

## **SJW GROUP**

### **AMENDED AND RESTATED AUDIT COMMITTEE CHARTER**

#### **I. PURPOSE**

The primary function of the Audit Committee shall be to assist the Board of Directors in fulfilling its oversight responsibilities of: (i) the integrity of the financial reports and other financial information provided by the Corporation to any governmental body or the public; (ii) the Corporation's compliance with legal and regulatory requirements, (iii) the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; (iv) the independent registered public accounting firm's (the "Independent Auditors") qualifications and independence; and (v) the quality of Corporation's accounting and financial reporting processes generally, including the performance of the Corporation's internal audit function and the Independent Auditors. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. In addition, the Audit Committee shall oversee preparation of the report that the rules of the Securities and Exchange Commission (SEC) require to be included in the Corporation's annual proxy statement.

In addition, the Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors may from time to time prescribe.

The Committee's responsibility is one of oversight. The members of the Audit Committee are not employees of the Corporation, and they do not perform, or represent that they perform, the functions of management, internal auditor or the independent auditor. The Committee relies on the expertise and knowledge of management, the internal auditor and the independent auditor in carrying out its oversight responsibilities. The management of the Corporation is responsible for establishing and maintaining internal control over financial reporting and for preparing the Corporation's consolidated financial statements. The independent auditor is responsible for auditing the Corporation's annual consolidated financial statements. Based on their audit, the independent auditor is also responsible for expressing an opinion on the Corporation's annual financial statements. It is not the responsibility of the Committee to prepare or certify the Corporation's financial statements or guarantee the audits of the independent auditor, nor is it the duty of the Audit Committee to certify that the independent auditor is "independent" under applicable rules. These are the fundamental responsibilities of management and the independent auditor.

In carrying out its functions hereunder, the Audit Committee shall also:

1. Serve as an independent and objective party to monitor the Corporation's financial department process and internal control system.
2. Review and appraise not just the acceptability but the quality of the Corporation's financial reports and the quality of the audit efforts of the Corporation's Independent Auditors.
3. Provide an open avenue of communication among the Independent Auditors, financial and senior management and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

## **II. COMPOSITION**

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors as defined in the listing standards of the New York Stock Exchange (or other principal market on which the securities of the Corporation are traded) and SEC Rules, and free of any material relationship with the Corporation that would interfere with the exercise of his or her independent judgment. If a member of the Audit Committee simultaneously sits on the audit committees of two other organizations, the member shall disclose to the Board the names of the other organizations, and the Board shall make an affirmative determination as to whether the member's simultaneous service does not impair the member's ability to serve effectively on the Corporation's Audit Committee.

All members of the Committee shall be financially literate, affirmatively determined by the Board in its business judgment as having a working familiarity with basic finance and accounting practices and being able to read and understand fundamental financial statements, including a balance sheet, income statement and statement of cash flow. In addition, the Committee shall have at least one member who has accounting or related financial management expertise, as determined by the Board in its business judgment as having past employment experience or background which results in the individual's financial sophistication. Committee members are encouraged to enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

Pursuant to the foregoing, the Board shall elect the members of the Committee at the annual organizational meeting of the Board, upon consideration and nomination by the Nominating & Governance Committee, and the elected members of the Committee shall continue in office until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **III. MEETINGS**

The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management, the Corporation's internal audit staff and the Independent Auditors in separate, executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should confer with the Independent Auditors, the Corporation's internal audit staff, and management on a quarterly basis to review the Corporation's financials consistent with Section IV.4. below.

A majority of the members of the Audit Committee shall constitute a quorum. The Chairperson of the Audit Committee or a majority of the members of the Audit Committee may call a special meeting of the Audit Committee. The Audit Committee shall fix its own rules of procedure, which shall be consistent with the bylaws of the Corporation and this Charter.

The Audit Committee may request that any directors, officers, or employees of the Corporation, or other persons whose advice and counsel are sought by the Audit Committee, attend any meeting to provide such information as the Audit Committee requests.

### **IV. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties, the Audit Committee shall in its meetings and with full preparation therefor:

#### **Documents/Reports Review**

1. Review and update this Charter at least annually as conditions dictate, and at least annually assess the performance of the audit committee.
2. Review the organization's annual financial statements which are intended for submission to any governmental body or for dissemination to the public, including any certification, report, opinion, or review of such financial statements rendered by the Independent Auditors. The Audit Committee shall make a recommendation to the Board with respect to the inclusion of the audited financial statements and notes thereto in the Corporation's annual report on Form 10-K.
3. Review with management any internal control issues or concerns and recommendations if necessary.
4. Review earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies, and review with management and the Independent Auditors prior to filing both the

financial statements to be incorporated in Forms 10-Q and 10-K and the Corporation's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### **Independent Auditors; Internal Auditors**

5. On an annual basis, obtain a formal written statement from the Independent Auditors delineating all relationships between the accountants and the Corporation consistent with Independence Standards Board Standard No. 1, or successor standards established for auditor independence, and review and discuss with the accountants all significant relationships the accountants have with the Corporation which may affect the accountants' independence.
6. Oversee the performance of the Independent Auditors, exercise sole authority to approve the selection or termination of the Independent Auditors subject to any stockholder ratification, and exercise sole authority to approve the appropriate audit fees and other terms of engagement of the Independent Auditors for the purpose of rendering and issuing the audit report. The Independent Auditors shall report directly to the Audit Committee. The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the Independent Auditors.
7. Approve in advance any audit and legally permitted non-audit services provided by the Independent Auditors. Such pre-approval may be pursuant to appropriate policies and procedures established by the Audit Committee, including through delegation of authority to one or more members of the Audit Committee. Any service that is approved pursuant to a delegation of authority to one or more members of the Audit Committee must be reported to the full Audit Committee at its next scheduled meeting.
8. Comply with SEC regulations governing the Corporation's hiring of employees or former employees of the Independent Auditors.
9. Obtain and review at least annually a report by the Independent Auditors describing: their internal quality-control procedures, any material issues raised by their most recent internal quality-control review or peer review or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; review at least annually the qualifications and performance of the lead partner of the Independent Auditors engaged on the Corporation's account and ensure that the lead audit partners assigned to the audit engagement

by the company's independent auditor, and to each of its subsidiaries that have securities registered with the SEC, and the audit partner responsible for reviewing the company's audit shall be changed at least every five years.

10. Review and approve the Corporation's internal audit staff functions.

### **Financial Reporting Processes**

11. In consultation with the Independent Auditors, review the integrity of the Corporation's financial reporting and internal control processes, both internal and external.
12. Review the accounting principles, policies and practices followed by the Corporation in accounting for and reporting its financial results of operations and consider the Independent Auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting. The Committee shall consider and approve, if appropriate, any major changes to the Corporation's auditing and accounting principles and practices as suggested by the Independent Auditors and management.
13. Review the Corporation's quarterly unaudited and annual audited financial statements independently with management and the Independent Auditors for fullness and accuracy, and review and discuss with the Independent Auditors the matters required to be communicated by the Independent Auditors to the Audit Committee under applicable auditing standards adopted by the Public Company Accounting Oversight Board, including but are not limited to, (a) the quality as well as acceptability of the accounting principles applied in the financial statements, (b) new or changed accounting policies, significant estimates, judgments, uncertainties or unusual transactions; (c) accounting policies relating to significant financial statement items; (d) identification of and accounting for and disclosure of relationships and transactions with related parties; and (e) such other matters as shall be reported to the Audit Committee by the Independent Auditors pursuant to Section 204 of the Sarbanes-Oxley Act of 2002.

### **Process Improvement**

14. Direct the establishment of regular and separate systems of reporting, to the Audit Committee by management, personnel responsible for the internal audit function and the Independent Auditors, including separate meetings, as determined by the Audit Committee, regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

15. Following completion of the annual audit, review the Corporation's internal and disclosure control processes; review any management or internal control letter submitted by the Independent Auditors; and meet separately with management and the Independent Auditors to discuss any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
16. Review with the independent auditor and management any audit problems or difficulties or significant disagreement among management and the Independent Auditors in connection with the preparation of the financial statements, along with management's response thereto. The Audit Committee shall also inquire of the Independent Auditors any communication between the audit team and the firm's national office regarding auditing or accounting issues presented by the engagement.
17. Review with the Independent Auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

### **Ethical and Legal Compliance**

18. Recommend to the full Board, and review and update periodically as appropriate, a Code of Ethical Business Conduct which is applicable to all directors, officers and employees and a separate ethics code to be signed by all financial executives, and review with management the system established to enforce those codes.
19. Determine that management has the proper review system in place to ensure that Corporation's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
20. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
21. Discuss with management the Corporation's policies with respect to risk assessment and risk management, and review legal and regulatory compliance matters including corporate securities trading policies.
22. Review, with legal counsel, any legal matter that could have a significant impact on the organization's financial statements.

23. Review and determine whether or not a related party transaction<sup>1</sup> serves the best interest of the Corporation and its shareholders and whether the relationship should be continued or eliminated.
24. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing laws as the Committee or the Board deems necessary or appropriate.

In carrying out its duties hereunder, the Audit Committee shall have the authority to consult with and engage independent legal, accounting and other advisors, at the expense of the Corporation, as it determines is necessary to carry out its functions.

The Corporation shall also provide appropriate funding, as determined by the Audit Committee, in payment of any such advisors as well as ordinary administrative expenses of the Audit Committee that are necessary or appropriate to carry out its duties.

### **Adoption And Amendment**

This amended Charter for the Audit Committee of SJW Group is approved and adopted by the Board of Directors effective November 15, 2016. It may be amended by a majority vote of the Board of Directors at any regular or special meeting of the Board. Copies of this charter, and all amendments thereto, are to be distributed by the Chair to the members of the Board once a year, and to new members of the Committee on the date of their appointment or election.

Dated: November 15, 2016

/s/ Douglas R. King  
Douglas R. King,  
Chairman, Audit Committee of  
Board of Directors, SJW Group

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1. The term "related party transaction" should be read consistent with SEC Regulation S-K, Section 404(a).