

AQUA AMERICA, INC.  
AND ITS SUBSIDIARIES  
SUPPLIER CODE OF CONDUCT

Scope and Purpose.

The success of Aqua America, Inc. and its subsidiaries (“Aqua”) rests on our commitment to integrity, honesty, reliability, and commitment to quality service. Aqua remains committed to conducting its business in an ethical, legal, and socially responsible manner. To encourage compliance with all legal requirements and ethical business practices, Aqua has established this Supplier Code of Conduct (“Code of Conduct”) for all suppliers doing business with Aqua (“Suppliers”).

The Code of Conduct defines the basic requirements placed on Suppliers of goods and services concerning their responsibilities towards their stakeholders and the environment. The Code of Conduct should not be read in lieu of, but in addition to, the Supplier’s obligations as set out in any agreements between Aqua and the Supplier. In the event of a conflict between the Code of Conduct and an applicable agreement, the agreement shall control.

Compliance with Laws and Regulations.

Suppliers are required to abide by all applicable laws, codes, or regulations including, but not limited to, any local, state or federal laws regarding wages and benefits, worker’s compensation, working hours, equal opportunity, non-discrimination, child labor, forced and indentured labor, and worker and product safety. Aqua also expects that Suppliers will conform their practices to the published standards for their industry.

*Notification to Employees:* To the extent required by law, Suppliers should establish company-wide policies implementing the standards outlined in this Code of Conduct and post notices of those policies for their employees. The notices should be in all languages necessary to fully communicate policies to their employees.

Environmental Protection.

Aqua is committed to purchasing from Suppliers that strive to improve the environmental quality of our water and wastewater operations. We seek to do business with Suppliers who share our concerns for, and commitment to, preserving the environment. Suppliers will act in accordance with all applicable laws, codes, and regulations regarding environmental protection and sustainability. Suppliers are expected to specifically conform to standards identified by Aqua in the contract documents and applicable state and federal regulations.

Health and Safety of employees.

Supplier is solely responsible for the health and safety of its employees and shall comply with health and safety standards specified in its agreement with Aqua.

### Supply Chain.

Supplier should take reasonable efforts to promote among its suppliers compliance with a code of conduct. Supplier should subscribe to principles of nondiscrimination with respect to its supplier selection and treatment.

Supplier's acceptance of a purchase order or supply of goods and or services constitutes that Supplier's acceptance of the terms set forth in this Code of Conduct. Suppliers must ensure that Aqua's Code of Conduct is also observed by Supplier's subcontractors, business associates or employees.

### Conflict of Interest.

Aqua expects both employees and Suppliers to support and adhere to high standards of business ethics and professional conduct. To this end, no conflict of interest should exist that could conceivably influence an Aqua employee's judgment in handling Aqua's business or that might present an unfair advantage to Suppliers.

1. Aqua employees must emphasize Aqua's interest while developing and enhancing a mutually productive relationship with Suppliers.
2. Aqua employees must refrain from any direct or indirect business or financial relationships with Suppliers which could, in any way, interfere with the independent exercise of the employee's judgment or give the appearance of impropriety or of interfering with the proper performance of his or her job.
3. Aqua employees and/or members of their immediate families cannot accept:
  - discounts, services or gifts in excess of \$300
  - unusual hospitality in an amount not to exceed the greater of \$300 or .25% of the employee's salary
  - any preferential treatment from Suppliers.

### Confidentiality.

Aqua employees are to maintain the confidentiality of information acquired in the course of work with Suppliers. Aqua expects the Suppliers to follow the same confidentiality. This includes information about Aqua's potential acquisitions, customers, vendors, competitors and other employees.

Maintaining the integrity of the purchasing process is of paramount importance, and information concerning these transactions is considered confidential. Any Supplier disseminating confidential information either intentionally (e.g., via conversation) or inadvertently (e.g., leaving paperwork in common areas) to any other Supplier or Aqua competitor are in violation of this trust and will be subject to breach of this Code of Conduct.

### Audits and Inspections.

Each Supplier should conduct audits and inspections to insure its compliance with this Code of Conduct and applicable legal and contractual standards. Each Supplier should keep accurate and auditable records of all transactions with Aqua. Each Supplier is expected to follow a reasonable record retention policy that meets industry and reasonable business standards. In addition to any contractual rights of Aqua, the Supplier's failure to observe the Code of Conduct may result in termination of the Supplier relationship. The business relationship with Aqua is strengthened upon full and complete compliance with the Code of Conduct and the Supplier's agreements with Aqua.

In connection with the standards and requirements set forth in this Code of Conduct, at any time, with or without advance notice, Aqua reserves the right to audit, at its own expense, without any restrictions, performance under any agreement with supplier (including any of its Suppliers or subcontractors). Should Supplier fail to comply with this initial audit, Aqua reserves the right to conduct additional audits on any or all such facilities (including any of its Suppliers or subcontractors) at Supplier's expense. Aqua may also authorize a third party to audit any or all such facilities (including any of its Suppliers or subcontractors), but only with Aqua's express prior written authorization as provided to Supplier and as Supplier is obligated to first verify with Aqua. Supplier shall require that the facility's management provide unfettered access to the facility and all of its books and records to allow for a comprehensive audit to be conducted, including an opportunity for confidential and private interviews with facility workers selected by the auditor. No retaliation of any sort shall be taken against any worker or auditor for reporting a code of ethics violation. Upon review of any unsatisfactory audit results, Aqua, in its sole discretion, reserves the right to require corrective action be taken. If Supplier fails to take corrective action, Aqua may stop current production and cancel contracts with any non-conforming Supplier and such Supplier shall be liable for all related damages incurred by Aqua, including lost profits.

#### REPORTING VIOLATIONS

Violations of Aqua's Code of Conduct can be reported confidentially. If you have knowledge that any of these standards are being violated, you are encouraged to report the issue. Contact methods are listed below.

- Phone: 1.877.271.9012
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- World Wide Web: <http://www.aquaamerica.com/ContactUs>

This Code of Conduct supplements and does not supersede or replace the Aqua Code of Business Conduct and Ethics or any other written Aqua policy or procedure.

Aqua reserves the right to amend this Code of Conduct at any time.

The undersigned warrants and represents that (s)he is the \_\_\_\_\_ of Supplier, has authority to bind the Supplier to comply with the terms of this Code of Conduct and acknowledges Supplier's responsibility to adhere to this Code of Conduct. Supplier certifies that the products it sells to Aqua comply with the laws of the country where Supplier does business.

Company Name:

Name of Representative:

Title:

Signature:

Date: