes an evaluation of relevant policies. Fleet goals include increasing the use of zero emissions or green vehicles and improving overall fleet fuel efficiency. The output of this project includes a vehicle sustainability roadmap, including a standard for service vehicles and upfittings and any relevant policy recommendations. An update will be provided in our next ESG report.

Water Supply Management, Reliability, and Resilience

Our success depends on our ability to provide a reliable supply of safe, high-quality water for customers’ everyday use and firefighters’ emergency needs. Through our water reliability plans and studies, we seek to identify existing and future supplies, project demand over time, and mitigate any gaps between supply and demand.

Management

The Water Resources team, led by the Director of Water Resource Sustainability, reports to the Vice President, Customer Service and Chief Citizenship Officer, who oversees our water supply strategy with the President and CEO. The team and officers report relevant information related to water supply and climate change impacts to the Board. Our [Policy on Environmental Responsibility and Sustainability](#) addresses our commitments to water quality, reliability, and environmental standards.

Our Approach

Water supply management encompasses the reliability of the water supply itself as well as operational reliability, meaning the distribution network and infrastructure delivering that water to customers. In planning, we take deliberate steps to support these priorities and manage risks related to the quality and availability of water resources, and we maintain a forward-looking approach to identify changing regulations and their implications for our business.

Supply Management

We engage and coordinate with government agencies and other stakeholders to responsibly and effectively manage supply sources and meet or surpass regulatory requirements. California’s 2014 Sustainable Groundwater Management Act (SGMA) required establishment of a local groundwater sustainability agency (GSA) in each priority area designated by the California Department of Water Resources. We continue to advocate for the importance of including investor-owned water utilities in SGMA planning, the recognition of contributions by responsible water providers such as California Water Service, and the need to execute effective water conservation plans to reduce groundwater use. As active participants in select GSAs in our service areas, we partner with other participating agencies to address concerns, including lowered groundwater levels, reduced groundwater storage, seawater intrusion, degraded water quality, land subsidence, and depletion of interconnected surface water. We also collaborate closely with our partner GSAs to enhance their local groundwater sustainability plans by reviewing potential projects and participating on appropriate boards and committees.

Additionally, we continue to invest in supply reliability in our planning and operations. In 2020, we began updating our Urban Water Management Plans (UWMPs) in accordance with the California Water Code. Beyond what the Code requires, we are completing these UWMPs for all of our service areas, regardless of whether they meet the definition of an urban retail water supplier. Please see our [web site](#) for California Water Service’s 2015 UWMPs; our 2020 UWMPs are scheduled to be finalized and available on our web site in the second half of 2021.

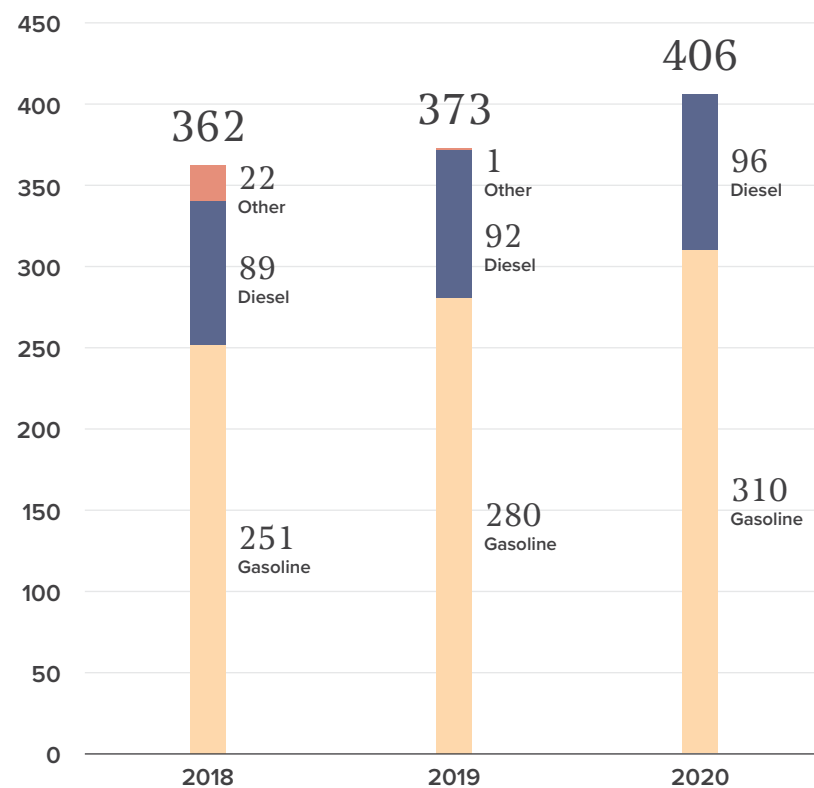
We also began development of our first Water Supply Reliability Plan for our districts in 2020. These plans, in conjunction with our UWMPs and Conservation Master Plans, describe and evaluate sources of supply, efficient uses, reclamation, and demand management activities. To read more about our Conservation Master Plans, please see the [Water System Efficiency and Conservation](#) section of this report.

Other ongoing initiatives to manage our water supply include:

- Collaboration with court-appointed water masters or groundwater management authorities who oversee the West and Central Basins in Los Angeles
- A regional groundwater storage and recovery project with the San Francisco Public Utilities Commission, City of San Bruno, and Daly City
- Potable Reuse Exploratory Plan Phase 3, which is investigating a direct potable reuse pilot study in the Bay Area
- Increased use of surface water and reduced groundwater pumping to allow for aquifer recovery in the Bakersfield District
- Groundwater well treatment projects, which earned Cal Water an [“Outstanding Water Project” award](#) for 1, 2, 3-trichloropropane (TCP) treatment and compliance
- Exploration of a groundwater recharge facility in the Visalia District, as well as research opportunities to protect supply through multiple augmentation techniques including groundwater banking

To balance our sources and enhance the diversity of our water supply, we also seek to supplement our supply with alternative water resources where possible. We have implemented recycled water projects in various locations in California, including Cupertino, Thousand Oaks, Carson, and elsewhere in the Rancho Dominguez District.

Fleet Fuel Consumption (Thousand Gallons)¹



¹Fleet fuel consumption only includes Cal Water. An increase in the number of vehicles, primarily due to pandemic response measures, contributed to an increase in fleet fuel consumption.

System and Infrastructure Management

We continue to invest in our infrastructure to enhance the reliability and resilience of our water supply. We accomplish this by building a level of redundancy so water remains available if a particular source or facility is unavailable and strategically investing in our system infrastructure, reducing water loss and related costs. Please refer to the following section of this report (Water System Efficiency and Conservation) to learn more.

We also continue to pursue projects that maintain a sufficient, reliable water supply for firefighting and for our customers in the event of wildfire-related power shutoffs or outages, particularly in areas increasingly susceptible to wildfires. We are currently working on more than 40 projects in 13 service territories to address potential wildfire risk. These projects include installation of additional water mains, hydrants, valves, pump connections, and power generators to deliver water supplies to areas in need and minimize the possibility of our systems becoming overwhelmed in the event of a wildfire or a power shutoff or outage.

Water System Efficiency and Conservation

We take a holistic approach to water efficiency and conservation, which directly impacts overall costs by reducing the need to invest in additional infrastructure to meet demand and, ultimately, contributes to affordability for our customers. We are committed to meeting or surpassing all regulatory requirements and thereby maintaining trust with our stakeholders.

Management

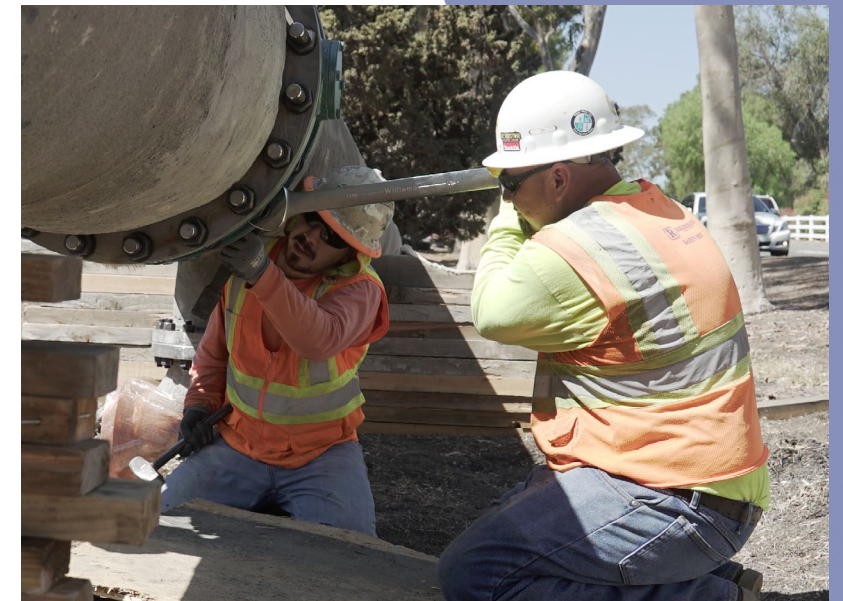
We strive to embed an efficiency-focused, conservation-minded culture across the Company. Our Director of Water Resource Sustainability leads our Conservation Department, which includes our customer-facing conservation team and our teams responsible for minimizing internal water loss in our systems. Our Conservation and Asset Management teams partner to enhance efficiency through optimized infrastructure investments and proactive programs to achieve water conservation targets. Our [Policy on Environmental Responsibility and Sustainability](#) highlights our related processes and commitments.

Strategy

To reduce water loss in our systems, we strive to diligently replace, repair, and upgrade water and wastewater infrastructure and assets. To drive further efficiencies, we engage our customers to educate them about conservation, support their progress, and deliver savings for reduced leaks and water consumption. Together, these efforts reduce demand, waste, and overall costs, which in turn help us maintain adequate supply and keep rates affordable.

In Our Distribution Network

Investing in our infrastructure is critical to improving the efficiency of our distribution network and the reliability of our water supply. We maintain a 30-year Water Supply and Facilities Master Plan for each California district. These plans include assessing existing infrastructure and forecasting potential mid- and long-term infrastructure needs to assist with maintaining and improving our long-term operational reliability. Additionally, we incorporate our supply reliability analysis and ongoing infrastructure assessments into our plan activities.



\$298.7 million
 invested in water system infrastructure
 Group-wide in 2020 (USD)

Key 2020 Metrics

Metric	Units ¹	2020
Total water sourced	thousand m ³	Cal Water 386,456
		Hawaii Water 12,068
		New Mexico Water 2,126
		Washington Water 5,603
Volume of recycled water delivered to customers	thousand m ³	Cal Water 6,678
		Hawaii Water 703
		New Mexico Water 241
		Washington Water 0

¹m³ = cubic meters

HIGHLIGHT

Ensuring Reliability on the Palos Verdes Peninsula

In 2020, we completed the Palos Verdes Peninsula Water Reliability Project, the largest capital improvement project in company history. Working cooperatively with our community, we installed approximately 7 miles of new large-diameter pipeline and added a second pump station on a separate electrical grid, which together help guard against the risk of prolonged service outages due to disruptions such as natural disasters. Our effort enhanced the reliability of the drinking water infrastructure for the more than 70,000 residents on the Palos Verdes Peninsula.





To further strengthen our operational systems, we recently received approval from the CPUC to increase our average annual main replacement rate in California to 0.76% per year by 2021. Our Enterprise Asset Management applications and practices help us extract the maximum use from our infrastructure while proactively upgrading any components that may become unreliable or more expensive to repair in the future. In 2020, we invested \$298.7 million Group-wide in water system infrastructure, which included—among other things—more than 169,000 feet of water pipeline installation or replacement and implementation of 12 plant asset management programs that include renewal and replacement of pumps, panels, flow measurement and controls, and tank corrosion control.

In addition to infrastructure investments, we operate the following programs and initiatives to control water loss:

- The Water Loss Auditing and Control Project, which seeks early identification and correction of system leaks and data errors
- Aggressive asset management reliability programs for production meter calibration of wells, treatment plants, and interconnections
- Customer meter testing and replacement program
- Leak monitoring and detection programs
- A water loss control steering committee composed of department heads and key staff to allow for alignment across departments
- Participation in the stakeholder workgroup process established by the California State Water Resources Control Board on performance standards for water loss control, with subsequent engagement in the rulemaking to establish those standards

In 2021, we plan to assess the effectiveness of our water loss control and management program and identify any adjustments that should be made to enhance the program. Additionally, we anticipate completing updates to our Conservation Master Plans, which summarize our conservation measures, implementation process, costs, and evaluation of our water conservation programs in each district on a 5-year cycle.

At the Tap

We have robust programs in place to help customers conserve water and understand their consumption, as well as a plan to prepare our business for future regulations and potential shortages in supply availability. Our [Drought Response Program](#) includes our Water Shortage Contingency Plan and outlines prohibited uses for water and plans for drought response. To further support this program, we educate consumers about their impact and offer a range of programs and options to promote end-use efficiency and improve savings. We also recently acquired Pump Pod Direct Recirculating Apparatus Firefighting Training & Sustainability units for the Los Angeles County and Visalia Fire Departments. The units enable firefighters to practice without wasting water and together save an estimated 8.5 million gallons of water per year.

Each of our California districts has established demand reduction targets that are consistent with regulatory requirements. Current targets are tied to the 20 x 2020 targets adopted by the State of California. The 20 x 2020 targets allow for suppliers to comply by individual district or by meeting a regional alliance target. Based on preliminary 2020 data, we expect all districts to meet their individual target, regional alliance target, or both. Preliminary figures are included in the [appendix](#) of this report, and final figures will be reported in the upcoming update to our UWMPs.

Key 2020 Metrics

Metric	Units ¹	2020
Total length of water mains	km	12,324
Length of water mains by state	km	Cal Water 10,733
		Hawaii Water 225
		New Mexico Water 233
		Washington Water 1,133
Total length of sewer pipe	km	143
Length of sewer pipe by state	km	Cal Water 13
		Hawaii Water 71
		New Mexico Water 56
		Washington Water 3
Volume of non-revenue real water losses	thousand m ³	15,373

¹km = kilometers; m³ = cubic meters

162,900
cubic meters

saved in 2020 by our customer water-saving efficiency measures across our 24 California conservation districts

99%

water utility revenues from rate structures that are designed to promote conservation and revenue resilience

43 million gallons

saved annually through conservation devices rebated or distributed

Total Water Delivered¹

Metric	Units ²	2020
Residential customers	thousand m ³	241,015
Commercial customers		69,993
Industrial customers		16,883
All other customers		23,897

¹Total water delivered by customer type includes Cal Water only. Data for other subsidiaries not yet available.

²m³ = cubic meters

Other ongoing initiatives include:

- Tiered customer rates structured to encourage conservation
- Rebates for high-efficiency toilets and clothes washers indoors
- Rebates for smart irrigation controllers and high-efficiency sprinkler nozzles outdoors
- Conservation kits for customers that include high-efficiency showerheads, hose nozzles, faucet aerators, and leak detection tablets
- Installation of high-efficiency toilets, geared to Low-Income Ratepayer Assistance (LIRA) program participants
- Customized incentive programs for commercial customers
- Educational opportunities to learn more about conservation, including a school education program, informational fact sheets, online resources, and local water conservation reports

We also work to support conservation through memberships, partnerships, and external collaborations, which include:

- Participation in the EPA WaterSense program
- Membership in the Alliance for Water Efficiency

- Service on the Board of Directors for the California Water Efficiency Partnership
- Engagement with the American Water Works Association

To inform our future programs, we are performing a study to analyze how conservation efforts may have also reduced operating costs over the last decade and resulted in financial benefits for our ratepayers. We will provide further details after completing the report in 2021.

Resources

Please see the following water system efficiency and conservation resources for each of our subsidiaries for more information:

- California Water Service: [Rebates](#), [Smart Landscape Tune-Up Program](#), [Conservation Kits](#), [H₂O Challenge](#), [Report Leaks and Waste](#), [Water Conservation Reports](#), and [Conservation Resources](#)
- Washington Water Service: [Water Conservation](#), [Water-Use Efficiency Report](#), [Conservation Resources](#), and [Conservation Links](#)
- New Mexico Water Service: [Conservation Tips](#) and [Other Resources](#)
- Hawaii Water Service: [Conservation Tips](#) and [Other Resources](#)

Environmental Management and Compliance

As a water and wastewater utility, it is our responsibility to minimize negative impacts from our operations and mitigate associated financial impacts. To support healthier and diverse habitats, and to help preserve and improve water quality in the environment, we also contribute to the restoration of the natural environment.

Management

Our Director of Environmental Affairs manages our environmental stewardship efforts and reports directly to the Vice President, Engineering and Chief Water Quality and Environmental Compliance Officer, who is responsible for overseeing our environmental management and updating the Board’s Enterprise Risk Management, Safety, and Security Committee no less than annually.

We maintain a robust environmental management program to help us minimize our impacts on the environment, protect the natural resources upon which we depend, comply with relevant laws and regulations, and meet or surpass the environmental standards for our industry. Additionally, our company-wide [environmental policy](#) outlines our responsibilities to protect our watersheds and prevent pollution.

Performance

We are committed to achieving our annual goal of having zero environmental violations or penalties from non-compliance with regulations. If a violation were to occur, we have the processes in place to report it to the appropriate regulatory entity in a timely manner, identify root causes, and take action to avoid future violations.

In 2020, we had no environmental violations related to standards for air, soil, waste handling, and effluent discharge. We celebrate this success and continue to use and improve our tools and processes that helped us to accomplish this, while striving for violation-free performance every year.

Water Discharges

Compliance with water effluent quality permits, standards, and regulations requires effective effluent management and discharge treatment. Our Environmental and Water Quality Departments work closely together to maintain an efficient approach. As part of long-term planning and management, we seek to identify the most effective, feasible treatment options and technologies on an industry-wide level, communicate strategies to our suppliers, perform audits, and develop sufficient response plans to be prepared for emergencies.

Similarly, for potable water, sudden infrastructure failures could allow discharge of chlorinated water into a sensitive water body—one which contains aquatic species and plants that can be harmed by such discharges—so we maintain strict emergency procedures, including validation from a third-party biologist, in our efforts to prevent negative impacts to the environment. We also conduct annual employee training on water discharge practices, which, beyond effluent and potable water discharges, include well water discharges related to groundwater treatment.



HIGHLIGHT

Helping Customers Tune Up Their Landscapes

In 2020, we launched the new smart landscape tune-up program, whereby we evaluate customers’ irrigation systems and then have our contractors fix system leaks and address inefficiencies at no cost to the customers. This program, which targets low-income customers, reduces water waste and promotes affordability.

Water and Wastewater Discharge Treatment

To align with applicable regulations, in 2020 we initiated the process to obtain water discharge permits issued by the National Pollutant Discharge Elimination System. This program regulates sources of pollutants that are discharged into U.S. waters.

We have engineered processes that provide advanced treatment to meet discharge requirements. Treatment processes vary by location. Some facilities use membrane bio-reactor (MBR) wastewater treatment systems, which include ultraviolet disinfection, to produce high-quality effluent for non-potable reuse. Other facilities use activated sludge, moving bed biofilm reactor, and rotating biological contractor technologies for conventional effluent disposal. The primary circumstance where disinfected, potable water could be released into the environment is during a main break. When that occurs, responding field crews take action to neutralize the treated water before it reaches sensitive water sources.

Regulatory requirements change over time, so we maintain dialogue with regulatory bodies and monitor legislative updates to allow sufficient time and budget to achieve compliance with new requirements. We monitor the regulatory requirements for removing of contaminants of emerging concern and the possible need to consider treatment technologies beyond MBR and ultraviolet disinfection to reduce wastewater constituents.

We also work to comply with new requirements to manage backwash water of treatment equipment, and we aim to secure and activate these permits for potable water compliance by the end of 2021. Additionally, we seek to implement direct reuse of treated wastewater in all operating locations where feasible.

Sanitary Sewers

We regularly clean and maintain our sewers in an effort to achieve zero sanitary sewer overflows (SSOs) in our systems. By using Closed Circuit Television Video inspection, we minimize the invasive methods needed to inspect our wastewater collection systems. We also clean our systems regularly with high-pressure equipment as part of our proactive efforts to prevent flooding or blockages. In California, we are developing a Sanitary Sewer Management Plan for a wastewater collection system to minimize the possibility of an SSO. The plan will establish a frequency standard for sewer line maintenance. To address sewage sludge, we continue to dispose of bio-solids generated at our wastewater facilities in alignment with applicable regulatory requirements.

Wastewater Management

Metric	Units ¹	2020
Average volume of wastewater treated per day	m ³ per day	Cal Water 0
		Hawaii Water 3,343
		New Mexico Water 1,323
		Washington Water 94
Number of sanitary sewer overflows	number	Cal Water 0
		Hawaii Water 4
		New Mexico Water 0
		Washington Water 0
Volume of sanitary sewer overflows	m ³	Hawaii Water 19.5

¹m³ = cubic meters



Materials and Waste

We seek to reduce both hazardous and non-hazardous waste generation in our operations. The safety of our employees is a top priority, so we provide all employees who may handle waste with access to the appropriate training and tools. We provide regular guidance and education, including online training on topics such as safe segregation of different waste types. We seek out and use alternative, lower-toxicity, and safer materials when feasible to protect our employees and the environment.

Chromium is the most significant hazardous waste stream from our active operations. By modifying our treatment process to remove and recycle chromium, as of December 31, 2020, we have reduced our hazardous waste by 70% since 2016. We also have undertaken a voluntary, proactive effort in recent years to remediate any residual mercury found in soil from system components removed decades ago. We will continue to be vigilant in removing historical contaminants that may be found.

To reduce non-hazardous waste, we seek to increase recycling and reuse across our facilities and operations. We are proud of our success, for example, in repurposing the waste sandblast materials from water storage tank cleanings into materials for building and repairing roads.



Social Responsibility

Community Support

As a responsible corporate citizen, we want to enhance the quality of life in our communities. Additionally, we become a stronger company when we harness our workforce and resources to contribute to the health and success of our districts and communities.

Our Approach

We support local communities across our districts through volunteerism, in-kind contributions, and financial donations to a wide range of charitable organizations. District Managers work with a designated Community Affairs team member to identify and plan relevant, impactful activities and contributions. We seek to engage at every level and location of our operations, because we are passionate about improving the quality of life for our stakeholders.

In 2020, we partnered with a number of local organizations that share the same dedication to our communities. For example, we have a long-standing relationship with California State University, Bakersfield, where almost half of the students are first-generation college students and the majority are from the economically challenged Central Valley. We continue to support the newly accredited Engineering School and undergraduate research at the university. Please see our [web site](#) for further information about this collaboration.



more than
\$1.7 million
donated to local organizations in 2020



Additionally, Group and our subsidiaries donated more than \$1.7 million last year to local organizations as part of our philanthropic efforts. This included contributions from our second annual Firefighter Grant Program, which provided \$148,500 to fire departments in our districts to purchase life-saving equipment and gear. Our donations also covered college scholarships that totaled \$80,000 for the 2020–2021 academic year. Please see our [web site](#) for more information on the most recent recipients and details about eligibility for this program.

Finally, to learn more about how we continued supporting our communities through the COVID-19 pandemic, please refer to the [2020 COVID-19 Response](#) section of this report.

Stakeholder Engagement and Public Participation

We share information about our operations and initiatives with key stakeholders to improve public understanding and trust, build partnerships, and increase our awareness of external perspectives. Regular engagement enables us to directly inform and educate our stakeholders and receive feedback to continually improve our processes and operations.

Our Community Affairs team reports our stakeholder engagement initiatives to our Director of Community Affairs and Government Relations, who raises relevant issues with the Vice President, Customer Service and Chief Citizenship Officer. Together, these leaders share highlights about plans and specific outcomes with the Board of Directors.

Resources

Please see the following resources for additional information about our community support:

- [Cal Water: In the Community](#)
- [Washington Water: In the Community](#)
- [Hawaii Water: In the Community](#)
- [New Mexico Water: Community](#)

HIGHLIGHT

Recognizing Our Community Support

In 2020, the South San Francisco Chamber of Commerce awarded us the “Legacy Award” because of our participation in the organization since 1946. Additionally, a Cal Water team member, Bayshore Customer Service Manager Kathy Hoffman, received the “Joseph Fernekas Volunteer of the Year” award for her dedicated fundraising efforts and support of the local community. For more information, please see our [web site](#).

Our Approach

Our approach to stakeholder engagement and public participation relies on consistent, open, and informative dialogue. This allows us to build relationships, address concerns, and receive input, which we can incorporate into our planning. We communicate with stakeholders through informal conversations, emails, phone and video calls, in-person meetings, and public speaking events. We share information about our business that is relevant to the community, including both positive and negative news, to keep our stakeholders informed and aware.

Part of our efforts are focused on engaging with “grasstop” stakeholders, such as city council members, county supervisors, Chamber of Commerce board and committee members, and other engaged leaders. We proactively inform them about issues concerning our services and industry, such as water quality concerns and precautionary measures, rates and rate changes, necessary infrastructure improvements, and Public Safety Power Shutoffs (PSPS), which they disseminate to the public. By continually developing these relationships, we further enable community leaders to bring complaints or issues from the public to our attention so we can work to resolve them.

HIGHLIGHTS

Supporting Access to Safe Water

We are proud to be among the first and very few water service utilities to support legislation that created California’s Safe Affordable Drinking Water Fund. In 2012, California established a human right to water, but many water systems do not generate the appropriate revenue to provide safe and reliable water service. We worked with partners such as the Community Water Center and Self-Help Enterprises over the course of multiple years on a solution to this critical problem and to help provide access to safe, reliable, and affordable water.

Engaging With External Organizations

We continue to engage with external organizations and initiatives through our memberships in various associations, including:

- National Association of Water Companies (NAWC)
- American Water Works Association
- California Water Association
- Alliance for Water Efficiency
- California Chamber of Commerce
- California Water Efficiency Partnership
- California Hispanic Chamber of Commerce

Increasing Our Effectiveness

As part of our efforts to communicate and to measure and improve our effectiveness, we have evolved our processes to track stakeholder engagement and feedback. We initiated a new process and platform in 2020 that allow us to analyze our collective interactions, including the channel, tone, location, issues, participating team members, and stakeholders involved. These insights will help us better understand the nature of our work and allow us to set key performance indicators to measure, track, and improve our stakeholder relationships.

In 2020, we also began conducting in-depth interviews with local community stakeholders. These discussions, which will inform our future strategies and approach to engagement, focused on learning what views and suggestions community leaders hear from their constituents, both positive and negative, and how they view our California subsidiary. Interviewees were selected to provide representation from each of our four service regions in California.

Our District Managers have long been encouraged to take leadership roles and make meaningful contributions to charitable organizations. To support their efforts, we recently launched an initiative to provide a thorough list of community involvement opportunities for district management. This District Engagement Register, which also covers philanthropy, will help our managers engage in meaningful participation in the community and allow us to maintain visibility over the points of connection. For example, managers may join service clubs, sit on community boards, and participate in citizen advisory committees, among other opportunities. This register will be part of our District Engagement Conspectus, which provides a more formalized approach for engagement to provide for consistency across service districts.

Emergency Preparedness and Response

Our primary responsibility remains providing a reliable supply of safe and clean water to our customers and communities, even in times of emergency or crisis. This requires extensive investment in planning, training, relationship development, and infrastructure maintenance.

While we are prepared for events such as wildfires, severe drought, and security breaches, the coronavirus pandemic has been a different type of crisis—unprecedented and broad-reaching. Yet, our history of preparation and response along with our culture of safety and collaboration allowed us to act decisively. We mobilized early and quickly developed and delivered a multifaceted approach to focus on keeping employees safe, maintaining service for our customers, and regularly communicating with our stakeholders. Please refer to our [CEO Letter](#) and [2020 COVID-19 Response](#) section of this report to learn more.

Management

The Board’s [Enterprise Risk Management, Safety, and Security Committee](#) directly oversees our coordination of security and emergency preparedness. The Vice President, Chief Safety, Security, and Emergency Preparedness Officer is responsible for our emergency response program, which incorporates the four planning elements of the National Response Framework—prevent, prepare, respond, and recover. We believe every leader in the Company should be collectively focused on and accountable for these efforts. As a result, emergency preparedness metrics are part of the [short-term incentive program](#) for the Company’s leadership team.



Emergency Operations Centers (EOCs) serve as central facilities through which we coordinate with employees, contractors, local authorities, and other stakeholders to efficiently communicate, plan, and coordinate the distribution of resources, equipment, and support during emergencies. For example, to ensure safety when employees are working in the field during emergencies, we track them through our EOCs. Because we drive consistency and standardization in training, team members from one district can quickly and effectively engage to support other districts' EOCs during emergencies, which contributes to our overall response effectiveness.

Prevent

Our first line of defense is the operational equipment designed to protect us in emergencies. At our facilities, we maintain operational fire sprinklers, smoke detectors, and fire extinguishers; provide clear access to exits, meeting places, and electrical panels; and implement appropriate vegetation management practices. Outside of our own facilities, we monitor communications from the Department of Homeland Security (DHS) and from InfraGard, which represents a partnership between the private sector and Federal Bureau of Investigation (FBI) to protect critical infrastructure. We also conduct periodic assessments of our prevention strategies and make changes as warranted. Recent improvements include developing a policy that encourages employees to report any suspicious activity and implementing Occupational Safety and Health Administration (OSHA) 30 and OSHA 10 certification to train relevant employees and supervisors on health hazards and safety responsibilities.

Prepare

We conduct numerous training exercises and simulations with internal and external stakeholders to prepare for emergencies and build resiliency into our supply chain. We also have protocols to protect our water supply throughout an emergency, supported in partnership with our first responders. As part of our efforts, we:

- Maintain updated exit plans and practice evacuation drills
- Test emergency equipment for proper functioning and readiness
- Integrate emergency response into our after-hours operations
- Maintain backup power generators at critical facilities and strategically stage portable backup generators in other key locations
- Perform annual emergency response training across the Company, with a goal of 100% district and subsidiary participation (achieved in 2020)
- Train field employees annually on wildfire prevention, emergency response, PSPS events, and earthquake preparedness

Each district in California and our other subsidiaries in Hawaii, New Mexico, and Washington have an Emergency Response Plan specific to that location. We also conduct mock EOC exercises in our districts and engage our local first responders and Community Emergency Response Team members to assure broader community preparedness and coordination for multiple events, including earthquakes, HAZMAT spills, wildfires, floods, and supply contamination.



Respond

We developed an Emergency Action Guidebook, which includes hazard-specific checkoff sheets for reference in a variety of emergency situations, and distribute them so every employee can have one on hand. Because of our comprehensive plans, trainings, outreach, and coordination, we are considered a leading example of excellence in emergency preparation and response. We are proud of this achievement and believe the Living Water Award accolades from the National Association of Water Companies (NAWC) recognize this important work. For each of the past 8 years, the NAWC has presented the Living Water Award to one regulated water industry professional nationwide. Group employees have won the award twice in the past, and one of our employees was named a finalist in 2020.

Recover

We are dedicated to caring for our communities and employees in times of disasters and crises. We offer our peer-to-peer [Critical Incident Management Response \(CIRM\)](#) program and professional CareBridge Employee Assistance Program to employees to support their emotional wellness. We also provide employee assistance and insurance programs to help them recover from tragedies. For our communities, we implement Commodity Points of Distribution to distribute water, food staples, and information to affected customers. Our disaster relief plan also provides bill discounts and other measures to support customers who have evacuated or lost their homes. Together, we build a stronger company and community through our emergency preparation and response, with the goal to protect our stakeholders and provide an uninterrupted supply of an essential resource.

Finally, we have implemented After-Action Reports to ensure alignment with regulatory requirements and Post-Incident Evaluations to review opportunities for improving responsiveness and efficiency. We also utilize the AGILITY program to organize mobile offices to assist with Continuity of Operations Planning and help us maintain operations effectively throughout the recovery process.



CALIFORNIA
WATER SERVICE
Quality. Service. Value.

Customer Commitment

Drinking Water Quality and Customer Safety

Protecting the health and safety of our customers and their families is paramount to us. We deliver on our promise to provide quality, service, and value in part through an extensive water quality assurance program. Beyond the comprehensive, routine treatment, testing, and monitoring conducted throughout our water systems, we have implemented several additional initiatives and programs to meet or surpass drinking water standards.

As public health experts learn more about contaminants of emerging concern and water quality regulations become more stringent, we prepare to meet new guidelines and standards through a number of strategies. We closely monitor changes in the regulatory environment, participate in water industry organizations and workgroups, proactively monitor unregulated compounds, research various treatment techniques, pilot-test the more promising and cost-effective ones, and analyze data trends.

Management

Oversight of water quality and customer safety starts with our Director of Water Quality and our Vice President, Engineering and Chief Water Quality and Environmental Compliance Officer, who report regularly to the Enterprise Risk Management, Safety, and Security Committee and update the full Board at least annually. This update includes our water quality and customer safety performance, a review of emerging risks, specific strategic or critical actions taken, and other concerns.

At the leadership level within Group, our officer team meets monthly as the Management Committee to review strategic priorities related to water quality, customer safety, and the potential impacts to our business. In conjunction, the Strategic Operations Committee, comprising a subset of officers, meets biweekly to discuss issues such as emerging contaminants, new treatments, and ways to mitigate risks to water quality. In late 2020, our Vice President, Engineering and Chief Water Quality and Environmental Compliance Officer established a new officer-level committee, called the Environmental and Water Quality Officer Oversight Committee. Committee members, including the CEO and other relevant officers, will oversee operational plans for water quality needs. Additionally, as part of executive and senior management compensation, our [short-term incentive program](#) includes water quality metrics to align with our drinking water quality and customer safety priorities.

The Director of Water Quality leads the Water Quality Department, which is responsible for our program management and quality assurance and control, and reports to the Vice President, Engineering and Chief Water Quality and Environmental Compliance Officer. Throughout the year, the Director of Water Quality also presents updates on relevant issues to the officer team. The Water Quality Department provides both daily and emergency support for our districts, works with federal, state, and local regulatory agencies, and manages the Cross-Connection Control Program that protects our distribution system from potential backflows from industrial, commercial, and private properties. The Water Quality Department also monitors the quality of treated wastewater discharge, which is an important and growing function of the department. For more information on this work, please refer to the [Environmental Management and Compliance](#) section of this report.

Our Approach

Treatment, Monitoring, and Compliance

We take our responsibility to provide a safe, high-quality supply of water seriously, and we are committed to providing water that meets or surpasses every drinking water standard, in every system, every day. As part of our efforts, we manage more than 700 different treatment processes company-wide and implement monitoring programs across our water systems to meet more than 240 water quality standards, including those from the federal Safe Drinking Water Act (SDWA) and any additional, applicable state requirements. We are responsible for meeting these regulatory requirements at each entry point to the distribution system, regardless of the source of the water.

Each year, in California alone, we collect approximately 70,000 individual water samples for water quality testing and perform more than 400,000 tests to facilitate compliance with regulations and protect public health. In San Jose, our in-house, state-certified laboratory analyzes more than 75% of the samples to provide data quickly and cost-effectively, which supports timely and effective decision-making. Scientists, including chemists and microbiologists, test our water for over 140 contaminants with advanced equipment that can detect down to the part per trillion level. The lab has been certified through the Environmental Laboratory Accreditation Program for the past 21 years. This rigorous certification requires each of our highly skilled scientists to pass blind proficiency tests each year for every water quality method performed. This also includes successfully passing a detailed site audit conducted by the State of California.

¹Examples of procedural violations include not completing sampling and testing within a specified compliance period, or not reporting test results or providing certification of required public information within a certain timeframe.

0 acute health-based drinking water violations

0 non-acute health-based drinking water violations

4 procedural non-health-based drinking water violations¹

The facility is currently undergoing a major renovation as part of our preparation to meet new laboratory certification requirements and regulatory updates, increase analytical testing capacity, and anticipate additional testing of future constituents of concern. To supplement our in-house testing for California and to maintain high-quality water in other states, we have thorough requirements for sourcing outside labs, including strict licensing and quality thresholds.



Emerging contaminants are increasingly a topic of discussion and concern, so we strive to be transparent and stay ahead of new and upcoming regulations by proactively performing testing, analyzing data trends, and conducting pilot studies and research. We participate in the Unregulated Contaminant Monitoring Rule program every 5 years to capture occurrence data for emerging contaminants. The next cycle of this program will commence in 2022. Additionally, we have conducted proactive monitoring for per- and polyfluoroalkyl substances (PFAS) to identify impacted areas in our California systems, and we have successfully tested more than 97% of all of our water sources to date. Based on these data, we are currently developing our strategy for PFAS treatment in the few affected service areas, where impacted wells are currently offline, to support compliance with future maximum contaminant levels and enable us to return these sources to service.

As drinking water quality standards evolve, we implement rigorous processes to protect our customers' health and safety even before regulatory updates are made, where appropriate. For example, although the California State Water Resources Control Board has not established a new maximum contaminant level for chromium-6 yet, we continue to treat our water for chromium-6 because experts suggest that it is harmful to human health.

Cross-Connection Control

We also invest in protecting the quality of our water while it is in our distribution systems. We continue to augment our cross-connection control program to help prevent our high-quality water from being compromised in the distribution system by activities on customers' properties. Our cross-connection control specialists make sure all existing backflow prevention assemblies are tested annually, prioritize assessment of all water connections, and enforce and manage the installation of new commercial and residential assemblies. In 2020, our specialists tested more than 40,000 assemblies to achieve regulatory compliance.

Reporting, Transparency, and Thought Leadership

Recognizing our responsibility as a water utility, we provide our expertise, insights, and analysis to the industry as a whole and to the regulatory agencies tasked with protecting the public. We build strong partnerships with industry stakeholders, collaborate across our districts and departments, and engage proactively with regulatory agencies. For example, we support legislation intended to prohibit products with emerging contaminants. We also work with California's State Water Resources Control Board Division of Drinking Water (DDW) on various efforts, such as submitting monthly regulatory reports that document our performance and compliance with the SDWA and state regulatory requirements. The DDW coordinates with our Water Quality Department to inspect and permit our new and existing facilities, including wells, tanks, and pipelines, to ensure safety and quality.

As part of our dedication to transparency, we provide all laboratory data electronically via the State Write-On program for compliance, and we deliver annual reports to the state with a summary of the water quality results in each of our systems. We also inform our customers about the quality of their water locally by providing an annual Consumer Confidence Report that shows all detected contaminants and educates them on current topics of concern.

Training

Our team establishes procedures for proper system operations in accordance with regulations and best practices for public health protection. The Water Quality Department provides training to Operations staff on a variety of water quality-related topics, such as SDWA regulations, sample collection, use of analytical equipment, how to perform necessary field analysis, and operation of specific treatment equipment. To evaluate effectiveness, the sample collection training also includes a written exam that all attendees must take to demonstrate proficiency. By training our staff on these topics, we support accurate water quality data and contribute to confidence in the quality of water for our customers.

Resources

Please see the following public resources for further information about our water quality and customer safety management:

- [Proclamation of the Company's Commitment to Providing Excellent, Affordable Service and High-Quality Water to All Customers](#)
- [Water Quality Reports by district for Cal Water, Hawaii Water, New Mexico Water, and Washington Water](#)
- [Water Quality FAQs](#)
- [Video Library](#)
 - [Hardness, Taste and Odor, and Color in Water](#)
 - [Ensuring Quality Water](#)
 - [Providing Safe Water to the Community](#)
 - [A Focus on Water Quality](#)

Water Affordability and Access

Water is a basic human need, and we continually look for ways to manage our costs while maintaining the reliability of our systems so that our customers can afford and have access to clean, safe drinking water. We prioritize balancing the need to invest in infrastructure, people, and systems with the goal of maintaining affordability. To develop proactive solutions, we work hard to operate efficiently, charge rates that reflect the actual costs of providing service, and engage our communities so we can understand and address our stakeholders' expectations.



Management

Our most senior leaders and the Board of Directors oversee our [commitment](#) to provide access to safe, clean, and affordable water. Our Vice President, California Rates; Vice President, Corporate Development and Chief Regulatory Officer; and Chief Financial Officer lead our cost of service and rate-setting processes.

Rate-Setting

Rate-setting is a highly regulated process, and we work diligently to achieve rates for our customers that accurately reflect the cost of service. Our Rates Department maintains a focus on affordability as it coordinates our rate-setting efforts with the public utilities commissions in each of our states. In California, for which rate-setting is forward-looking and required every 3 years by the CPUC, this process is referred to as our General Rate Case (GRC) and Infrastructure Improvement Plan application. It consists of a detailed review of district-level needs, infrastructure investment and capital budgeting requirements, as well as overall system and company operating costs. This company-wide effort requires strong coordination across departments. Our Capital Planning Management Committee, comprising a subset of officers, leads the capital project portion of this effort while our Engineering team and many other departments provide the information for non-capital costs. The Rates team then determines the overall service cost and proposes associated water rates for each district. We consider affordability issues at every stage and evaluate options for controlling project costs and implementing various programs to support our customers.

In our most recent GRC, we worked diligently to keep rate increases to less than \$5 per month for the average residential customer. This required analysis of multiple rate design scenarios and examination of the impacts on average bills, particularly for our low-income customers. Approved in December 2020, our new rate design allowed us to make needed infrastructure improvements while achieving the targeted bill increase limit of less than \$5 monthly in 17 out of 20 of our ratemaking areas, with 12 ratemaking areas actually receiving a decrease.

Another way we can contribute to rate affordability is by consolidating some of the smaller water systems that have fewer customers across which to spread costs. For example, we successfully consolidated our Palos Verdes system and Antelope Valley District, Salinas and King City Districts, and Bayshore and Redwood Valley Districts. This created three larger ratemaking areas from six smaller ones, improving our ability to spread system costs across more customers, improving affordability for many, and stabilizing rates over the long term.

Controlling Costs

As part of our proactive approach to preserve affordability, we focus on managing costs so we can pass those savings on to our customers. We also have many programs to engage and support our customers' conservation efforts to reduce their total water use, thereby reducing their bill. For information on our conservation programs for customers that help save water and reduce costs, please see the [Water System Efficiency and Conservation](#) section of this report. Saving water on the customer end also reduces water demand on the overall system and on our sources of water supply.

This, in turn, allows us to meet increases in demand while protecting supply sources and reducing the need for additional sources and related infrastructure investment, which reduces long-term costs for the customer.

Several things tend to drive our cost and rate increases over time, including increasingly stringent water quality standards, advancements in detection technology, and treatment costs. We continually seek innovative and collaborative solutions to offset these costs. For example, chromium-6 was impacting the sources of water for our Willows and Dixon Districts, and treatment required significant capital investments. To minimize the financial impact to our customers, we negotiated a settlement agreement with California Public Advocates to roll the chromium-6 treatment plants and some related costs into the 2018 GRC filing. This allowed us to depreciate or amortize these costs over many years, thereby spreading the resulting rate impact out as well. We also obtained grant funding to help offset the costs of treatment plant construction.

Specific to increasingly stringent water quality standards, we manage these costs in a variety of ways. We conduct research on best available treatment technologies and associated cost-effectiveness, and we pilot treatment methods. We also help guide public health experts on reasonable implementation timelines to improve efficiency. Finally, we have taken legal action against parties responsible for contaminating water resources, not only to improve the quality of drinking water sources, but also to protect our customers from bearing the costs of treatment.

more than
100 thousand

customers currently enrolled
in our LIRA program

more than
\$10 million

provided in discounts through
our LIRA program in 2020

Supporting Our Customers

We understand that, even without a pandemic, a multitude of challenges can make it harder for some customers to make ends meet. So, we strive to provide supportive programs to help them mitigate the cost of their bills. We offer flexible, interest-free payment arrangements, interest-free payment extensions, and hardship grants. We offer options and support to protect customers' access to water and prevent disconnection. As noted in the COVID-19 section of this report, during the pandemic, we suspended all disconnections related to nonpayment entirely, even before it was mandated that we do so. Additionally, when appropriate, we propose to have rate increases approved in the triennial GRC to be phased in over time to minimize customer impact. When rate increases occur, we actively communicate these changes and rationale to our customers.

Residential customers who meet maximum income guidelines may participate in our [Low-Income Ratepayer Assistance \(LIRA\) program](#), which provides a 50% reduction in their monthly service charge.

We currently have more than 100,000 customers enrolled in our LIRA program, and we provided more than \$10 million in discounts through this program in 2020. Also, our Rate Support Fund provides a subsidy that offsets the monthly bill for all customers in our highest-cost districts, where fewer customers share the costs to maintain, upgrade, and operate the systems. The Rate Support Fund is currently approved and utilized for our Dixon, Kern River Valley, and Willows customers.

Customer Protections

[Discontinuance and Restoration of Service:](#) Beyond the [measures in place during the pandemic](#), effective February 2020, the Water Shut-off Protection Act of 2018 SB 998 (Dodd) resulted in expanded protections for California customers. Customers now have 79 days from bill presentment to pay before shutoff. Furthermore, water cannot be shut off for nonpayment if all three of the following conditions exist: termination of service is a serious health threat, the customer is financially unable to pay under normal terms, and the customer is willing to enter into a payment plan.

Cybersecurity and Data Privacy

The security of our systems, data, and facilities is paramount to maintaining the trust our customers, employees, and vendors place in us. As the cyber and privacy threat landscape rapidly evolves, we are committed to investing in the right people, processes, and technology required to mitigate the risks of unauthorized access to our data or systems. This is not only vital to ensuring our critical business functions continue to operate efficiently and effectively, but also enables us to meet stringent federal and state regulatory requirements.

Management

Responsibility for protecting our cybersecurity and data privacy lies with each and every employee, as our team members are our most important line of defense. However, governance starts with the Board of Directors, specifically the Audit Committee, which oversees the cyber and data privacy program. The Vice President, Information Technology (IT) and Chief Risk Officer (CRO) is the lead executive of the committee and meets with the committee at least three times per year and the full Board of Directors at least annually. The CRO works closely with the IT Manager of Security and Compliance to see that the proper preventative, detective, and responsive security controls are in place. The IT Department is responsible for safeguarding the confidentiality, integrity, and reliability of all information systems and data.

Our Approach

We adhere to multiple cybersecurity standards and data privacy laws, and we continually assess our performance in these areas. Cybersecurity policies, procedures, and programs are designed to align with the National Institute of Standards and Technology (NIST) Cybersecurity Framework, along with:

- The Sarbanes-Oxley Act
- NIST 800-171 and Cybersecurity Maturity Model Certification
- The Payment Card Industry Data Security Standard
- The California Consumer Privacy Act (CCPA)
- The Health Insurance Portability and Accountability Act
- The Defense Federal Acquisition Regulations Supplement (DFARS)

We engage expert consultants to validate our controls, identify any deficiencies, and provide an overall assessment annually. In August 2020, we achieved the highest compliance control status for the DFARS audit. Additionally, an independent company certified that subsidiary Cal Water had the highest compliance program status for any company in the entire western region of the U.S.

In addition to the DFARS audit, we engage a qualified, third-party company to perform an annual network penetration test for the corporate and supervisory control and data acquisition (SCADA) networks. This company will attempt to breach the network with and without user credentials provided by Group. The overall assessment involves analyzing the different layers of security that we deploy, the current status of any known software vulnerabilities, and the robustness of our Incident Response Plan.

O

substantiated complaints concerning breaches of customer privacy and losses of customer data in 2020

To align with leading practices set by NIST and DFARS, our internal team supports the following:

- Physical- and software-based preventive, detective, and corrective security controls in accordance with industry best practices
- Software that scans for and patches vulnerabilities and the frequency with which this is completed
- Security review and approval of our software and hardware acquisitions
- Ongoing information sharing and incident response support from the FBI, DHS, and Fusion Center
- The Security Incident Event Management tool that monitors all security logs, provides detective controls, and identifies irregular activities
- Our intrusion prevention system that blocks unwanted network traffic
- Our next-generation antivirus solution, which better defends against today's threats
- Our data loss prevention security tool that inspects outgoing traffic before sensitive data is exposed

- Implementation of CrowdStrike's endpoint solution that detects and eliminates suspicious activity on laptops
- Completion of our SCADA system replacement to remove aging infrastructure and integrate advanced controllers and updates

We contract with a third-party managed Security Operations Center (SOC) to monitor network traffic 24/7 and detect, evaluate, and respond to cybersecurity threats and incidents in real time. Additionally, our IT Department leads our cross-departmental rehearsal of our Incident Response Plan several times each year with support from the DHS, the FBI, our SOC contractor, and Mandiant, a leading cybersecurity firm that provides unique defensive solutions.

Training

We work to build a "human firewall" by proactively training our employees, as they are our first line of defense against cyberattacks. Each year, employees and contractors receive refreshed, online security awareness training to help them fully understand our security policies, procedures, and best practices. We maintained 100% compliance for active employees and contractors in 2020.

To consistently keep cybersecurity top of mind, we publish an internal cybersecurity newsletter monthly, which briefs employees on new and relevant security topics. We also deploy a mock phishing email campaign monthly to reinforce the danger of clicking on fraudulent emails that appear to be legitimate. First-time offenders receive additional training, repeat offenders must meet with their supervisors and the IT Security team, and any incremental offense escalates to a negative performance log. Our objective is to continue increasing our employees' awareness of cybersecurity risks and provide them with the tools and training to successfully avoid and mitigate them.

Collaborative Partnerships

Public-private partnerships are a vital component of any successful cybersecurity program. Our CRO serves on the InfraGard Board of Directors for the San Francisco Bay Area Chapter. InfraGard is a partnership between the FBI and members of the private sector focused on the protection of U.S. critical infrastructure. The CRO's role on this board is to help provide a vehicle for seamless communication and collaboration between Group and the federal government. This expedites the timely exchange of information and promotes mutual learning opportunities for critical infrastructure organizations such as ours.

Our Manager of IT Security and Compliance is an active member of the NAWC and belongs to its Safety and Security Committee. The committee meets quarterly to share cybersecurity best practices and leverage the member companies' strengths to benefit the communities we serve.

Policies

We have 13 policies governing the standards and duty of care related to cybersecurity and data privacy. We continually update these policies to reflect the latest best practices. Policies are made available to employees on Group's intranet.

- IT Security Policy
- IT Security Event Logging
- Incident Response Policy
- CCPA Compliance Policy
- Security Awareness and Training Policy
- Ransomware Policy
- Password Management and Usage
- Encryption Policy
- Firewall Policy
- Acceptable Use Policy
- Information Classification and Handling
- Social Media Policy and Procedure Manual
- Change Control Policy

HIGHLIGHT

Complying with CCPA

Our California subsidiary continues to have policies and practices in place to comply with the CCPA, which went into effect in January 2020 and enhanced privacy rights for California customers. We determined where personally identifiable information (PII) resides in our systems, took action to protect PII data at rest and in transit, and trained our employees on CCPA compliance. We also formalized new policies on data use, data sharing, and privacy. Our customers can make CCPA requests online and by phone, and we have continued to address these CCPA requests to support data protection for our customers.

127

total CCPA requests

106

deletions

21

requests to know



Customer Service

Our customers are the focus of our business, and their satisfaction drives our success. We strive to understand their expectations and priorities, then deliver on those through transparency, accessibility, and convenience, enabled by the right processes and technologies. We nurture a customer-centric mindset and encourage employees to always be responsive to and collaborate with each other, knowing their efforts ultimately impact our customers.

Management and Quality

To guide our customer-facing efforts, our Customer Relations Manager oversees our communications with customers and reports to the Director of Customer Service, who reports to the Vice President, Customer Service and Chief Citizenship Officer. We also include customer service metrics in our short-term incentives as part of our [executive compensation program](#) to support a customer-centric mindset. Our internal Customer Communication Policy outlines our expectations to maintain an open dialogue with our customers, rapidly notify them of any emergency issues, and respond appropriately to any complaints.

Additionally, our Customer Service Representatives attend required trainings on a variety of topics. In 2021, we plan to implement an annual certification training program to further develop our team.

Evolving Needs

Customers have been increasingly shifting from manual, in-person bill payment and service inquiries to more convenient channels. In 2019, we began regionalizing our customer care to address this shift, moving from a district-level model toward Regional Customer Centers (RCCs). Building upon our first Southern and Central RCCs, we launched another RCC in 2020 in the Bay Area, and we expect to open our fourth and final RCC in Chico in 2021 to serve northern California. Together, these RCCs deliver high-quality service and provide greater flexibility and support for our customers.

When the coronavirus forced us to close our lobbies, even more customers adopted virtual payment and service options, and, in a study conducted at the end of 2020, we learned very few customers who adopted new payment methods during the pandemic had any intention of resuming in-person payments.

In response, we developed a plan to transition more customer service activities to the new RCCs and create an infrastructure in each of our districts to serve customers in person should the need arise. This change will increase efficiency and enhance customer service. Following our announcement in November of 2020, we worked with our union to address the impacts of these actions on our employees and our customers. We signed a Letter of Understanding in early March 2021, moving forward together to enhance service to our customers through this transition.

Please refer to our [2020 COVID-19 Response](#) section to learn more about how we adjusted to our customers' evolving needs during the pandemic.

Customer and Performance Feedback

We are committed to basing customer service decisions on customer preferences. In 2020, we increased the frequency of customer polling and conducted a Voice of the Customer survey, which gauges customer satisfaction, priorities, and communication needs. This customer feedback helps us understand customer perceptions and expectations and identify opportunities for improvement.

To monitor our performance in customer service, we measure our success through key metrics across all of our subsidiaries. For example, in 2020, Cal Water:

- Received 344,910 total calls, 94% of which were answered in 30 seconds or less, exceeding our goal of 80%
- Delivered 99% of the 5,565,371 customer bills accurately, higher than the goal of 97%

- Made 99% of the 13,347 scheduled service appointments on time within our own 2-hour window, more stringent than the CPUC-established 4-hour window
- Completed 79,567 customer-requested work orders and appointments
- Received even fewer customer complaints to the CPUC's Consumer Affairs Branch than before, at 0.010% of our 504,049 California customer connections in 2020 versus 0.020% of our 480,955 connections in 2015

Tools and Capabilities

We offer a secure online account portal to improve our customers' experience and access to information. Our internal Customer Care and Billing platform, which syncs with the portal, offers easier account recovery, improved payment options, delivery of important notifications, and detailed conservation and meter analytics, including leak detection. Since its launch, 38% of our customers have enrolled in this e-billing program for a more convenient payment experience.

Our Customer Outreach Portal is another online solution that helps us quickly reach our customers with important information through the channel of their preference. This portal identifies customers using maps of affected areas, which enables us to better target impacted customers across various geographic locations and allows us to quickly connect with customers through their phones via call, text, or email.

Customers also can use our mobile application to report water main and service leaks, and we offer a Connected Customer notification system to provide real-time alerts and notify customers when a field technician will arrive at their property.

A female scientist in a white lab coat, safety goggles, and purple gloves is using a pipette to transfer liquid into a multi-well plate in a laboratory. The background shows a computer monitor displaying data, a biosafety cabinet, and various lab equipment. The scene is brightly lit with overhead fluorescent lights.

Workforce Engagement

Diversity, Inclusion, and Equality

A diverse workforce contributes to a stronger team better able to understand and address our customers' needs and drive our business performance. To uphold our values of integrity and equality, we enforce a zero-tolerance approach to discrimination, harassment, and retaliation; provide equal opportunity regardless of religion, gender, age, race, cultural origin, sexual orientation, or disability; promote cultural awareness throughout the organization; and integrate inclusion into our hiring processes and company culture. Ultimately, we aim to increase both our capabilities and perspectives by building a workforce reflecting the communities we serve. To guide our strategy, our Board of Directors recently adopted our [Diversity, Equality, and Inclusion Policy](#).

Our Approach

In support of our commitment, the Vice President, Human Resources manages our diversity, inclusion, and equality efforts, and shares highlights with the full Board of Directors as part of the annual talent review and succession planning process. We continually seek opportunities to better understand how we can increase our diversity, equity, and inclusion initiatives and improve our internal processes and programs by seeking input from external experts and thought leaders, and by engaging our employees throughout the organization in various ways.

In 2019 and 2020, we organized a series of focus groups to obtain input from our employees on what is important to them regarding diversity and inclusion.

Based on those insights and by examining our own practices, we identified improvement opportunities in our recruiting processes and our internal approaches to increase diversity, understand the value it brings, and nurture a culture of inclusion.

In support of our recruitment goals, we are now engaging more women and people of diverse backgrounds in our outreach to build a broader applicant base. For example, we expanded our use of targeted job boards and continue to develop our partnerships with local community colleges. We are also improving our hiring selection process by including diverse representation when selecting our interview panel members.

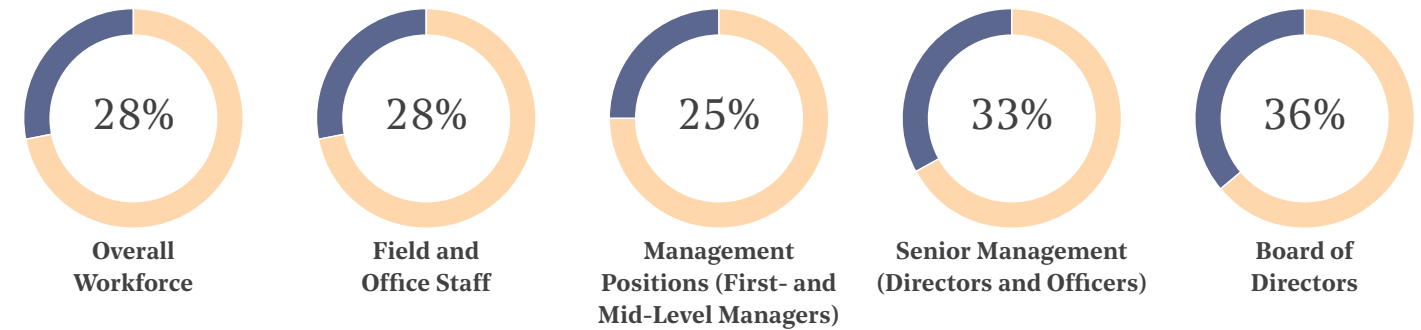
As we grow in our understanding of inclusivity, we also look for ways in which we can internally increase appreciation for diversity. While in-person events were halted in 2020 due to the pandemic, in past years, we hosted cultural and ethnic awareness events with panels of internal and external speakers who shared their experiences. And, by evaluating both our internal and external processes for hiring and developing talent, we are working to enhance inclusion throughout our workforce.

To increase awareness and drive professionalism in our interactions at every level of the organization, we also provide trainings related to diversity, inclusion, and equality. In 2020, we delivered our annual anti-harassment online training for managers. Although the pandemic delayed our initial in-person anti-harassment training for all employees, we plan to implement this training in 2021 if it is safe to do so. As part of our efforts to reduce bias, we are collaborating with a third party to create an unconscious bias training. Our goal is for 100% of managers to complete this training in 2021.

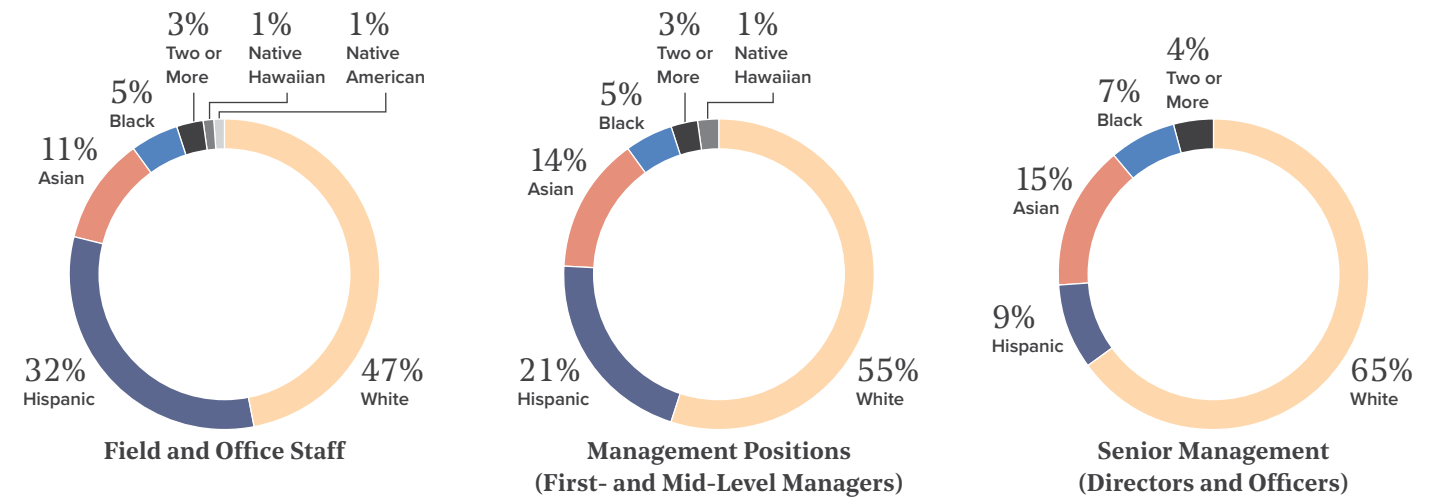
We are committed to providing transparency and equal opportunity for all employees, including field and office staff, managers, and executives. As part of this commitment, we internally and publicly disclose employee-related claims of non-compliance. In 2020, one employee filed a disability-related discrimination complaint with the Equal Employment Opportunity Commission and another filed a lawsuit regarding allegations of disability discrimination. Although we believe these complaints to be without merit, we are reviewing them carefully and will identify and correct any gaps in our processes to provide a supportive environment for all employees. We submit affirmative action plans and provide statistics on Equal Employment Opportunity annually, and we continue to explore other opportunities to enhance our strategy for diversity and equality.

As part of our dedication to diversity, we also strive to increase our business and spending with women-, minority-, veteran-, disabled veteran-, and LGBT-owned suppliers. For more information on our approach to supplier diversity, please see the [Responsible Sourcing](#) section.

Percentage of Women in the Workforce



Racial/Ethnic Diversity in the Workforce





Talent Attraction and Retention

Our ability to deliver on our promise to provide quality, service, and value to customers is directly tied to our ability to attract, retain, and develop our people. We depend on people with specialized expertise, but attracting a new generation of skilled employees can be challenging as we compete with other industries for talent. To attract the talent we need, we offer competitive benefits, provide strong learning and development opportunities, and continue to nurture a culture of inclusion and cooperation that embraces technology and innovation.

Our Approach

We are committed to attracting the most qualified talent to support our operations and continually seek ways to improve our hiring processes. To guide our selection process, our internal Recruitment/Selection Policy outlines procedures reflecting our dedication to equal opportunity.

We maintain standards to uphold a fair, unbiased process, and we seek candidates with applicable skills and diverse viewpoints.

To enhance our pipeline of talent and support our diversity efforts, we also encourage veterans to apply for open positions. In 2020, we partnered with the Lifetime channel and [“Military Makeover with Montel Williams”](#) to reach out to veterans about opportunities with the Company. Additionally, our apprenticeship program, the Bay Area Trainee Program, focuses on recruiting people locally in the Bay area. By concentrating on members of our own community, we can access talent that is readily available and simultaneously support the local economy.

We partner with local colleges, high schools, and organizations to encourage rising talent to consider careers in the water industry, and we provide opportunities to learn about the necessary technical skill sets. We also offer experience in multiple departments to high school students by partnering with Cristo Rey Jesuit High School, which supports low-income and at-risk youth, and, we provide an internship program to train engineering students and teach them about the industry. Through these efforts, we strive to enhance our pipeline of talent and nurture interest in the water industry.

Employee Turnover

Metric	2020
Voluntary resignation (permanent)	2.3%
Retirement	1.5%

Training and Development

To give our employees every opportunity to grow, learn, and develop, we invest in training opportunities and programs that will help them drive our business and serve our customers. We also have a healthy approach to performance feedback, employee goal development, and succession planning. We work with those identified by management as rising talent of high potential to construct individualized development plans and advocate for their continued growth. We also promote knowledge-sharing among our employees and encourage them to collaborate and offer new ideas to improve our service and efficiency.

Management

Reporting to the Vice President, Human Resources, our Director of Employee Relations and Development oversees employee training and leadership development programs. We recognize employees are our most essential assets and our best advocates, so we have corporate goals focused on both team and individual development. Our officers review progress against these goals with our CEO on a quarterly basis. The Vice President, Human Resources presents the summary of succession plans and talent reviews to the Board of Directors on an annual basis. Our succession planning includes officers, department heads, and managers across the business.



Programs

We continue to invest in our people and their capabilities through the following programs:

Future Leaders of Water (FLOW)

We collaborated with a third party to build this leadership development program aimed at identifying and developing high-potential employees representing the diversity of our organization as well as the communities we serve. Established in 2018, the FLOW program is 18 months long and includes modules that teach participants about leadership, business acumen, strategic thinking, executive presentation, business writing, ratemaking, risk management, project management, and other relevant topics. COVID-19 forced us to put the program on hold for the majority of 2020, but we have plans to relaunch it virtually in the first half of 2021.

5

average hours of training
per year per employee

100%

of employees receiving regular
performance reviews

Additional Pay for Certifications

Collectively, our team members currently hold more than 1,500 industry-specific certifications, and we support them in their efforts to further increase their qualifications. We also provide access to online water treatment and distribution certification programs through a local community college. Although all of our jobs in the field have minimum requirements, we offer bonus incentives to employees achieving higher levels of certifications, worth up to 2.5% of their pay.

Reimbursements

We invest in our employees' continued education and assist them in their career development. We offer education tuition reimbursement, arrange for third parties to teach certain classes on our campus, and provide access to additional learning.

Continuous Improvement 2.0

Our employees continue to collaborate through the Continuous Improvement 2.0 program launched in 2017, which was an updated version of the original program begun in 1996. Together, our team becomes stronger when employees share their skills and exercise their creativity to develop solutions to local issues and seize opportunities to improve service or increase efficiency. Although we had to pause the program due to COVID-19, our employees still successfully implemented 70 process improvements in 2020, and we have implemented a total of 430 improvements since 2017.

Workplace Health and Safety

We believe our employees' health, wellness, and safety is the foundation upon which their performance, engagement, and growth is built. We instill a culture of safety into our one-team approach, and our occupational health and safety management system applies to 100% of employees to ensure safety across all of our operations. We seek to continuously identify and mitigate risks while providing tools and resources for employees to actively address potential safety issues. As events occur and circumstances change, we also adapt quickly to protect our workforce and build resilience within Group, as exemplified by our response in 2020 to the COVID-19 pandemic, described in more detail in the [2020 COVID-19 Response](#) section of this report.

Management

The Board of Directors provides direct oversight of safety through the [Enterprise Risk Management, Safety, and Security Committee](#), which meets regularly and reports at least annually to the full Board. This committee evaluates our relevant goals, programs, and performance, and makes recommendations to bolster our safety culture and performance. Our Vice President, Chief Safety, Security, and Emergency Preparedness Officer manages our safety strategy and reports directly to the CEO. Additionally, this Vice President collaborates with the Vice President, Operations and Vice President, Human Resources to manage the safety programs across the Company. Workplace safety targets are included in the [short-term incentive program](#) for all executives and senior management, reinforcing the importance we place on safety at all levels.

Local Safety Committees represent every district and state in which we operate, and each committee includes a Safety Committee Chair and Safety Champions, along with its members. These committees meet monthly, utilize a Safety Champion Handbook to promote consistency, initiate job safety analyses, and review best safety practices. To drive a culture of safety throughout the Company and encourage collaboration, membership in Safety Committees includes employees at every level, including front-line supervisors, management, and union employees.

Reducing Injury and Mitigating Risk

Our "boots on the ground" team members understand safety risks better than anyone, which is why we encourage broad worker participation in the evaluation of our occupational health and safety programs. For example, through the Power 4 America (P4A) program, our union employees in California provide an essential contribution to our safety program. Officially launched at Cal Water in 2020, P4A leverages our partnership with the Utility Workers Union of America, AFL-CIO (UWUA) and trains union employees to become safety ambassadors. These ambassadors audit other union members, provide guidance on near-miss or unsafe acts, review products used in the field, and train others on safety measures. This program allows the union ambassadors to coach their own members, which leads to more open dialogue and ownership. Through this program, we also track any safety incidents or near-miss trends, which we use to help design training to address those specific issues. The P4A program benefits both Group and UWUA by improving safety awareness and protecting our team members.

23.9%

reduction in preventable vehicle accidents since 2018

To identify compliance trends and opportunities to mitigate risks, we conduct a Job Safety Analysis regularly to identify and record potential hazards and safety issues. Our Safety Committees implement projects to remove potential risks and report best practices at monthly meetings, which promote hazard identification and mitigation awareness.

We encourage employees to report any hazards directly to their managers. Additionally, we have a Stop Work Authority program that applies to all Group employees and allows them to suspend tasks or operations if they perceive a health, safety, or environmental risk. Management encourages employees to identify these risks and has policies and practices in place to prevent punishment or retribution for exercising this authority.

As part of reducing the risk of an injury or impairment, we provide appropriate personal protective equipment, provide explicit training and rules for operations, and start every meeting with a safety moment. We also perform hearing and respiratory fit testing for various roles. Through our training and processes for risk mitigation, we aim to eliminate injuries and safety issues in our operations. Implemented at all of our facilities in compliance with OSHA Title 8, Section 3203, our Injury and Illness Prevention Program incorporates elements of risk mitigation, training, and accident investigation. This program focuses on reducing injuries and promoting a healthier work environment.

We also provide other services to support our employees' health and wellbeing. Our occupational health services include first aid, emergency treatment, and health surveillance, and our triage nurse program works with employees to quickly assess injuries and take appropriate action. Additionally, we offer generous medical coverage insurance plans, a return-to-work program that helps employees assimilate to their roles after injuries, our Critical Incident Management Response (CIRM) peer-to-peer support program, and Carebridge professional employee assistance counseling. For more information on these employee benefits, please see the [Compensation, Benefits, and Employee Wellbeing](#) section of this report.



Key 2020 Metrics

Metric	2018	2019	2020
Total Case Incident Rate (TCIR)	2.6	3.7	2.9
Number of work-related fatal accidents among employees and contractors	0	0	0
Contractor work-related accident rate	0	0	0
Number of work-related recordable injuries	25	36	31
Days Away, Restricted, or Transferred (DART) rate	2	3.5	1.9
Lost Time rate	0.02	0.1	0.1
Restriction/transfer rate	1.98	3.4	0.9

Training

We provide extensive training to promote safety throughout our operations. We publish a Master Planning Safety Training Calendar annually, which covers a wide range of safety-related topics to enable compliance with OSHA standards. We track training attendance to document compliance by temporary and permanent employees at every organizational level. In addition to our annual training on general workplace safety, our Safety Department also offers specialized training for specific groups and/or roles, including “boots on the ground” emergency response training for operations workers as well as COVID-19 awareness, wastewater biohazard safety, and Emergency Operations Center (EOC) response trainings, as examples. Please refer to the [Emergency Preparedness and Response](#) section of this report for specific trainings we provide on emergencies.

To improve vehicle safety, we previously provided Smith System defensive driving training, which was mandatory for everyone who drives a company vehicle. It incorporated accident analysis with an in-person instructor to help drivers understand the most common accident causes and how to prevent them, taught employees how to conduct a proper vehicle inspection before each use, and reviewed a variety of other practices. In 2020, we implemented a “Drive to Zero” initiative in an effort to entirely eliminate preventable vehicle accidents. As part of the initiative, we implemented a “Road-eo” course that includes hands-on driving of heavy equipment and a section designed specifically for forklift operators. Our Safety Committees continue to review trends in accidents to improve the value and impact of these training opportunities.

Vehicle Accidents

Metric	2018	2019	2020
Preventable	46	42	35
Non-preventable	55	63	29
Single vehicle	14	17	17

Compensation, Benefits, and Employee Wellbeing

When our employees feel supported and healthy, our business and customers benefit; we take care of our employees, so they can take care of our customers. To support our employees and their families, we provide a competitive benefits package and other resources that make Group an attractive place to work.

Our Director of Compensation and Benefits oversees employee benefits and reports to the Vice President, Human Resources. Our Benefits Manager oversees our health and retirement benefit programs. Taking active responsibility for the wellbeing of our workforce is an investment in the future of our company.

Benefits

We provide fair, competitive wages to our employees and offer a competitive benefits package for full-time employees, which includes:

- Generous paid time off for holidays and vacations
- A 401k savings plan with an employer matching program
- A defined benefit pension plan
- Medical, dental, and vision insurance plans
- Flexible spending accounts for both medical and childcare expenses
- An Employee Assistance Program that provides childcare and eldercare resources

- Emotional support services offered through our internal Critical Incident Response Management (CIRM) team for peer-to-peer support, and external Carebridge professional counseling
- A return-to-work program that helps employees adjust after a work-related or non-work-related injury
- A Commuter Benefits Program to encourage employees to use alternative modes of transportation for commuting rather than driving alone, although this program is suspended during the pandemic
- Personal leave of absence that may be requested and approved in alignment with our Collective Bargaining Agreement

While we have no formal job-sharing policy, we consider any requests from employees about this type of arrangement to accommodate needs for flexibility.

Employee Satisfaction

We routinely evaluate employee satisfaction to understand how we might improve our culture and support our employees' success and wellbeing. Our main feedback mechanisms are the Bay Area News Group's annual Top Bay Area Workplace employee survey and the Great Place to Work® Trust Index© Survey. Through these annual employee surveys, we assess how employees perceive the ways we work together, including collaboration, engagement, equity, fairness, innovation, integrity, leadership, and support. In the 2020 Great Place to Work® survey, we received 422 responses and achieved an average score of 82% across all areas. We are proud the majority of employees responding agree that Group is a great place to work.

Labor Relations and Management

Our employees are our most important asset, and we work hard to prioritize our people and their needs. This means protecting the rights of our employees, including safe and just workplace conditions, fair labor rights, freedom of association, and collective bargaining. We pride ourselves on our one-team culture, as well as our close and cooperative working relationship with our unions. We encourage thoughtful dialogue with our employee unions to create a reliable workforce and support our team members. We also support our workforce during challenges and times of change.

Our Approach

The Vice President, Human Resources oversees labor relations and appropriate management of our workforce. Our [Business Code of Conduct](#) includes information about our grievance mechanisms, including a fraud and ethics hotline that connects directly to our Vice President, General Counsel.

We respect the right to freedom of association and collective bargaining, and we honor an employee's right to choose to be represented or not. To help employees make an informed decision, we share the differences between being a union-represented employee and a non-represented employee. For example, represented employees receive the same pay increases, pay dues, and are promoted based on seniority; non-represented employees receive pay for performance, do not pay dues, and are promoted based on performance.

Over half (62%) of our workforce in California is represented by unions, including the UWUA and the International Federation of Professional and Technical Engineers. Our collaboration with our unions includes providing relevant training for our employees' career development and holding monthly meetings to discuss business and employee matters before they become issues. We also work closely with the UWUA on learning management and safety training. Through P4A, three full-time union safety representatives observe the job sites to track inconsistencies and correct any errors. For more information on the P4A program, please refer to the [Workplace Health and Safety](#) section of this report.

HIGHLIGHTS

Supporting Employees Through CIRM

This peer-to-peer program provides emotional support for employees who have experienced stress, loss, or other emotional trauma. Employees across the Company, including field operations, customer service, and management, who are part of the CIRM team are specially trained to support their coworkers after traumatic events. We currently have 54 CIRM members, and the team has been officially activated 35 times, in addition to the numerous informal conversations occurring between peers. In response to the pandemic, in 2020, we began offering specialized CIRM training to better support peers on issues such as grief, change, and resiliency.

Recognizing Our Workplace Efforts for Employees

In 2020, the Bay Area News Group named us a Top Workplace in the Bay Area for the ninth consecutive year. Also in 2020 and for the fifth year in a row, we were named a Great Place to Work® by the Great Place to Work® Institute.



Governance and Integrity

Corporate Governance

Our leadership and organizational structure directly influence the continuity of our business; therefore, we incorporate a strong framework of governance and accountability into our culture.

Board of Directors

Our commitment to corporate responsibility starts at the highest level of our organization with support from our Board of Directors. Our Board has adopted Corporate Governance Guidelines that include rigorous governance practices and procedures, and we receive regular updates on these practices from external counsel. The Board oversees Group's initiatives and strategies primarily through the following five committees, details of which can be found on our [web site](#).

- [Audit Committee](#)
- [Enterprise Risk Management, Safety, and Security Committee](#)
- [Finance and Capital Investment Committee](#)
- [Nominating/Corporate Governance Committee](#)
- [Organization and Compensation Committee](#)

The Board and the Nominating/Corporate Governance Committee recognize the strategic value of a diverse Board; therefore, they seek members comprising a variety of occupational and personal backgrounds who bring diverse perspectives and valued insights to Group. We will continue working to diversify our Board, particularly with respect to demographics such as gender, race, ethnic and national background, geography, age, and sexual orientation.

Our Nominating/Corporate Governance Committee leads our consideration of ESG practices and reporting; however, all of our Board members contribute to our corporate responsibility and sustainability strategy and consider related risks. The Organization and Compensation Committee reviews and makes recommendations regarding executive compensation. We conduct an annual "say on pay" stockholder vote on executive compensation, and our [short-term incentive program](#) ties executive compensation to non-financial performance, including metrics related to water quality, emergency preparedness, workplace safety, and customer service.

Executive Oversight of ESG

Our officers monitor and guide our practices related to corporate responsibility and sustainability topics. To manage specific risks, our Vice President, Customer Service and Chief Citizenship Officer oversees Group's ESG efforts.

Policies and Resources

For further information about our corporate governance, priorities, and dedication to creating value for stockholders, please refer to the following documents:

- [Corporate Governance Guidelines](#)
- [California Water Service Group Bylaws](#)
- [Committee Composition and Charters](#)
- [2020 Annual Report](#)
- [2020 Proxy Statement](#)
- [2020 10-K](#)

Ethics

We seek to uphold the highest ethical standards and maintain accountability throughout Group by integrating our policies, practices, and training at every level.

Our Approach

We require personal and professional integrity from our Board of Directors and our employees. Board members are expected to adhere to the [Code of Business Conduct and Ethics for Members of the Board of Directors](#), which outlines expectations for behavior and promotes a culture of honesty. Our [Business Code of Conduct](#) applies to all officers and employees of Group, highlights areas of ethical risk, provides guidance in recognizing and handling ethical issues, and describes established mechanisms for reporting unethical conduct. We require every employee to receive annual ethics training as part of the Business Code of Conduct.

Our Vice President, General Counsel and Vice President, Human Resources are responsible for ethics matters, which include investigating any reports of ethical violations, such as harassment, fraud, conflict of interest, corruption, and anti-competitive behavior. Our Vice President, Information Technology and Chief Risk Officer oversees our enterprise risk management assessment process, and together with other responsible officers, monitors for compliance as well as changes to our risk profile.



Whistleblowing Mechanisms

When employees have ethical concerns, they can use the normal reporting lines with Human Resources or the Audit Committee. To reinforce our culture of accountability, we also have established an internal ethics hotline, which employees may use to anonymously report any concerns or known violations. Our Vice President, General Counsel, who reports to the Audit Committee, assesses all reported incidents and involves the appropriate departments to investigate any issues. As described in our [Business Code of Conduct](#), we protect our employees from any form of retaliation for reporting misconduct, and we are committed to promptly investigating and addressing any breaches in conduct.

Human Rights

The UN Guiding Principles on Business and Human Rights guide our commitment to prevent any violations of human rights, which we consider a fundamental responsibility of our business. To strengthen this commitment, our Board of Directors recently adopted a [Human Rights Policy](#). We prohibit child labor and forced labor in our operations and require the same standards along our supply chain. For information related to our policies on child labor, forced labor, and other relevant labor and human rights issues in our supply chain, please refer to the [Responsible Sourcing](#) section of this report.

We also recognize the human right to water and build our business on the basis that communities have a right to access safe and clean drinking water at an affordable price. To learn more about our commitment to the human right to water, please see our formal policy on our [web site](#).

Policies

Please see our [web site](#) and the following public resources for further information:

- [Business Code of Conduct](#)
- [Code of Business Conduct and Ethics for Members of the Board of Directors](#)
- [Human Rights Policy](#)
- [Supplier Code of Conduct](#)

Public Policy and Political Involvement

We support the interests of our customers, employees, and stockholders by being a credible, trusted advocate and advisor to policymakers at the local, state, and federal levels and to other stakeholders in the policymaking process.

Management

Over the last several years, we have developed a Community Affairs and Government Relations team to follow through on our commitment to thought leadership and to build constructive relationships with regulators and policymakers. This team is responsible for public policy and related engagement at the local, state, and federal levels. The team actively tracks bills in relevant legislative and regulatory bodies and provides weekly reports to our officers. The Director of Community Affairs and Government Relations reports directly to the Vice President, Customer Service and Chief Citizenship Officer, who provides a regular summary to the CEO. In turn, the CEO briefs the Board of Directors on pertinent legislative updates in alignment with our [Political Engagement Policy](#).

The Community Affairs and Government Relations team also oversees our political involvement and engagement, confirming that political donations are made in accordance with relevant state and federal laws and regulations. Additionally, the team manages two employee-funded Political Action Committees (PACs), with our Director of Community Affairs and Government Relations serving as the Executive Director for both. The Federal PAC organizes contributions to the campaigns of qualified candidates who are running for federal office and who may impact Group, our subsidiaries, employees, stockholders, or customers. Our state and local PAC performs the same function for candidates for state and local offices in California. Each PAC has the same Board of Directors, currently comprising five officers; it includes our Vice President, Customer Service and Chief Citizenship Officer as the Chair and our CEO as the Vice Chair.

Our Rates Department manages our regulatory relationships with the CPUC. For more information, please see the section on [Water Affordability and Access](#).



HIGHLIGHT

Managing Our External Relationships

We recently engaged Quorum, a cloud-based relationship management system built for public affairs, to assist us in monitoring, tracking, reporting on, and improving our constituent relationship management efforts. The Quorum platform provides a single repository to help us better manage our political, regulatory, and related outreach and engagement activities with stakeholders at the community, city, county, state, and federal levels. We plan to roll Quorum out to all District Managers in 2021. Please see the section on [Stakeholder Engagement and Public Participation](#) for more information.



Initiatives

One of the ways we monitor and influence the regulatory environment is through engagement with organizations that represent our industry, including the American Water Works Association, California Water Association, and Water Research Foundation. We also collaborate with the National Association of Water Companies (NAWC), the trade association representing us at the national level. Additionally, we sponsor and collaborate on research projects with the Public Policy Institute of California to advance thought leadership in the water utility industry.

Legislative advocacy allows us to promote our positions and influence legislation in support of our customers, employees, and stockholders. Pursuant to California Government Code Section 86116, we file a quarterly Report of Lobbyist Employer. We do not have contract lobbyists in any states other than California, and none of our employees are registered as lobbyists. Policy topics for which we may advocate include affordability, liabilities, safety, and other water issues, all of which can be found in public records.

Although we do not regularly publish position papers for lobbying purposes, we do provide comments on legislation and regulations that are relevant to our company or our customers, and we may post these letters to our web site occasionally. For example, we published several comment letters regarding our position on per- and polyfluoroalkyl substances (PFAS) online.

Policies and Resources

Our Policy on Political Engagement and Public Policy provides guidance and outlines employee expectations to help ensure our activities, including public statements on matters of public policy, are aligned with our company values, goals, and objectives. The policy also specifies employees are prohibited from using personal funds to make political contributions for Group, and political contributions funded by the Company require approval by the Vice President, Customer Service and Chief Citizenship Officer or the Director of Community Affairs and Government Relations. The Vice President, Customer Service and Chief Citizenship Officer updates the President and CEO regularly and reports annually on political engagement to the Board's Nominating and Corporate Governance Committee. Our Board also recently adopted a new [Political Engagement Policy](#).

For more information on political contributions and lobbying activity, please see the following resources:

- [Political contributions from California Water Service](#)
- [California Water Service's lobbying activity](#)
- [State and local political contributions \(California only\) from the California Water Service State and Local PAC](#)
- [Federal political contributions from the California Water Service Group PAC](#)

Responsible Sourcing

As the largest investor-owned water utility west of the Mississippi River, we have the scale to engage a wide range of suppliers to support our operations and capital investments. This includes supplying equipment and materials and providing construction, maintenance, repairs, and professional services. By sourcing responsibly, we drive local economic impact and offer opportunities to suppliers who reflect the diversity of our communities. To minimize risks in our supply chain, we expect our suppliers to conduct business with integrity, honesty, and professionalism, as well as align with our values and the highest ethical standards.

Management

Governance of our supply chain activities begins with the Audit Committee, which oversees our [Business Code of Conduct](#) and [Supplier Code of Conduct](#). Our Procurement Department, led by the Chief Procurement and Lead Continuous Improvement Officer, manages both our responsible sourcing efforts and Supplier Diversity Program. The department collaborates with many of our functional groups on continuous improvement efforts for our sourcing programs and supply chain activities.



Our Approach

Our [Supplier Code of Conduct](#) provides a foundation for our responsible sourcing program, and all suppliers must comply with it. The code covers issues such as fair dealing, preventing conflicts of interest, providing a safe and secure workplace, maintaining proper workplace conduct, protecting confidential information and human rights, and upholding fair labor practices. It also includes provisions to reduce adverse environmental impacts of our suppliers' products or services throughout their lifecycle by considering factors such as energy consumption, materials use, and end-of-life treatment. We are also developing an Environmentally Preferable Procurement Policy to supplement the environmentally related components of our Supplier Code of Conduct.

Lastly, we require our suppliers to comply with laws, regulations, and expectations related to or addressed expressly within the Supplier Code of Conduct. We strictly prohibit slave, child, or otherwise forced labor, and we expect our vendors to uphold the same standards in their own supply chains. In requiring suppliers to protect human rights, we also encourage them to interact with employees and communities in ways that align with the UN Guiding Principles on Business and Human Rights.

Supplier Selection and Evaluation

During supplier selection, we screen new suppliers for specific safety criteria, such as OSHA violations. Screening of our master contractors for environmentally related risks includes evaluation of: their environmental training procedures and training systems; processes for documenting and managing training for all employees; and their approach to asbestos management.

Once suppliers are screened and selected, our contracts include specific requirements to avoid preventable, negative environmental and social impacts. These cover topics such as hazardous materials, waste disposal, wetland and wildlife management, fair labor, human rights, and health and safety practices. Additionally, ESG performance measures are included in our supplier evaluation and performance management. If a vendor is found to be non-compliant, we communicate the issues and request a corrective action plan. Unresolved or repetitive issues may result in contract termination and/or the supplier being added to our no-bid list.

Our procurement policy training covers ethics (e.g., gifts and conflicts of interest), our Supplier Diversity Program, our inclusion requirement for competitive bidding, and various other topics concerning safety, security, and environmental protection.

Supplier Diversity

Our Supplier Diversity Program promotes economic inclusion and helps us partner with a diverse pool of suppliers that provide high-quality products and services. We align with the CPUC regarding targeted spending on diverse suppliers and have publicly communicated our 21.5% spending goal. We work to increase business with women-, minority-, veteran-, disabled veteran-, and LGBT-owned suppliers and help qualified suppliers become certified through the CPUC's [Supplier Clearinghouse](#). We have made significant progress in our Supplier Diversity program, with recent achievements including:

- Increased overall expenditures with diverse suppliers from \$47.6 million in 2019 to \$51.4 million in 2020;
- Increased subcontracting expenditures with diverse suppliers from \$12.9 million in 2019 to \$17.1 million in 2020; and
- Implementation of an Impact Analysis, which enables us to track return on investment of supporting activities.

Local Economic Impact

To support our communities and their economies, we purchase locally when possible. Since 2017, we have used the outcomes from our Buy Local Study, which identified suppliers operating in our service areas and tagged them to our financial system, to determine local supplier participation as a percentage of our total procurement, evaluate our performance, and annually estimate our investment in local communities. In 2020, the local economic impact from our purchases in our Bakersfield, Stockton, and Visalia Districts, for example, reached more than \$163 million.

Resources

For more information on our Supplier Diversity Program, please refer to our annual [California Water Service GO156 Supplier Diversity Annual Reports](#). For more information about our suppliers, please see our [Supplier FAQ](#).

Proportion of Spending on Local Suppliers

Locations	2019	2020
Bakersfield, Stockton, and Visalia	32.85%	37.14%

\$51.4 million

in overall expenditures with diverse suppliers in 2020

Appendix

Conservation Targets¹

District	Regional Alliance	2020 District Target (GPCD)	2020 District Actual (GPCD)	2020 Regional Alliance Target (GPCD)	2020 Regional Alliance Actual (GPCD)
Antelope Valley	N/A	282	181	N/A	N/A
Bakersfield	California Water Service: Tulare Lake Regional Alliance	235	185	223	182
Bear Gulch	California Water Service: San Francisco Bay Regional Alliance	187	190	150	129
Chico	California Water Service: Sacramento River Regional Alliance	234	184	226	179
Dixon	California Water Service: Sacramento River Regional Alliance	161	119	226	179
Dominguez	California Water Service: South Coast Regional Alliance	173	157	161	139
East Los Angeles	California Water Service: South Coast Regional Alliance	115	84	161	139
Hermosa-Redondo	California Water Service: South Coast Regional Alliance	128	98	161	139
Kern River Valley	California Water Service: Tulare Lake Regional Alliance	179	126	223	182
King City	California Water Service: Central Coast Regional Alliance	124	95	120	116
Livermore	California Water Service: San Francisco Bay Regional Alliance	158	143	150	129
Los Altos	California Water Service: San Francisco Bay Regional Alliance	185	166	150	129

District	Regional Alliance	2020 District Target (GPCD)	2020 District Actual (GPCD)	2020 Regional Alliance Target (GPCD)	2020 Regional Alliance Actual (GPCD)
Marysville	California Water Service: Sacramento River Regional Alliance	201	146	226	179
Mid-Peninsula	California Water Service: San Francisco Bay Regional Alliance	124	94	150	129
Oroville	California Water Service: Sacramento River Regional Alliance	261	227	226	179
Palos Verdes	California Water Service: South Coast Regional Alliance	223	229	161	139
Redwood Valley	N/A	157	104	N/A	N/A
Salinas	California Water Service: Central Coast Regional Alliance	120	119	120	116
Selma	California Water Service: Tulare Lake Regional Alliance	218	157	223	182
South San Francisco	California Water Service: San Francisco Bay Regional Alliance	124	93	150	129
Stockton	N/A	165	124	N/A	N/A
Visalia	California Water Service: Tulare Lake Regional Alliance	198	183	223	182
Westlake	California Water Service: South Coast Regional Alliance	373	324	161	139
Willows	California Water Service: Sacramento River Regional Alliance	201	164	226	179

¹GPCD = gallons per capita daily

SASB Content Index: Water Utilities and Services Sustainability Accounting Standard

Material Topic	SASB Disclosure	Location or Direct Response
Energy Management		
Climate Change, Energy, and Emissions	IF-WU-130a.1: (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Climate Change, Energy, and Emissions ; ESG Analyst Download
Distribution Network Efficiency		
Water System Efficiency and Conservation	IF-WU-140a.1: Water main replacement rate	ESG Analyst Download
	IF-WU-140a.2: Volume of non-revenue real water losses	Water System Efficiency and Conservation ; ESG Analyst Download
Effluent Quality Management		
Environmental Management and Compliance	IF-WU-140b.1: Number of incidents of non-compliance associated with water effluent quality permits, standards, and regulations	Environmental Management and Compliance ; ESG Analyst Download
	IF-WU-140b.2: Discussion of strategies to manage effluents of emerging concern	Environmental Management and Compliance
Water Affordability and Access		
Water Affordability and Access	IF-WU-240a.1: Average retail water rate for (1) residential, (2) commercial, and (3) industrial customers	ESG Analyst Download
	IF-WU-240a.2: Typical monthly water bill for residential customers for 10 Ccf of water delivered per month	ESG Analyst Download
	IF-WU-240a.3: Number of residential customer water disconnections for non-payment, percentage reconnected within 30 days	ESG Analyst Download
	IF-WU-240a.4: Discussion of impact of external factors on customer affordability of water, including the economic conditions of the service territory	Water Affordability and Access
Drinking Water Quality		
Drinking Water Quality and Customer Safety	IF-WU-250a.1: Number of (1) acute health-based, (2) nonacute health-based, and (3) non-health-based drinking water violations	Drinking Water Quality and Customer Safety ; ESG Analyst Download
	IF-WU-250a.2: Discussion of strategies to manage drinking water contaminants of emerging concern	Drinking Water Quality and Customer Safety
End-Use Efficiency		
Water System Efficiency and Conservation	IF-WU-420a.1: Percentage of water utility revenues from rate structures that are designed to promote conservation and revenue resilience	ESG Analyst Download
	IF-WU-420a.2: Customer water savings from efficiency measures, by market	ESG Analyst Download

Material Topic	SASB Disclosure	Location or Direct Response
Water Supply Resilience		
Water Supply Management, Reliability, and Resilience	IF-WU-440a.1: Total water sourced from regions with High or Extremely High Baseline Water Stress, percentage purchased from a third party	N/A
	IF-WU-440a.2: Volume of recycled water delivered to customers	Water Supply Management, Reliability, and Resilience ; ESG Analyst Download
	IF-WU-440a.3: Discussion of strategies to manage risks associated with the quality and availability of water resources	Water Supply Management, Reliability, and Resilience
Network Resiliency and Impacts of Climate Change		
Climate Change, Energy, and Emissions	IF-WU-450a.1: Wastewater treatment capacity located in 100-year flood zones	ESG Analyst Download
Environmental Management and Compliance	IF-WU-450a.2: (1) Number and (2) volume of sanitary sewer overflows (SSO), (3) percentage of volume recovered	Environmental Management and Compliance ; ESG Analyst Download
Climate Change, Energy, and Emissions	IF-WU-450a.3: (1) Number of unplanned service disruptions, and (2) customers affected, each by duration category	N/A
	IF-WU-450a.4: Description of efforts to identify and manage risks and opportunities related to the impact of climate change on distribution and wastewater infrastructure	Climate Change, Energy, and Emissions
Activity Metric		
Customer Service	IF-WU-000.A: Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided	About Us ; ESG Analyst Download
Water Supply Management, Reliability, and Resilience	IF-WU-000.B: Total water sourced, percentage by source type	ESG Analyst Download
Water System Efficiency and Conservation	IF-WU-000.C: Total water delivered to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers	ESG Analyst Download
Environmental Management and Compliance	IF-WU-000.D: Average volume of wastewater treated per day, by (1) sanitary sewer, (2) stormwater, and (3) combined sewer	ESG Analyst Download
Water System Efficiency and Conservation	IF-WU-000.E: Length of (1) water mains and (2) sewer pipe	About Us ; ESG Analyst Download

GRI Content Index: General Disclosures

GRI Disclosure	Location or Direct Response
Organizational Profile	
GRI 102: General Disclosures 2016	
102-1: Name of the Organization	California Water Service Group
102-2: Activities, brands, products, and services	About Us
102-3: Location of headquarters	San Jose, California
102-4: Location of operations	About Us
102-5: Ownership and legal form	About Us
102-6: Markets served	About Us
102-7: Scale of the organization	About Us ; 2020 10-K
102-8: Information on employees and other workers	About Us
102-9: Supply chain	Responsible Sourcing
102-10: Significant changes to the organization and its supply chain	None
102-11: Precautionary principle or approach	California Water Service Group does not formally follow the precautionary principle.
102-12: External initiatives	Stakeholder Engagement and Public Participation
102-13: Membership of associations	Stakeholder Engagement and Public Participation
Strategy	
GRI 102: General Disclosures 2016	
102-14: Statement from senior decision-maker	CEO Letter
102-15: Key impacts, risks, and opportunities	CEO Letter
Ethics and Integrity	
GRI 102: General Disclosures 2016	
102-16: Values, principles, standards and norms of behavior	Ethics
102-17: Mechanisms for advice and concerns about ethics	Ethics
Governance	
GRI 102: General Disclosures 2016	
102-18: Governance structure	Corporate Governance
102-20: Executive-level responsibility for economic, environmental, and social topics	Corporate Governance
102-32: Highest governance body's role in sustainability reporting	Corporate Governance
Stakeholder Engagement	
GRI 102: General Disclosures 2016	
102-40: List of stakeholder groups	Our Approach to Corporate Responsibility and Sustainability
102-41: Collective bargaining agreements	62% of employees are covered by collective bargaining agreements.
102-42: Identifying Stakeholders	Our Approach to Corporate Responsibility and Sustainability

GRI Disclosure	Location or Direct Response
102-43: Approach to stakeholder engagement	Our Approach to Corporate Responsibility and Sustainability
102-44: Key topics and concerns raised	Our Approach to Corporate Responsibility and Sustainability
Reporting Practices	
GRI 102: General Disclosures 2016	
102-45: Entities included in consolidated financial statements	2020 10-K
102-46: Defining report content and topic Boundaries	Our Approach to Corporate Responsibility and Sustainability
102-47: List of material topics	Our Approach to Corporate Responsibility and Sustainability
102-48: Restatements of information	2018 and 2019 metrics have been updated to reflect measurement corrections; these changes are noted within the ESG Analyst Download and ESG Report where applicable.
102-49: Changes in reporting	We completed a materiality assessment in 2020, which identified our material ESG topics and influenced our reporting.
102-50: Reporting period	About This Report
102-51: Date of most recent report	Our 2019 Corporate Citizenship Report was published on April 15, 2020.
102-52: Reporting cycle	Annual
102-53: Contact point for questions regarding the report	About This Report
102-54: Claims of reporting in accordance with the GRI Standards	About This Report
102-55: GRI Content Index	SASB/GRI Content Index

GRI Content Index: Topic-Specific Disclosures

Material Topic	GRI Disclosure	Location or Direct Response
Economic Performance		
GRI 103: Management Approach 2016		
Climate Change, Energy, and Emissions	103-1: Explanation of the material topic and its Boundary	Climate Change, Energy, and Emissions
	103-2: The management approach and its components	Climate Change, Energy, and Emissions
	103-3: Evaluation of the management approach	Climate Change, Energy, and Emissions
GRI 201: Economic Performance 2016		
Climate Change, Energy, and Emissions	201-2: Financial implications and other risks and opportunities due to climate change	Climate Change, Energy, and Emissions
Procurement Practices		
GRI 103: Management Approach 2016		
Responsible Sourcing	103-1: Explanation of the material topic and its Boundary	Responsible Sourcing
	103-2: The management approach and its components	Responsible Sourcing
	103-3: Evaluation of the management approach	Responsible Sourcing

Material Topic	GRI Disclosure	Location or Direct Response
GRI 204: Procurement Practices 2016		
Responsible Sourcing	204-1: Proportion of spending on local suppliers	Responsible Sourcing; ESG Analyst Download
Anti-Corruption		
GRI 103: Management Approach 2016		
Ethics	103-1: Explanation of the material topic and its Boundary	Ethics
	103-2: The management approach and its components	Ethics
	103-3: Evaluation of the management approach	Ethics
GRI 205: Anti-Corruption 2015		
Ethics	205-2: Communication and training about anti-corruption policies and procedures	Ethics
	205-3: Confirmed incidents of corruption and actions taken	ESG Analyst Download
Energy		
GRI 103: Management Approach 2016		
Climate Change, Energy, and Emissions	103-1: Explanation of the material topic and its Boundary	Climate Change, Energy, and Emissions
	103-2: The management approach and its components	Climate Change, Energy, and Emissions
	103-3: Evaluation of the management approach	Climate Change, Energy, and Emissions
GRI 302: Energy 2016		
Climate Change, Energy, and Emissions	302-1: Energy consumption within the organization	Climate Change, Energy, and Emissions; ESG Analyst Download
Water and Effluents		
GRI 103: Management Approach 2016		
Water Supply Management, Reliability, and Resilience; Water System Efficiency and Conservation	103-1: Explanation of the material topic and its Boundary	Water Supply Management, Reliability, and Resilience; Water System Efficiency and Conservation
	103-2: The management approach and its components	Water Supply Management, Reliability, and Resilience; Water System Efficiency and Conservation
	103-3: Evaluation of the management approach	Water Supply Management, Reliability, and Resilience; Water System Efficiency and Conservation
GRI 303: Water and Effluents 2018		
Water Supply Management, Reliability, and Resilience; Water System Efficiency and Conservation; Environmental Management and Compliance	303-1: Interactions with water as a shared resource	Water Supply Management, Reliability, and Resilience; Water System Efficiency and Conservation; Environmental Management and Compliance
	303-2: Management of water discharge-related impacts	Environmental Management and Compliance

Material Topic	GRI Disclosure	Location or Direct Response
Water Supply Management, Reliability, and Resilience	303-3: Water withdrawal	Water Supply Management, Reliability, and Resilience; ESG Analyst Download
Environmental Management and Compliance	303-4: Water discharge	Environmental Management and Compliance; ESG Analyst Download
Emissions		
GRI 103: Management Approach 2016		
Climate Change, Energy, and Emissions	103-1: Explanation of the material topic and its Boundary	Climate Change, Energy, and Emissions
	103-2: The management approach and its components	Climate Change, Energy, and Emissions
	103-3: Evaluation of the management approach	Climate Change, Energy, and Emissions
GRI 305: Emissions 2016		
Climate Change, Energy, and Emissions	305-1: Direct (Scope 1) GHG emissions	Climate Change, Energy, and Emissions; ESG Analyst Download
	305-2: Energy indirect (Scope 2) GHG emissions	Climate Change, Energy, and Emissions; ESG Analyst Download
Waste		
GRI 103: Management Approach 2016		
Environmental Management and Compliance	103-1: Explanation of the material topic and its Boundary	Environmental Management and Compliance
	103-2: The management approach and its components	Environmental Management and Compliance
	103-3: Evaluation of the management approach	Environmental Management and Compliance
GRI 306: Waste 2020		
Environmental Management and Compliance	306-1: Waste generation and significant waste-related impacts	Environmental Management and Compliance
	306-2: Management of significant waste-related impacts	Environmental Management and Compliance
Environmental Compliance		
GRI 103: Management Approach 2016		
Environmental Management and Compliance	103-1: Explanation of the material topic and its Boundary	Environmental Management and Compliance
	103-2: The management approach and its components	Environmental Management and Compliance
	103-3: Evaluation of the management approach	Environmental Management and Compliance
GRI 307: Environmental Compliance 2016		
Environmental Management and Compliance	307-1: Non-compliance with environmental laws and regulations	Environmental Management and Compliance; ESG Analyst Download

Material Topic	GRI Disclosure	Location or Direct Response
Employment		
GRI 103: Management Approach 2016		
Talent Attraction and Retention; Compensation, Benefits, and Employee Well-Being	103-1: Explanation of the material topic and its Boundary	Talent Attraction and Retention; Compensation, Benefits, and Employee Wellbeing
	103-2: The management approach and its components	Talent Attraction and Retention; Compensation, Benefits, and Employee Wellbeing
	103-3: Evaluation of the management approach	Talent Attraction and Retention; Compensation, Benefits, and Employee Wellbeing
GRI 401: Employment 2016		
Talent Attraction and Retention	401-1: New employee hires and employee turnover	ESG Analyst Download
Compensation, Benefits, and Employee Well-Being	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation, Benefits, and Employee Wellbeing
Labor/Management Relations		
GRI 103: Management Approach 2016		
Labor Relations and Management	103-1: Explanation of the material topic and its Boundary	Labor Relations and Management
	103-2: The management approach and its components	Labor Relations and Management
	103-3: Evaluation of the management approach	Labor Relations and Management
Occupational Health and Safety		
GRI 103: Management Approach 2016		
Workplace Health and Safety	103-1: Explanation of the material topic and its Boundary	Workplace Health and Safety
	103-2: The management approach and its components	Workplace Health and Safety
	103-3: Evaluation of the management approach	Workplace Health and Safety
GRI 403: Occupational Health and Safety 2018		
Workplace Health and Safety	403-1: Occupational health and safety management system	Workplace Health and Safety
	403-2: Hazard identification, risk assessment, and incident investigation	Workplace Health and Safety
	403-3: Occupational health services	Workplace Health and Safety
	403-4: Worker participation, consultation, and communication on occupational health and safety	Workplace Health and Safety
Workplace Health and Safety	403-5: Worker training on occupational health and safety	Workplace Health and Safety
	403-6: Promotion of worker health	Workplace Health and Safety
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workplace Health and Safety
	403-8: Workers covered by an occupational health and safety management system	Workplace Health and Safety
	403-9: Work-related injuries	Workplace Health and Safety; ESG Analyst Download

Material Topic	GRI Disclosure	Location or Direct Response
Training and Education		
GRI 103: Management Approach 2016		
Training and Development	103-1: Explanation of the material topic and its Boundary	Training and Development
	103-2: The management approach and its components	Training and Development
	103-3: Evaluation of the management approach	Training and Development
GRI 404: Training and Education 2016		
Training and Development	404-1: Average hours of training per year per employee	Training and Development; ESG Analyst Download
	404-2: Programs for upgrading employee skills and transition assistance programs	Training and Development
	404-3: Percentage of employees receiving regular performance and career development reviews	Training and Development; ESG Analyst Download
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016		
Diversity, Inclusion, and Equality	103-1: Explanation of the material topic and its Boundary	Diversity, Inclusion, and Equality
	103-2: The management approach and its components	Diversity, Inclusion, and Equality
	103-3: Evaluation of the management approach	Diversity, Inclusion, and Equality
GRI 405: Diversity and Equal Opportunity 2016		
Diversity, Inclusion, and Equality	405-1: Diversity of governance bodies and employees	Diversity, Inclusion, and Equality
Non-Discrimination		
GRI 103: Management Approach 2016		
Diversity, Inclusion, and Equality	103-1: Explanation of the material topic and its Boundary	Diversity, Inclusion, and Equality
	103-2: The management approach and its components	Diversity, Inclusion, and Equality
	103-3: Evaluation of the management approach	Diversity, Inclusion, and Equality
GRI 406: Non-Discrimination 2016		
Diversity, Inclusion, and Equality	406-1: Incidents of discrimination and corrective actions taken	Diversity, Inclusion, and Equality
Rights of Indigenous Peoples		
GRI 411: Rights of Indigenous Peoples 2016		
Ethics	411-1: Incidents of violations involving rights of indigenous peoples	ESG Analyst Download
Local Communities		
GRI 103: Management Approach 2016		
Community Support	103-1: Explanation of the material topic and its Boundary	Community Support
	103-2: The management approach and its components	Community Support
	103-3: Evaluation of the management approach	Community Support
GRI 413: Local Communities 2016		
Community Support	413-1: Operations with local community engagement, impact assessments, and development programs	Community Support

Material Topic	GRI Disclosure	Location or Direct Response
Public Policy		
GRI 103: Management Approach 2016		
Public Policy and Political Involvement	103-1: Explanation of the material topic and its Boundary	Public Policy and Political Involvement
	103-2: The management approach and its components	Public Policy and Political Involvement
	103-3: Evaluation of the management approach	Public Policy and Political Involvement
GRI 415: Public Policy 2016		
Public Policy and Political Involvement	415-1: Political contributions	Public Policy and Political Involvement
Customer Health and Safety		
GRI 103: Management Approach 2016		
Drinking Water Quality and Customer Safety	103-1: Explanation of the material topic and its Boundary	Drinking Water Quality and Customer Safety
	103-2: The management approach and its components	Drinking Water Quality and Customer Safety
	103-3: Evaluation of the management approach	Drinking Water Quality and Customer Safety
GRI 416: Customer Health and Safety		
Drinking Water Quality and Customer Safety	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	Drinking Water Quality and Customer Safety; ESG Analyst Download
Customer Privacy		
GRI 103: Management Approach 2016		
Cybersecurity and Data Privacy	103-1: Explanation of the material topic and its Boundary	Cybersecurity and Data Privacy
	103-2: The management approach and its components	Cybersecurity and Data Privacy
	103-3: Evaluation of the management approach	Cybersecurity and Data Privacy
GRI 418: Customer Privacy 2016		
Cybersecurity and Data Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cybersecurity and Data Privacy; ESG Analyst Download
Stakeholder Engagement and Public Participation (Non-GRI Topic)		
GRI 103: Management Approach 2016		
Stakeholder Engagement and Public Participation	103-1: Explanation of the material topic and its Boundary	Stakeholder Engagement and Public Participation
	103-2: The management approach and its components	Stakeholder Engagement and Public Participation
	103-3: Evaluation of the management approach	Stakeholder Engagement and Public Participation
Self-Selected Metric		
Stakeholder Engagement and Public Participation	We provide relevant indicators for this material topic within the corresponding report section.	Stakeholder Engagement and Public Participation

Material Topic	GRI Disclosure	Location or Direct Response
Emergency Preparedness and Response (Non-GRI Topic)		
GRI 103: Management Approach 2016		
Emergency Preparedness and Response	103-1: Explanation of the material topic and its Boundary	Emergency Preparedness and Response
	103-2: The management approach and its components	Emergency Preparedness and Response
	103-3: Evaluation of the management approach	Emergency Preparedness and Response
Self-Selected Metric		
Emergency Preparedness and Response	We provide relevant indicators for this material topic within the corresponding report section.	Emergency Preparedness and Response
Water Affordability and Accessibility (Non-GRI Topic)		
GRI 103: Management Approach 2016		
Water Affordability and Access	103-1: Explanation of the material topic and its Boundary	Water Affordability and Access
	103-2: The management approach and its components	Water Affordability and Access
	103-3: Evaluation of the management approach	Water Affordability and Access
Self-Selected Metric		
Water Affordability and Access	We provide relevant indicators for this material topic within the corresponding report section and in the ESG Analyst Download.	Water Affordability and Access; ESG Analyst Download
Customer Service (Non-GRI Topic)		
GRI 103: Management Approach 2016		
Customer Service	103-1: Explanation of the material topic and its Boundary	Customer Service
	103-2: The management approach and its components	Customer Service
	103-3: Evaluation of the management approach	Customer Service
Self-Selected Metric		
Customer Service	We provide relevant indicators for this material topic within the corresponding report section and in the ESG Analyst Download.	Customer Service; ESG Analyst Download
Corporate Governance (Non-GRI Topic)		
GRI 103: Management Approach 2016		
Corporate Governance	103-1: Explanation of the material topic and its Boundary	Corporate Governance
	103-2: The management approach and its components	Corporate Governance
	103-3: Evaluation of the management approach	Corporate Governance
Self-Selected Metric		
Corporate Governance	We provide relevant indicators for this material topic within the corresponding report section and in the ESG Analyst Download.	Corporate Governance; ESG Analyst Download

