



SJW Group

COAST TO COAST

Sustainability Report 2020



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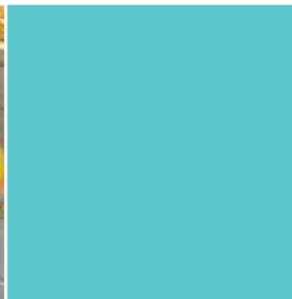
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CEO LETTER

Letter from Eric Thornburg

In a year like no other, the need for reliable, clean, and safe water has never been clearer. The simple act of washing your hands with soap and water has become vitally important during the COVID-19 pandemic. It is one of the many reasons I am so proud to serve alongside the incredibly dedicated water professionals at SJW Group. Whether working in the field, at one of our treatment facilities, or from the kitchen table, our professionals have made sure our customers do not have to worry about their water service while adapting to the ever-changing landscape.

This year's Corporate Sustainability Report's theme – Coast to Coast – resonates on so many levels. Together and apart, each of the SJW Group subsidiaries in California, Connecticut, Maine, and Texas are meeting the needs of their local communities. Our people, our customers, and our communities have endured COVID-19, wildfires, droughts, and extended storm related power outages. Our teams virtually collaborated from coast to coast, sharing knowledge and a passion for service that made us stronger, ultimately benefitting customers in all four states. Our pillars provided a solid foundation for the challenges of 2020.

Protect Employees – Employee safety has always been a top priority. Our company delivers a critical public health service. Making sure we continue to do so while employees work under the safest conditions has been, and continues to be, our focus.

Protect Public Health – We continue to provide life-sustaining water to our customers for consumption and proper hygiene. Safe drinking water promotes good health and hand washing helps prevent the spread of COVID-19.

Live Our Core Values – At SJW Group, our core values are integrity, respect, service, compassion, trust, transparency, and teamwork. Reaffirming these values across our organization has guided us in 2020 and will guide us into the future.

The Connecticut Water Company (Connecticut Water) and The Maine Water Company (Maine Water) joined SJW Group in October 2019. Less than six months later, COVID-19 drastically changed the way we work and live. The leaders and employees at these two companies joined the existing SJW



Group subsidiaries, San Jose Water Company (San Jose Water) and SJWTX, Inc. (SJWTX), and forged a bond driven by a common purpose to provide expert support and service to meet every challenge in 2020 and deliver for our customers, communities, and employees.

The partnership has shown significant benefits in its first year:

- Enhanced service to customers and communities throughout the combined organization, such as sharing of best practices, operational expertise, and more extensive technical and financial resources;
- Continued commitment to environmental stewardship and sustainability with an effort to further reduce the companies' environmental footprint; and
- Ongoing economic development of local service communities through growth, safety, and reliability investments.

This year, our nation has faced many unique challenges – including COVID-19, the need for racial justice, and natural disasters. At SJW Group, our people have met those challenges with determination to find new ways to work effectively and safely while serving our customers and communities. We have

recommitted to supporting the careers of all our employees through employee development efforts so that everyone has an opportunity to succeed. We have leveraged technology to effectively serve our customers during these times – working remotely, expanding online information and services, conducting inspections and appointments virtually, and dispatching field employees from home. Through all of this, employee health and safety, water quality, infrastructure improvements, workplace innovation, and environmental stewardship have continued to be our priorities. We are now better positioned to serve as we build on these experiences and create a vision for the future workplace.

Our people in California, Texas, Connecticut, and Maine have come together in countless ways to make the world a better place – for now and into the future.

In Service,

Eric W. Thornburg
Chairman, President, and CEO, SJW Group



COAST TO COAST 2020 CHALLENGES

COVID-19 Response

While we could not have anticipated COVID-19, we did have a comprehensive emergency response plan that included disease outbreaks. This plan allowed us to execute a rapid response to the fast-changing challenges of COVID-19. As good as our planning was, however, it was just on paper. It was our people and their deep commitment to serving customers, communities, and each other that put the plan into action. Our response reaffirmed our commitment to the health and safety of our 700+ employees, as well as our focus on the best ways to deliver our mission-critical service. We've changed the way we work, but our commitment to providing clean and safe drinking water has remained the same.

As you read this report, you will find ample evidence of how our teams locked arms with their new colleagues across the country, shared ideas, and worked with a clarity of purpose to deliver for our customers and communities. The SJW Group board and its Executive Leaders are proud of our team for their commitment and resilience in responding to COVID-19. We know that the challenge continues and that we will continue to support each other so we can continue to serve others. More information on our initial response, and how we continue to manage COVID-19 can be found in the Employees section of the report under COVID-19 Management.

Push for Racial Equality

Following the death of George Floyd and numerous other Black Americans, people of all races across our country gained a greater awareness of the systemic racism and racial injustice that exists nationally. Recognizing our responsibility to be leaders, we looked inward at what biases may exist within our organization. Our leaders and employees across the organization are working to ensure our values of respect, compassion, and service are reflected in all aspects of the workplace and specifically in the area of racial equality.

As the country paused to recognize Juneteenth, a historic day in our nation's history commemorating the end of slavery, all of SJW Group's employees were invited to come together across all four states and three time zones for a Town Hall meeting.



Members of our team shared their experiences with racism to help start our own internal conversation and serve as a starting point for SJW Group to take a stand against this major issue.

Our Board members are completely engaged and supportive and have affirmed their commitment to make SJW Group companies more diverse, inclusive, and stronger overall.

We all have a lot to learn and are committed to providing an annual diversity learning experience for all employees. This may take the form of training and development, community engagement, employee mentorship programs, and other initiatives as we evolve and learn what works best. Whatever the form, we are confident that we can advance this conversation and provide opportunities for our employees to learn and grow.

Natural Disasters

Each of our geographical regions faced extreme natural disasters this year. Through wildfires, drought, severe winter and tropical storms, our dedicated team made sure not one customer went without their critical water service, even while our employees faced many of these challenges in their own homes. We will share more about how SJW Group came together during these challenging times in the Employees section of the report under Emergency Management.

Here are some of the actions that we are taking to combat racial injustice

We have zero tolerance for racial discrimination, in any form, by any employee or business partner. Further, any form of discrimination is illegal, detested, and unwelcome here at SJW Group. If detected and confirmed, it will be driven from our organization.

We formed a National Diversity, Equity & Inclusion Council made up of employees from across the country who will recommend actions and changes to improve our active support of our minority colleagues and to make our organization a better place for all. Their work will be communicated to all employees and presented to our Board of Directors, consistent with our value of transparency.

Within the next 12 months, the Council has plans to implement the following programs:

- Provide education and development for all employees and training for leadership
- Enhance our community outreach
- Increase our support of small, diverse businesses



MISSION, VISION, AND VALUES



Mission

Trusted professionals, passionate about delivering life sustaining, high-quality water and exceptional service to families and communities while protecting the environment and providing a fair return to shareholders.



Vision

To serve customers, communities, employees, shareholders, and the environment at world class levels.



Values

- Service
- Transparency
- Integrity
- Trust
- Compassion
- Teamwork
- Respect





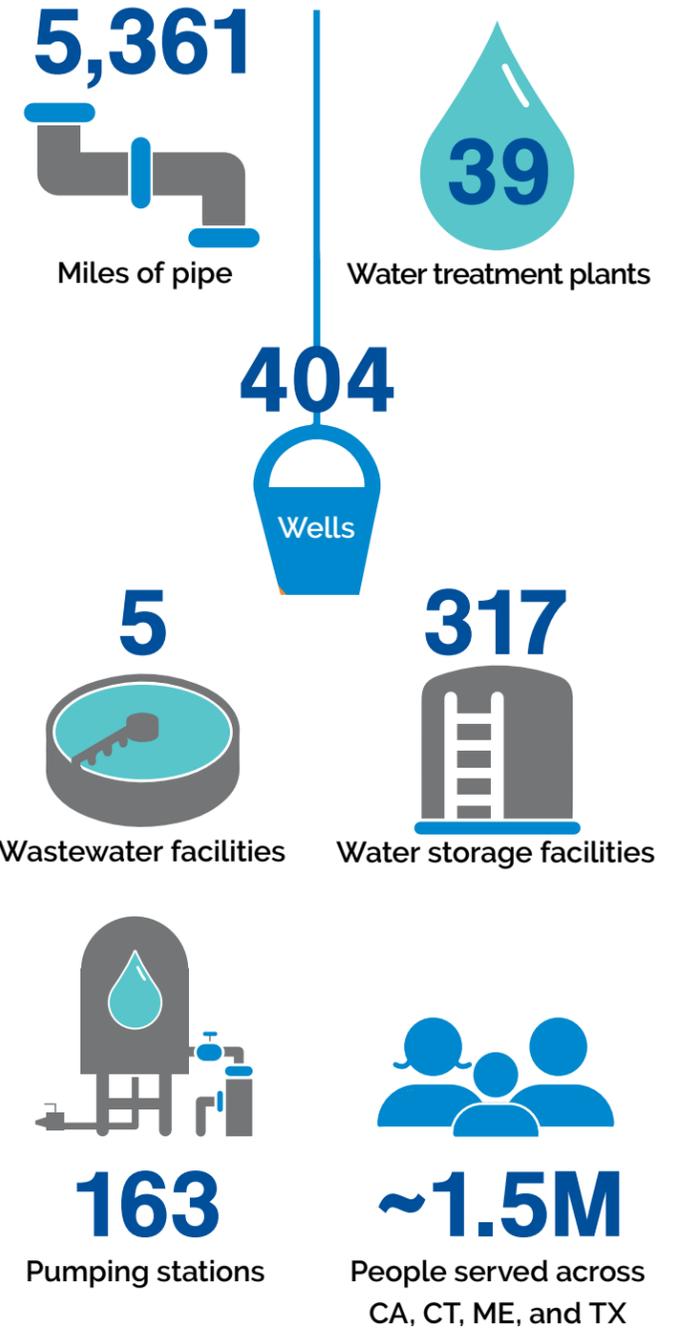
SJW GROUP AT A GLANCE

700+

trusted professionals
across a multi-state platform



ASSETS





WHO WE ARE

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SJW Group is the second largest investor-owned pure play water and wastewater utility (measured on rate base) in the United States.

We are proud to provide life sustaining, high-quality water service to nearly 1.5 million people. SJW Group's locally led and operated water utilities – San Jose Water Company (San Jose Water) in California; The Connecticut Water Company (Connecticut Water) in Connecticut; The Maine Water Company (Maine Water) in Maine; and SJWTX, Inc. (SJWTX) in Texas – possess the financial strength, operational expertise, and technological innovation to deliver outstanding service to customers and provide opportunities to employees, all while safeguarding the environment. SJW Group remains focused on investing in its operations, remaining actively engaged in its local communities, and delivering sustainable value to its shareholders.

Connecticut Water was created in 1956 and through its predecessor company, with roots going back to the 1840s. Connecticut Water is headquartered in Clinton, Connecticut and through 72 separate water systems, serves about 361,000 people across 60 towns.

Maine Water's history in water service goes back to the 1880s. The company is headquartered in Saco, Maine and serves more than 80,000 people in 13 water systems across 21 communities.

Founded in 1866, San Jose Water is an investor-owned public utility and is one of the largest and most technically sophisticated urban water systems in the U.S. It serves more than one million people in the greater San Jose metropolitan area.

SJWTX has been part of SJW Group since 2006. The company serves 57,000 people across eight communities in Comal, Blanco, Hays, and Travis counties. SJWTX strives to be an environmental steward in the water conservation and recycling arenas through its water and wastewater operations.





GOAL UPDATES

SJW Group is proud of the progress we made over the last year, despite 2020's many challenges.

In 2019, SJW Group's Sustainability Report included a number of goals for 2020 and beyond. Some of the goals were achieved and others continue to be a work in progress. While additional initiatives were undertaken following the merger, many of the original goals were impacted by COVID-19 and have been included in our goals for 2021. SJW Group is proud of the progress our teams have made – despite incredible obstacles – and have set additional goals for the coming year. We are pleased to report on the 2020 SJW Group goals.

Please note, Connecticut Water and Maine Water were new to SJW Group when our last report was issued, therefore specific 2020 goals were not included for either subsidiary.

Completed Goals

SJW Group

- Human Rights Policy approved in Q4 2020

San Jose Water

- Implementation of an Enterprise Asset Management plan completed

SJWTX

- Continued improving efficiency requirements for outdoor water use
- Developed master concept for public garden trail promoting adaptive, native, and drought-tolerant landscapes
- Invested approximately \$16.5M in capital improvements in 2020
- Exceeded goal with more than \$17.6M in infrastructure improvements, including critical system storage
- Established a company-wide goal to reduce water loss ratios to 10% by 2030
- Developed additional water supplies either individually or as part of system acquisition
- Amended existing supply contract to procure additional water supplies

In Progress Goals

San Jose Water

- Establish new, internal sustainability role in 2021 to oversee climate policy
- Develop roadmap to reduce San Jose Water's carbon footprint in 2021 in partnership with new, internal sustainability role for the entire SJW Group enterprise
- Initiatives that were delayed due to COVID-19 restrictions, but will be completed in 2021:
 - Replace 1% or about 24 miles of San Jose Water's transmission and distribution system
 - Invest a minimum of \$100M in capital improvements

SJWTX

- Install Advanced Metering Infrastructure (AMI) and customer portals in Q4 2020 – Q2 2021
- Develop additional water supplies either individually or as part of system acquisition
- Complete acquisition of the Clear Water Estates Water System in Canyon Lake, TX in 2021, which is still pending regulatory approval
- Replace 0.4% -- or two miles -- of SJWTX's transmission and distribution pipes (delayed due to COVID-19 restrictions, but will be completed in 2021)



Customer Satisfaction Survey

Serving our customers and communities at world class levels is critical to our mission. To determine opportunities for improvement, a formal Customer Satisfaction (CSAT) survey is completed twice a year. In the mid-year survey, SJW Group received a world class combined-company CSAT score of 88.3, based on customers' ratings, company characteristics, field personnel, and office personnel.

We are proud to have upheld our commitment to serving our customers in 2020, and will strive to continuously improve these scores through meaningful action and change, where necessary.



2021 GOALS

SJW Group

- Create new internal role to drive sustainability efforts
- Begin implementation of SJW Group's Environmental Management Policy
- Implement Human Rights Policy
 - Roll out policy training to all employees
 - Survey vendors across the organization to determine if they are fully aligned with SJW Group's Human Rights Policy and Code of Conduct

Connecticut Water

- Continue the purchase of 30% Class I Renewable Energy in advance of the 2025 Connecticut statutory standard
- Establish a plan for implementation of energy efficiency measures identified in 2020 energy audit
- Complete assessment of company properties that can be offered to municipalities or environmental groups for preservation and evaluate opportunities for additional passive recreation programs to provide environmental safeguards for water company lands
- Replace water main at rate of 1% of pipe each year through the Water Infrastructure and Conservation Adjustment (WICA)
- Fund and construct a solar array at the Stewart Water Treatment Plant in Naugatuck as its first major renewable energy project to offset purchased energy
- Maintain WICA spending of at least \$24.8 million in 2021

Maine Water

- Work with a local partner to create a conservation easement in Biddeford in conjunction with the new Saco River Drinking Water Treatment Facility
- Achieve award status for the Saco River Drinking Water Treatment Facility in 2021 from the Institute for Sustainable Infrastructure, based on the Envision framework
- Partner with the cities of Biddeford and Saco to develop Climate Action Plan in response to their declarations of a Climate Emergency

San Jose Water

- Continue work to bring solar energy to two groundwater pumping stations and seven tank sites for a 2022 completion date
- Apply for Santa Clara County Green Business Certification
- Continue 1% replacement of transmission & distribution system
- Invest \$100M in capital improvements
- Hire a Watershed Manager to coordinate fuel management, land conservation efforts, and public relations

SJWTX

- Implement strategic communications plan around conservation, drought management, and the local ecology
- Complete pilot of an irrigation check-up program in at least three subdivisions with differing customer characterizations serving at least 200 residential customers
- Launch active implementation of AMI pilot for 860 homes
- Boost reuse efforts by selling treated effluent for dust control at construction sites, and working with developers to provide treat effluent for irrigation at commercial sites
- Replace at least three miles of water mains in addition to the installation plans carried over from 2020





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CULTURE

We value our employees, and it is our top priority to provide a safe workplace that has clear values, a culture that embraces diversity, jobs that offer competitive wages and benefits, and training opportunities that help people have meaningful careers.

Our approach to supporting employees includes:

- Focusing each role around our mission and the values that we share;
- Providing ongoing training and reinforcement of health and safety in the workplace; and
- Investing in the growth and development of our water professionals.

The recent acquisition of Connecticut Water and Maine Water provided additional opportunities for employees to take advantage of geographic relocation. Our teams have also benefited from sharing of resources and best practices with the addition of the New England utilities.

Employee health and safety is an integral part of all business operations, with a commitment from Executive Leadership at its foundation. The companies have extensive workplace safety policies in place to ensure proper and timely training and equipment are provided. Safety culture is woven into all aspects of the organization and measured during our Employee Satisfaction and Engagement Survey.

Employee Survey

This year, 72% of SJW Group employees participated in our semi-annual employee satisfaction surveys,

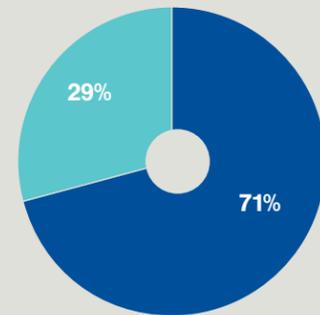
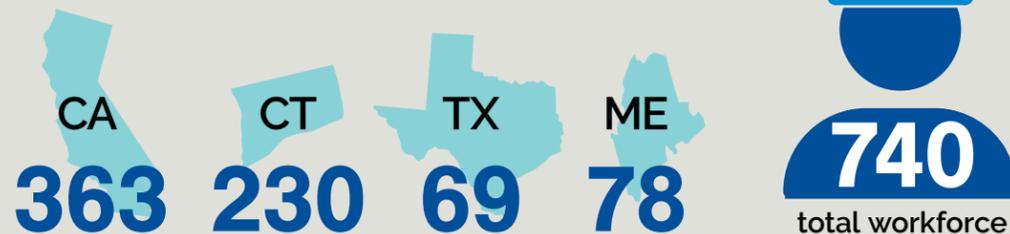
providing a roadmap to increasing employee satisfaction and retention. Highlights included:

- 94% of employees agreed the company planned and handled its COVID-19 response well
- Employees gave positive ratings on being treated with respect by management and local leadership creating an atmosphere of mutual trust and respect
- Employees understood the overall goals of the company and felt they had the equipment, tools, and supplies necessary to do the job

A "Work from Home" survey was also conducted in early summer 2020, which led to improved communication, training of supervisors on identifying and responding to employee mental health concerns, and additional employee wellness resources.

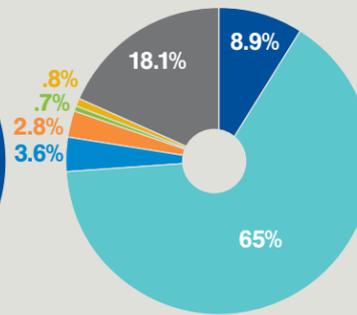
Workforce Demographics

SJW Group has always recognized the value of diversity and prioritized attracting and retaining a diverse workforce that is representative of the communities we serve. To hold ourselves accountable, we have been tracking our workforce demographics for a number of years to identify employee teams, geographies, or seniority levels where hiring of minorities or specific demographic representation needs to be addressed. The social unrest in our country this year has encouraged us to further explore our opportunities to grow in the areas of diversity, equity, and inclusion.



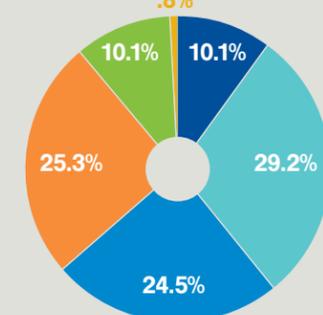
GENDER

- Male
- Female



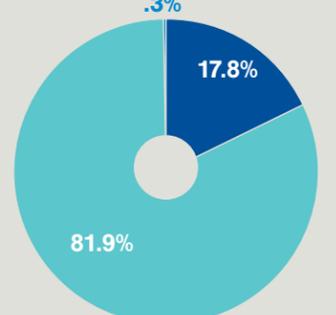
RACE

- Asian (66)
- White (481)
- Two or more races (27)
- Black or African American (21)
- American Indian or Alaska Native (5)
- Native Hawaiian or Other Pacific Islander (6)



AGE

- 20-29 (75)
- 30-39 (216)
- 40-49 (181)
- 50-59 (187)
- 60-69 (75)
- 70+ (6)



ETHNICITY

- Hispanic or Latino (132)
- Not Hispanic or Latino (606)
- Blank (2)



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SERVICE

COVID-19 Management

Without a doubt, this year brought significant challenges to the health and safety of our employees. SJW Group organized a COVID-19 response plan as early as February and took immediate actions to protect our employees and customers. This included a halt to all non-essential services, company-wide remote work for our office employees, and dispatch of field service employees from home to minimize interactions. As the pandemic and knowledge of the virus evolved, additional guidance protocols were developed and revised with a focus on cleaning and disinfection of facilities, vehicles, and tools; implementing social distancing; and wearing face coverings at jobsites to limit the transmission of the virus.

We also sought feedback from the field staff to confirm that these protocols were effective and being followed. To identify and provide a timely response and communication to possible presumed or confirmed COVID-19 cases, SJW Group developed an employee contact tracing tool to easily identify employees who were in close contact with a positive case. Our team also developed the Work Assessment and Task Evaluation Review (WATER) assessment to determine the risks associated with various field tasks, and whether those risks could be mitigated by adapting procedures and/or personal protective equipment (PPE). Only when we had fully evaluated the risks of specific field work tasks and implemented effective procedures, policies, and proper protective equipment were those tasks resumed.

We worked closely with contractors to coordinate efforts to lower the transmission of COVID-19 among our jobsites and locations. Every contractor was required to submit a COVID-19 Safety Plan to SJW Group for review. In addition to the local construction mandates, we are continuing to use additional interim guidance protocols for large and small construction safety plans.

Labor Relations

San Jose Water is the only SJW Group subsidiary that has a unionized workforce. The partnership between San Jose Water, the Utility Workers' Union of America, A.F.L. - C.I.O. Local 259, and the Operating Engineers Local Union No. 3 of the International Union of Operating Engineers, A.F.L.- C.I.O. shows that good labor-management relations are fundamental to successful corporate management. In 2020, new three-year agreements with Local 259 and Local 3 were voted upon and put into place thanks to our strong partnership with these groups.



Mental Health Awareness

This year, we designated October as Mental Health Awareness Month to promote mental health resources and provide training to help ensure our teams operate in a supportive work environment. We have provided a total of 10 hours of wellness webinars focused on mental health. We recognize the importance of regularly communicating with employees about the importance of their physical and mental well-being; these webinars and our Employee Assistance Programs all play a role in supporting our staff through these challenging times.





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Emergency Management

SJW Group's [Emergency Management and Business Resiliency](#) teams help prepare for the unpredictable. Emergency Management Departments at each subsidiary have developed fully-functioning Emergency Operations Centers (EOC) – complete with protocols and employee training.

The EOCs provide the location where personnel trained in the National Incident Management System (NIMS) incident command structure work to ensure that resources are being deployed to meet the needs of an emergency. Whether it be wildfires, winter storms, floods, or prolonged power outages, changes in the situation are analyzed and communicated amongst the team. Above all, the health and safety of employees, customers, and the community is the forefront of our response. For more information on SJW Group's emergency management, visit www.sjwater.com.

CA — California Wildfires

In August, Northern California experienced what some might call a “perfect storm” with temperatures rising over 100 degrees several days in a row, high winds, and dry lightning. As a result, there were more than 7,000 wildfires including two large “complex fires” surrounding the eastern and western sides of our service area. Both fires threatened operational sites, as well as our watershed lands.

Within the San Jose Water service area, there were mandatory and voluntary evacuations. Air quality was significantly affected with levels reaching “unhealthy” conditions. For our field personnel, the use of N95 masks was recommended and safety guidance provided. All San Jose Water employees were required to take an online training program that covered wildfire safety rules and the proper use of N95 masks.

Thanks to our infrastructure investments, planning, and preparations, our customers in California did not experience any water service outages due to the wildfires. We were also able to offer service credits to those who were forced to evacuate through our Customer Disaster Relief Plan.

CT — Tropical Storm Isaias

Tropical Storm Isaias tore through Connecticut in early August, leaving a path of downed trees and power lines behind. More than 700,000 homes and businesses were without power for up to eight days, including more than 100 of Connecticut Water's critical facilities. Many of these systems also support public fire protection.

Because of prudent investments and long-range planning, all of Connecticut Water's critical facilities were able to run on back-up generators. Not one Connecticut Water customer lost service during these extended power outages. We could not be prouder of our employees, many of whom were dealing with power loss at their own homes, while meeting the needs of customers and maintaining COVID-19 safety protocols.

ME — Late Winter Storm

A late spring storm dumped more than 20 inches of snow in parts of Maine Water's service area – knocking down trees and causing several power outages that affected our employees, treatment facilities, booster pump stations, and water storage facilities, including two surface water treatment facilities. Careful planning and investments over time meant that our critical facilities were equipped with standby power so that Maine Water employees could keep safe drinking water flowing for customers and supply public fire protection.

Just a few days later, the state was hit with a wind and rainstorm that resulted in another round of widespread power outages. Our team and systems were up for the challenge, maintaining COVID-19 safety precautions and serving customers through unpredictable weather.

TX — Drought

No stranger to drought, Texas once again faced dry conditions mid-summer. In Texas, every utility is required to have a Conservation Plan and a separate Drought Plan along with mandatory state reporting. SJWTX executed a regional approach, which is a new provision in our Drought Plan. We were able to coordinate the drought stages and resulting actions among neighboring utilities so that all regional utilities entered Stage 1 within days of each other. This prevented confusion between various rules and provided consistency for residents who live in one place and work in another, share news sources, and have general awareness of what is happening in the south-central region.



SAFETY

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Health and Safety

Protecting the health and safety of our employees is a top priority for SJW Group. The Safety Team expanded this year to include safety-focused professionals from each new subsidiary. This significantly improved our employee health and safety programs, which focus on four core elements:

Safety Leadership: demonstrating management commitment and taking ownership, empowering local teams to be accountable for safety.

Participation: involving everyone in all aspects of the safety program, connecting safety work to serving employees, customers, shareholders, and the environment.

Hazard Identification and Control: inspecting workplaces, identifying hazards, implementing controls, and partnering with the front-line teams responsible for delivering clean, safe drinking water.

Training: training employees on hazards and how to protect themselves.

Incident and Crisis Management

Both known and unknown threats to employee health and safety are anticipated and planned for by the SJW Group team. There are several management systems in place to plan and respond to incidents such as a pandemic, wildfire, earthquake, and extreme weather, among others. The goal is to safeguard our employees' health and safety during local, national, or global incidents.

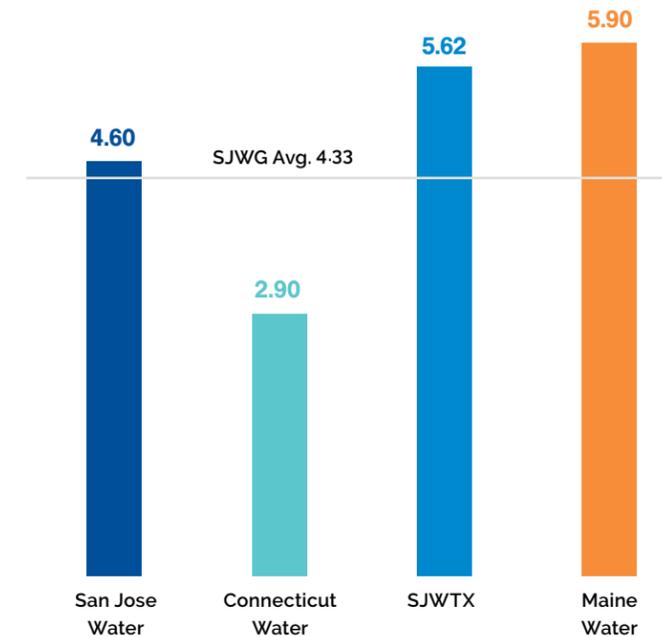
In 2020, we identified and controlled 65 new hazards throughout the organization. Most of the hazards were related to signage, fall hazards, and lockout/tagout. Primarily, the hazards are identified by onsite inspections and from near-miss investigations. Proactive identification of hazards keeps us one step ahead of constantly changing workplace conditions.

Types of Injury and Incident Rates

Through Q3, there were no fatal accidents within the SJW Group operations. In SJW Group, 30 work-related incidents took place by end of Q3 2020, resulting in 233 lost working days, on the basis of approximately one million

hours worked. The Total Recordable Incident Rate (TRIR) for Q1-Q3 2020 was 4.33 and the Days Away/Restricted or Job Transfer (DART) rate was 2.45.

Total Recordable Incidents Rates for Q1 – Q3 2020 Safety Investments



Significant safety improvements were made to improve our facilities and stations, including installing fall protection equipment on tanks, elimination of confined spaces, and replacing ladders with stairways. In 2020, SJW Group invested \$1.8M to improve safety throughout our operations. A total of 2,083 labor-hours of OSHA outreach training, 500 labor-hours of safety tailgates, and 264 labor-hours of specialized safety training were completed by end of Q3 2020 in all four states.

In early March, Connecticut Water was designated as a HEARTSafe Workplace, becoming the first and only utility to achieve this designation. The HEARTSafe Program aims to help Connecticut's municipalities, workplaces, and campuses improve chances of survival to anyone suffering a sudden cardiac arrest. HEARTSafe Workplace designation recognizes Connecticut Water's commitment to employee CPR/AED training; promotion of preventative health; and education opportunities related to heart disease and related risk factors, automated external defibrillators (AEDs), and a written Emergency Action Plan.





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OUR COMMITMENT

Water touches everything we care about. Our commitment to providing clean and reliable water service to our customers remained steadfast in 2020.

Water sources vary from state-to-state and water system-to-water system throughout the year. Regardless of the source, it is always our intention to protect our water sources today and for the future. Environmental stewardship is key to the work we do and the communities we serve.

Water Supply

Connecticut Water

Groundwater: approximately 50 percent of Connecticut Water's water supply comes from more than 200 groundwater wells throughout the company's service area.

Surface Water: approximately 50 percent of the company's supply comes from 12 active surface water reservoirs.

Maine Water

Groundwater: approximately seven percent of Maine Water's water supply comes from 14 groundwater wells throughout the company's service area.

Surface Water: approximately 93 percent of the company's supply comes from seven active surface water reservoirs, and about two percent of the surface water is purchased.

San Jose Water

Groundwater: approximately 40 percent of San Jose Water's water supply is pumped from over 100 wells that draw water from the Santa Clara Groundwater Basin.

Imported Surface Water: approximately 50 percent of San Jose Water's water supply is imported surface water from the Sacramento-San Joaquin Delta and purchased from Valley Water, our wholesale supplier. A majority of this water originates as Sierra snowmelt and travels through the state and federal water projects before treatment at Valley Water's three water treatment plants.

Local Mountain Surface Water: local surface water is collected from our watershed in the Santa Cruz Mountains and treated at our two water treatment plants. This water accounts for approximately 10 percent of our supply.

Recycled Water: this drought-proof resource makes up to two percent of San Jose Water's total water supply.

Supplied to approximately 280 customers through a separate "purple pipe" distribution system, the recycled water is a great solution for most landscaping needs, cooling towers, and dual-plumbed facilities.

SJWTX

Systems in the Canyon Lake area receive water from Canyon Lake, groundwater from the Trinity Aquifer, and sometimes both, depending on the area. Customers may receive different sources from day-to-day as usage patterns change.



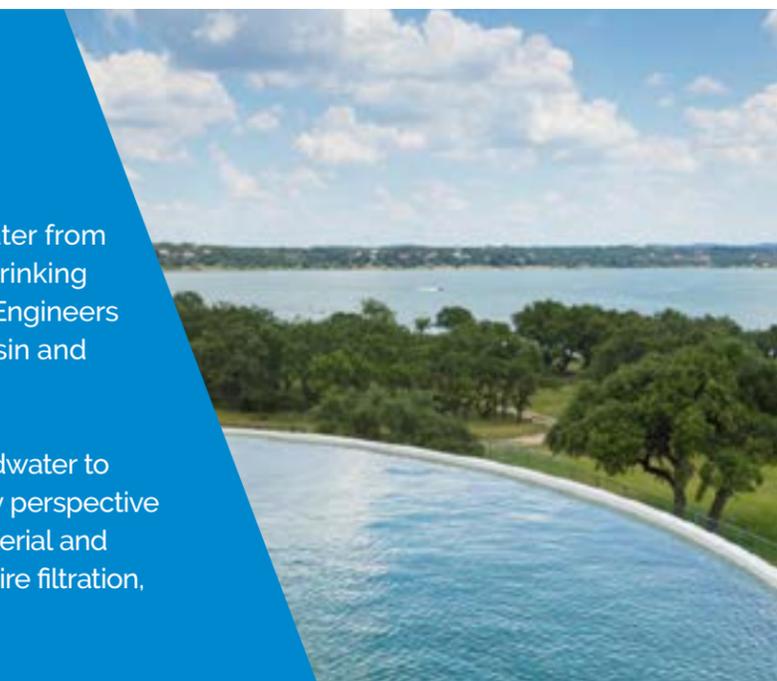
Deer Creek Water

The Deer Creek system uses water from Lake Austin, which is operated by the Lower Colorado River Authority under the rules and regulations of the U.S. Army Corps of Engineers. The water from Lake Austin is purchased from the Lower Colorado River Authority, and is treated and distributed to the Deer Creek system by the West Travis County Public Utility Agency. Once the water reaches the Deer Creek system it is managed by SJWTX, which works to ensure that service and quality are maintained within the system. The water is treated and delivered to Deer Creek customers by the West Travis County Public Utility Agency.

Canyon Lake Area Water

Systems in the Canyon Lake Area receive surface water from the Canyon Lake Reservoir. In addition to providing drinking water, the lake is operated by the U.S. Army Corps of Engineers to mitigate flood damage to the Guadalupe River Basin and offers recreation opportunities in Texas.

SJWTX utilizes almost 40 active wells to supply groundwater to customers. Groundwater is helpful from a water quality perspective because it does not contain the amount of organic material and contaminants seen in surface water so it does not require filtration, only disinfection.





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SJW Group – Total Water Consumed/Produced (in million-gallons: MG)

SJW Group Total			
	2019	2018	2017
Total water consumed (potable + recycled) *SJW Only	35,210	35,740	33,869
Total potable water consumed	44,857	45,702	44,379
Total potable water produced	50,341	50,438	49,165
Surface water	13,543	10,560	8,302
Groundwater	15,067	16,195	18,324
Purchased water (import)	21,732	23,683	22,539

Recycled Water - San Jose Water only			
	2019	2018	2017
Recycled water	732.1	761.7	607.2
% recycled of total water delivered	2.08%	2.13%	1.79%
Reuse water	0	0	0
% reused	0	0	0



Detailed breakdowns by subsidiary:

1

To assist in the long-term planning of water supplies, San Jose Water produces an [Urban Water Management Plan](#) every five years. The report serves as a master plan for water supply and resources management, and a reporting document for compliance with the California Water Code and the California Urban Water Management Planning Act of 1983. The next report is due June 2021.

2

Connecticut Water has water supply plans for each of our four operating regions in Connecticut and for smaller water systems in Hebron, as required by the Connecticut Department of Public Health (DPH). The plans are updated every nine years and require a 50-year planning horizon and include projects on population growth and how Connecticut Water will meet increased demand for water over the planning horizon.

3

Over the years, Connecticut Water has acquired many small water systems that often serve one neighborhood. Due to these systems typically having limited water supplies available, we launched a series of conservation education programs to help customers conserve water. Connecticut Water is also working with local communities to evaluate the implementation of water ordinances that would limit water use for irrigation systems to 5-10 gallons per minute. Information on each water system and its conservation materials can be viewed at www.ctwater.com.



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SUSTAINABLE INFRASTRUCTURE INVESTMENTS

The water systems that serve us today are here because of forward thinking people who recognized the importance of public water and invested in those systems.

It is our responsibility to renew these water systems as they age so they can continue to deliver life-sustaining water to current and future generations. SJW Group's subsidiaries are committed to providing safe, clean drinking water to customers for today and tomorrow. A sound system of pipes, tanks, water quality equipment, and water treatment facilities means we can meet our public health mission of helping our communities thrive thanks to a reliable supply of high-quality water.

We expect to make approximately \$195 million to \$200 million in capital expenditures for the calendar year 2020. 2021 capital expenditures are budgeted at \$237.8 million. Decisions on where that investment is needed are made at the local utility level. SJW Group overall has made a commitment to replace one percent of its water mains annually. Nationwide, the American Society of Civil Engineers estimates that two trillion gallons of treated drinking water are lost to water main breaks across the country each year. SJW Group water utilities have programs to identify water mains that have a history of main breaks are undersized or that have reached the end of their useful service. These programs help us to avoid wasting treated water and the power used to treat and pump that water.

Enterprise Asset Management

Setting a solid foundation for system reliability and sustainability is done through short- and long-term asset management planning. San Jose Water has taken the lead on this effort and shared its award-winning program with the other subsidiaries to build a stronger infrastructure system that will last generations.

Developing San Jose Water's first Enterprise Asset Management Plan (EAMP) was a complex endeavor. This EAMP contains the overall condition of all

assets, the six-year Capital Improvement Program (CIP), as well as the long-term, 100-year forecast for capital investment needs. The knowledge and insight provided by the EAMP will enable San Jose Water to effectively and sustainably provide high levels of service to customers.

San Jose Water also continues to implement technologies and strategies that enhance the reliability of day-to-day operations. The pump and motor vibration monitoring program utilizes cloud-based, real-time monitoring sensor capabilities to alert operations staff of slight, unnoticeable defects in pumps and motors. These defects, if left unaddressed, can lead to more damage and eventually service failures. The vibration monitoring program will enhance the reliability of pumps to ensure continual water supply. Additionally, San Jose Water is now using ultrasonic lubrication technologies to optimize pump and motor lubrication practices to extend the useful life of assets and minimize costs.

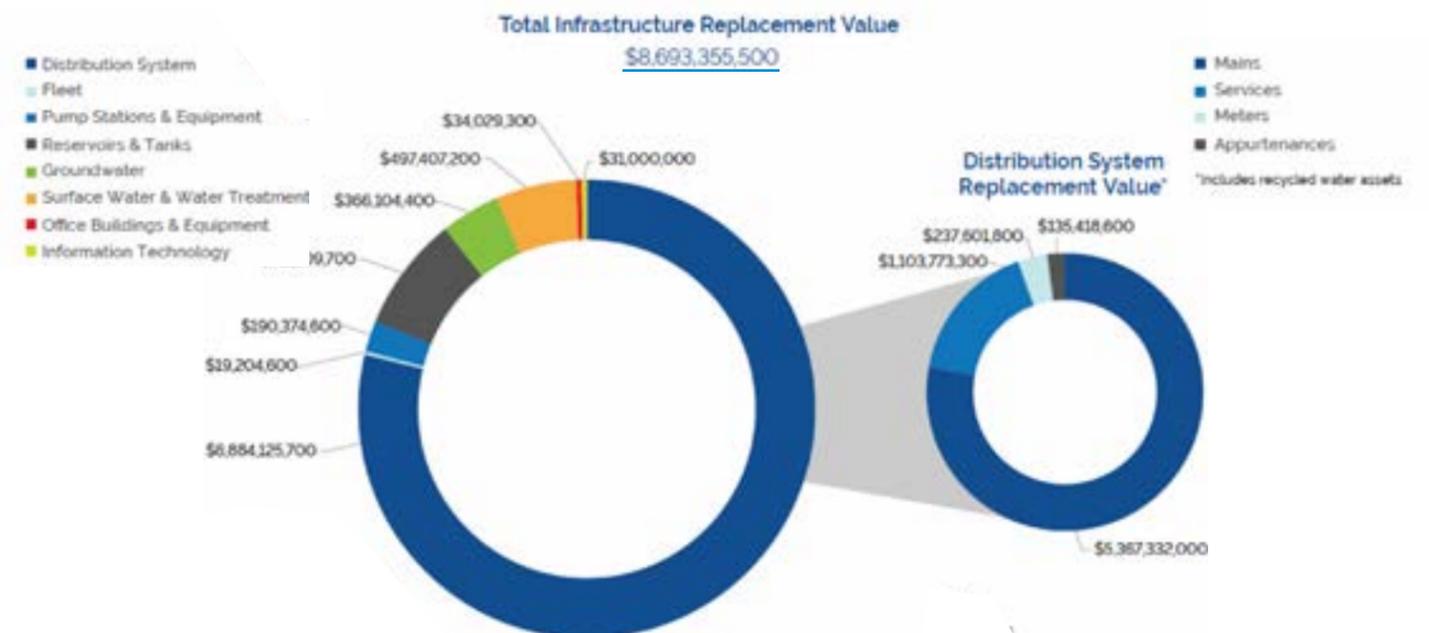
San Jose Water has also been advancing the practice of asset management in the water industry on a national level. In September, San Jose Water was featured in an EPA webinar to share best practices on an asset management approach to identify and prioritize risks from outside threats such as earth-

quakes, wildfires, power outages, contamination, and cyberattacks.

Geographic Information System (GIS)

Water companies are not frequently thought of as high-tech. However, SJW Group is proud of the investments it continues to make in advancing our technology to better serve our customers. As an example, each company embraces a geographic information system (GIS) that allows a company to gather and store information in one place and then use the information to enhance operations.

SJW Group is in the process of shifting all GIS infrastructure for San Jose Water and SJWTX to the cloud for improved accessibility and reliability. This year, SJWTX's desktop GIS viewer was replaced by a responsive web map, making GIS data available on mobile devices in the field for the first time in Texas. At Connecticut Water, GIS data will be used to support future Asset Management programs, analysis of water main replacement projects, and multiple operation functions like system flushing processes and water main break recording. In 2020, Maine Water embarked on a multi-year project to bring all water systems up to a standardized accuracy level to allow for better asset management, as well as give an effective tool for the internal field staff to use.





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On-going Infrastructure Investments

Connecticut Water and Maine Water both target replacing one percent of water main each year through infrastructure surcharge programs, WICA in Connecticut and WISC in Maine. WICA and WISC allow for the recovery of programmatic replacement of infrastructure through surcharges applied to customer bills as projects are completed and serving customers — between general rate cases. Among the non-WICA projects was the Kelseytown booster station replacement. The existing station was nearly 40 years old. It is a vital link between a major water supply and the distribution system. The new facility will provide more reliable service and features energy efficient pumps.

In Maine, we replaced more than 3,000 feet of water main that was more than 130 years old on North Street in Saco. The new main is larger in diameter and will increase reliability and make more water available to hydrants for public fire protection.

San Jose Water's Belgatos Reservoir Replacement project was completed three months ahead of schedule and under budget. The Columbine Tank project began in 2020 and will replace two embankment reservoirs built in 1963 with two 2.37M gallon pre-stressed concrete storage tanks. In addition, San Jose Water replaces one percent of its water mains each year to maintain a strong system with minimal customer disruptions from leaks. The McLaughlin Well Site project should be completed shortly with six new wells, back-up power generators, disinfection systems, and new electric service.



SJWTX is located in one of the fastest-growing regions in the U.S. and has been busy consolidating two drinking water systems to achieve a stronger distribution system that can accommodate demand. SJWTX connected one system that uses surface, ground, and purchased water – the Canyon Lake Shores system – with the Summit North subdivision, a stand-alone groundwater-only system. By connecting these two systems, SJWTX made water supply to the residents in Summit North more resilient. The Summit North groundwater well also contributes to the blended water provided to Canyon Lake Shores customers, further bolstering their supply. By connecting these systems, the Canyon Lake Shores system absorbed the Summit North system creating administrative efficiencies by eliminating separate regulatory reporting.

>3,000
feet of water main replaced in Maine



Saco River Drinking Water Treatment Facility

This year, Maine Water broke ground on a new Saco River Drinking Water Treatment facility. It will become operational in 2022, replacing the existing treatment facility which has served Southern Maine communities since 1884.

The new facility will be located out of the flood plain of the Saco River, where flooding has taken the plant offline at points during its 136-year history. Engineering studies indicated that in addition to the risk of flooding, a new facility would be more efficient to operate (utilizing less energy and fewer treatment chemicals) and more cost-efficient over the coming half-century.

As part of the project, more than 250 acres of forest will be preserved to provide the community access to open space, protect the Saco River source waters, and to preserve valuable wetland habitat, including a Red Maple Swamp that improves resiliency during flooding.

Construction of the facility is expected to generate 150 jobs through 2022 and maintain permanent jobs upon completion. Maine Water anticipates achieving an award status through Institute for Sustainable Infrastructure for the facility.



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WATER TREATMENT

Water Quality

Our team of trained, certified, and licensed professionals are passionate about safe drinking water. Water is regularly tested at the source and as it travels through the water treatment process and distribution system, we ensure that it meets and all state and federal standards for safe drinking water.

The company has representatives on state and federal water industry associations to monitor and engage with regulators and other stakeholders on proposed water quality standards for public water supplies. As new standards are proposed and adopted, our teams conduct the planning and budgeting for any necessary changes in treatment or operations to comply with new requirements.

Over the past few years, we have made substantial investments in our water treatment facilities to enhance operations, meet increasingly stringent standards, and incorporate energy efficiency and waste reduction measures. In Connecticut, our Rockville Drinking Water Treatment Facility is part of a water system that serves more than 36,000 customers in Northern Connecticut. It went online in 2017, replacing a 47-year facility that was at the end of its useful life.

Maine Water broke ground on its new Saco River Drinking Water Treatment Facility that will serve the 16,000 customers in that system at an estimated cost of more than \$50 million. It replaces a treatment facility that went online in 1884. The facility's last major overhaul was in 1936 – more than 80 years ago.

In 2018, San Jose Water completed an award-winning Montevina Water Treatment Plant for just over \$62 million. The new plant can provide high quality drinking water for up to 91,000 of our customers.

We will continue to invest in water quality whether it in source protection, replacement of aging pipes, or enhanced treatment systems to meet future drinking water standards. We are also committed to honoring our commitment to the environment by reducing waste discharges, disposing of treatment wastes safely, and increasing the use of renewable energy sources to power our treatment processes.

Each year, thousands of water quality tests are performed to make sure the water meets all State and Federal standards. The results of the tests are shared with customers through Annual Water Quality Reports.

PFAS

PFAS, also known as Per- and Poly Fluoro Alkyl Substances or “forever chemicals” are found in non-stick pans, flame retardant in fabrics, firefighting foam, and food packaging and can now be detected in some water supplies. The United States Environmental Protection Agency (EPA) has yet to develop national drinking water standards for these chemicals, so a number of states have proceeded to adopt their own standards with different risk assessments and factors. Company representatives and the water industry associations have been engaged in the process to encourage adoption of a consistent national, science-based standard.

To provide data and better understand if these compounds are present in our water supplies, three of our subsidiaries - San Jose Water, Connecticut Water and Maine Water - voluntarily began monitoring for PFAS compounds in 2019. To learn more about the steps we are taking to notify customers of the presence of any PFAS, and how we are identifying removal solutions for any PFAS detected in our water supply, visit www.sjwater.com.

Annual Water Quality Reports

Sharing water quality information is a key part of customer outreach. We provide customers with annual water quality reports, also known as the Consumer Confidence Report (CCR), that shares information about the quality of the drinking water in an easy-to-read format. [San Jose Water](#) produces one single report for its continuous service area while [Connecticut Water](#), [Maine Water](#), and [SJWTX](#) produce a separate report for each water system served.





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Wastewater Discharges

Each state has separate rules and regulations regarding wastewater discharges. Connecticut Water and Maine Water will report numbers beginning in 2021. SJWTX has a small amount of wastewater discharge from its wastewater treatment plants, and San Jose Water tracks and reports all of its water and wastewater discharges. These discharges are generated from a variety of activities that are necessary to ensure that the drinking water we serve our customers is fresh and meets all drinking water standards at all times. For SJW Group, these discharges include:

- Wastewater generated at San Jose Water's Saratoga Water Treatment Plant (backwash water that cannot be recycled);
- Chlorinated water used to disinfect new pipes and pipe repairs;
- Tanks and reservoirs cleaning; and
- Well flushing when disinfecting or when a well is started up that has not been used recently.

Whenever possible, San Jose Water puts the water that is discarded from the above activities to beneficial reuse such as irrigating landscapes and percolating water back to the aquifer. San Jose Water has also minimized the wastewater generated from its flushing activities. With its flushing truck, San Jose Water is now able to clean that water and recycle it instead of discarding it to storm drains. This new flushing technique is helping San Jose Water recycle 36,000 gallons of water for every mile of pipe that is flushed. Last year, San Jose Water was able to recycle over eight million gallons of water for the 240 miles of pipe flushed by its crew.

San Jose Water Wastewater and Drinking Water Discharges are tracked and reported to the appropriate agencies.

San Jose Water has been building enhanced sumps to facilitate the flushing of wells by Operations staff. These sumps are designed to percolate flushed water back to the aquifer and to filter flows that exceed the pump's percolation ability prior to discharge to a storm drain.

Many of Connecticut Water's surface water treatment facilities return spent backwash water to the head of the facilities after the solids have been allowed to settle. The remaining solids from the treatment process are dried and stored for use in agricultural applications.

SJWTX is pursuing two permits with the Texas Commission on Environmental Quality. One permit would allow the sale of treated effluent to be used in construction sites for things like dust control, curing concrete, and other tasks that don't require potable water. The second permit would allow the sale of treated effluent for irrigation within one of the larger developments in the service area. Specifically, this irrigation could be used at a newly planned commercial site adjacent to the development.

Wastewater Treatment Plants

SJWTX

In our Texas service area, there are gravity and pressure wastewater systems. With the first full year of operations under its belt in 2019, the Vintage Oaks Wastewater Treatment Plant in New Braunfels, SJWTX continues to serve a planned community of more than 400 homes. Using a membrane bioreactor system plus filtration and UV disinfection, the facility continues to serve the growing community with this pressure-run system. This unique facility not only treats this liquid waste or effluent to high quality standards but was built with the intention of distributing it to 40 acres of nearby open space - a six-acre pond that stores the wastewater used to irrigate winter rye, Bermuda grass, and alfalfa in the community.

SJWTX also has three localized wastewater treatment plants (WWTP), meaning they serve only very nearby, designated areas. Some can be expanded as a development grows but they are designed to treat effluent for that development when it reaches full build-out. Startzville WWTP serves only an elementary school. The River Crossing WWTP serves a residential development. Treated effluent from this plant is used to irrigate a neighboring golf course.

The HEB WWTP serves a small commercial strip mall. We monitor state-required constituents on a weekly or daily basis for the standards SJWTX must meet.

Connecticut Water

Connecticut is home to one WWTP - The Heritage Village Waste Water Treatment System. The wastewater system serves the Heritage Village condominium community in Southbury, Connecticut along with several small commercial entities located on the grounds of Heritage Village. The system also serves the State of Connecticut's Southbury Training School via a connecting sanitary sewer line.

The collection system is comprised of nine lift stations, 652 manholes, 115,000 linear feet of gravity sewer lines, and 16,500 linear feet of force sewer main all located strategically within the Heritage Village community to collect and transmit the sanitary waste of the "Village" to the WWTP. The WWTP is located along the Pomperaug River and is a biological nutrient removal (BNR) plant rated at 0.78 MGD. The wastewater system is regulated by DEEP and operates under NPDES permit CT0101133.

Gish Groundwater
Station Sump





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Distribution

Our distribution system is the network of pipes, storage facilities, and pump stations that allows us to move water from our water sources and treatment facilities to homes and businesses. It is equivalent to the circulatory system in the human body. SJW Group water utilities own and maintain 5,361 miles of water mains. Our teams are continually assessing our distribution system's condition and planning for the future.

At SJWTX, the replacement of a critical main began in 2020. With the goal of replacing several miles of PVC with ductile iron, the first phase saw the replacement of .66 miles without impact to service. In addition, one new turn out site was brought online, along with a 500,000-gallon storage tank. Construction on another turn out site also began this year. These additional turn outs and added storage are in some of the fastest growing parts of the Texas service area.

At San Jose Water, the Belgatos Reservoir Replacement project, was completed three months ahead of schedule and under budget. These two pre-stressed concrete tanks replaced existing earthen basins to ensure seismic safety and increased reliability for our supply. The Columbine Tank project began in 2020 and will replace two embankment reservoirs built in 1963 with two 5.07M-gallon pre-stressed concrete storage tanks. In addition, San Jose Water replaced one percent of its water mains each year to maintain a strong system with minimal customer disruptions from leaks. Our McLaughlin Well Site project should be completed shortly with six new wells, back-up power generators, disinfection systems, and new electric service.

In Connecticut Water's Shoreline system, a new water storage tank was constructed in Madison that has allowed us to decommission and remove a 110-year-old tank in Guilford and move water more efficiently from our sources of supply to the western extents of our system.

Water Losses

Non-revenue water includes all water losses and all unbilled, but authorized consumption. Water losses are largely a result of leaking pipelines and other system assets; however, water losses also include customer-metering inaccuracies typically resulting from meter wear or improper sizing. Unbilled, but authorized consumption is associated with standard water system activities, some of which include hydrant testing, construction activities, irrigating water company facilities, tank cleaning, and courtesy leak adjustments.

In the most recent Water Audit submitted to the California Department of Water Resources in September 2020, San Jose Water reported 7.5 percent annual non-revenue water as a percent by volume of total water supplied. SJWTX reported 16.3 percent year-to-date (through September 2020) non-revenue water.



Water losses are reported differently at Connecticut Water and Maine Water. Rather than reporting non-revenue water, we identify the metered water ratio, which is calculated by taking total metered sales over total metered production. The metered water ratio is unadjusted for any unbilled, but authorized consumption. The metered water ratio for the rolling twelve-month period between October 2019 and September 2020 was 16.9 percent for Connecticut Water and 20.2 percent for Maine Water.

Advanced Leak Detection

Minimizing water loss in our own distribution systems is a key part of our commitment to environmental stewardship. Not only can water loss be avoided, but we can also save the associated energy and treatment costs. Sharing knowledge across the four-state operations has allowed us to continually improve these efforts.

San Jose Water purchased and deployed over 6,000 acoustic leak detection sensors in the distribution system and will soon have over 8,000 sensors deployed. San Jose Water has brought on two full-time, expert leak detection technicians who focus on investigating and identifying subsurface leaks in the distribution system. The leak detection team is equipped with specialized leak detection equipment including two customized vehicles which are designed as mobile offices.

San Jose Water is also developing in-house desktop and mobile applications to maximize efficiencies by allowing technicians to prioritize routes based on geography and criticality, and to streamline data collection and management efforts.

Key leak detection activities in the Connecticut Water systems include the installation of 750 acoustic leak detection sensors in the Central System and 280 acoustic leak detection sensors in the Guilford System. It is estimated that these deployed sensors, along with proactive leak surveys, have helped the team locate and repair 57 leaks, which were estimated to cause about 200 million gallons of lost water over the first half of the year. Maine Water has identified and repaired 69 leaks, which were estimated to cause about 23 million gallons of lost water over the first half of the year.

In addition, San Jose Water is working on the annual American Water Works Association (AWWA) water audit and is building a dashboard to visualize new AWWA water audit results on a quarterly basis. The AWWA water loss audit was completed in September 2020, and a draft dashboard will be completed by the end of 2020. Discussions and a data collection effort is underway with SJWTX, and a Texas AWWA water audit dashboard will be completed in Q1 2021. The feasibility of building out a similar dashboard for Connecticut Water and Maine Water will be evaluated in 2021.



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ENERGY USE

Water utilities tend to be high energy users since it takes a lot of power to treat, pump, and distribute water to customers. Managing energy costs while increasing energy efficiency is a key focus of SJW Group.

In response to 2020's extreme heat events, San Jose Water participated in PG&E's voluntary load shedding program to help ease electrical demands during peak periods. In addition, San Jose Water always employs an efficient and automated time-of-use pump operation and energy management strategy through the Supervisory Control and Data Acquisition (SCADA) control system to minimize energy use during peak demand periods.

To help reduce energy use, all four subsidiaries entered into an agreement with Voltus, Inc (Voltus), to participate in a Demand Response Program with their local power utility. The program allows each utility to take advantage of operational flexibility to reduce our electrical demand from the grid when peak demands are anticipated. Ultimately, this helps avoid unplanned outages throughout the community and eliminates the need for power providers to run inefficient peaking power plants to meet the spike in demands. This program is mutually beneficial since San Jose Water is compensated for its successful participation when called on to reduce electrical demands.

San Jose Water and Connecticut Water entered into agreements directly with Voltus to develop appropriate curtailment plans. Funds received will go directly toward offsetting power costs required to produce water throughout the year. SJWTX works through Voltus to participate in the Electric Reliability Council of Texas' (ERCOT) Emergency Response Service. Under this program, SJWTX has agreed to run some of its highest energy using facilities on backup generators for several hours to relieve demand on the energy grid while ensuring power availability for other needs in the community. SJWTX's participation payments reflects the number of hours SJWTX relieved demand from the energy grid.

Electrifying fleet vehicles is in San Jose Water's future. San Jose Water has installed charging stations at its 3-mile campus and is piloting two electric vehicles for administrative staff. In addition, San Jose Water will be requesting funds for its 2021-2023 Capital Investment Program to expand the installation of electric charging stations at company sites. Plans are also being made to replace light duty vehicles and administrative vehicles with comparable duty electric vehicles as soon as they become available. San Jose Water is studying what impacts this may have on future fleet purchases, the impacts on greenhouse gas emissions, and what infrastructure needs may be required.

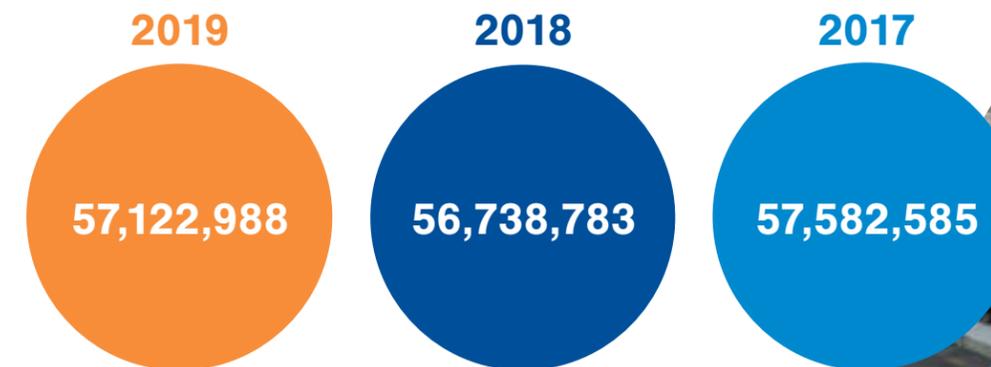
As part of our capital investments, San Jose Water focuses on power back-up systems to make sure that power is uninterrupted. At our Montevina Water Treatment Plant, a large on-site generator is in place in case of power outages. Back-up generators are built-in at some sites while portable generators allow flexibility to move throughout our service areas.



Connecticut Water leverages a mobility platform that optimizes the daily routes the company's field workers use to reduce fleet miles while maintaining high levels of service. This, along with other initiatives such as increased use of video conferencing and telework, have helped to reduce fleet miles by 25 percent over the past 12 years.

Connecticut Water and Maine Water previously replaced office lighting with newer reduced energy LED lights, have converted some facilities from oil heat to natural gas, and installed variable frequency drives, which are more energy efficient than single speed pumps, as pump stations are rehabilitated. In 2020, Connecticut Water installed energy efficient ductless mini split heating and cooling systems to replace and supplement traditional natural gas heating and cooling equipment.

SJW Group Total Electrical Energy Use* in kWh (renewable and nonrenewable sources)



Montevina generator



* Detailed water uses by subsidiary, renewable vs. non-renewable energy sources, carbon-free energy sources, and by end-use location are available [here](#).



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ADVANCED METERING INFRASTRUCTURE

Years of unprecedented drought in California, upcoming state-level water conservation mandates, and rising water costs mean San Jose Water and our customers require more real-time data on water use and proactive leak notifications.

However, most water meters are read manually and only every 60 days. AMI helps capture near real-time data on water usage, indicating when leaks may be occurring, and allowing customers to track their usage through an online portal. San Jose Water gained valuable experience from two AMI pilots that were completed in 2018. In 2019, San Jose Water developed a business case for a system-wide AMI deployment and submitted an application to the California Public Utilities Commission (CPUC) for a multi-year AMI program. San Jose Water continued to work through the regulatory process with CPUC in 2020.

In Texas, most of SJWTX's meters are Automated Meter Reading (AMR) meters that are read using drive-by methods. Remaining manual-read meters are set to be converted to AMR meters in early 2021. SJWTX is currently deploying AMI in its Deer Creek Water system and is scheduled to be completed by the end of 2020. SJWTX is also planning to expand AMI into other new subdivisions in the Canyon Lake area that are already using AMI-ready meters.

In Connecticut, meter reading is currently a blend of AMI, AMR, and manually read meters. Connecticut Water has deployed AMI in three of its systems and is investigating installing AMI in other areas. Most of the AMR systems in use were

in water systems that were acquired by Connecticut Water over the years. The largest concentration of AMR meters is in the communities of Avon and Farmington, Connecticut.

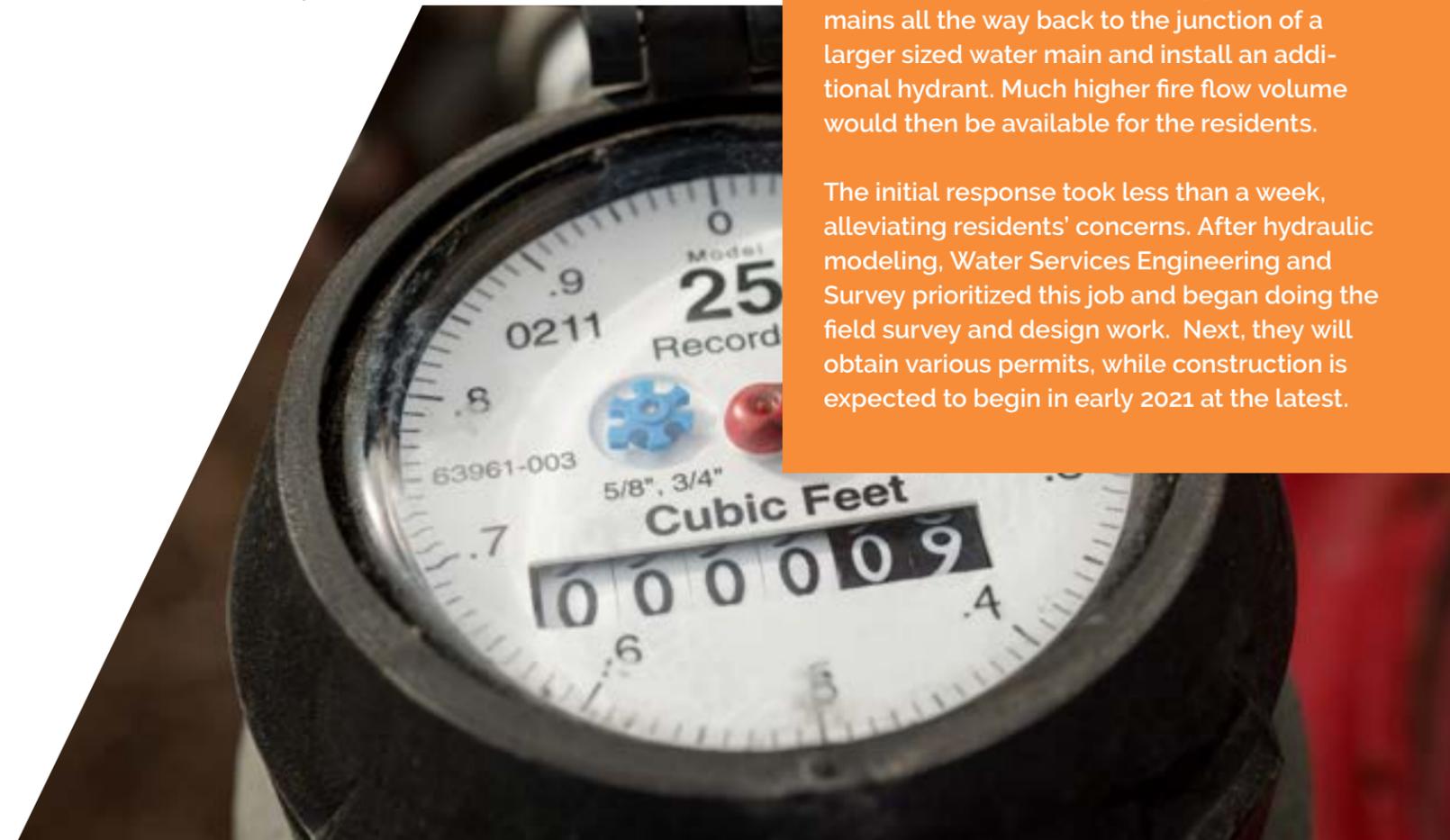
In Maine, meter reading is a blend of AMI and manually read meters. AMR meters are used on some non-residential accounts that are billed monthly.

Engineering to the Rescue

Residents that live on a street near Coyote Creek sent an email to San Jose Water describing extreme fire danger posed by overgrowth of very dry, highly flammable vegetation and frequent winds. Their concerns centered on the insufficient legacy fire protection in their neighborhood due to their four-inch water main.

San Jose Water Engineering jumped into action. After reviewing water flows and our scientific based method of replacing our water mains using neural network algorithms, the Planning Group determined that this water main was ranked for replacement in the near future and that we needed to replace water mains all the way back to the junction of a larger sized water main and install an additional hydrant. Much higher fire flow volume would then be available for the residents.

The initial response took less than a week, alleviating residents' concerns. After hydraulic modeling, Water Services Engineering and Survey prioritized this job and began doing the field survey and design work. Next, they will obtain various permits, while construction is expected to begin in early 2021 at the latest.





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CARBON AND CLIMATE INITIATIVES

SJW Group is aggressively planning for our future by addressing the effects of climate change and working to drastically reduce the carbon footprint of our organization.

Our goal is to provide drought-resistant sustainable water supplies for our customers while being an environmentally responsible organization that does more than its part to transition to a low carbon economy.

As a water utility that, by its very nature, exists at the nexus of water and energy, we are engaging with an external consultant to identify what our existing carbon footprint is so we can plot a better path to reducing our GHG emissions.

2020 Accomplishments

This year, San Jose Water switched electrical providers from PG&E to San Jose Clean Energy and Silicon Valley Clean Energy. In addition to providing a minimum of one percent savings in energy costs for SJW and our customers when compared to our former provider, these energy providers also distribute cleaner energy with a higher percentage of carbon free and renewable energy sources. Our energy providers are working towards providing 100 percent of SJW's energy needs as carbon free over the next five years, drastically reducing our footprint.

San Jose Water has converted all 58 of its utility vehicles from diesel fuel to a high performing, low-carbon biofuel also known as a renewable diesel. This represents approximately 100,000 gallons of fuel converted and corresponds to GHG reduction of 882 tons of carbon dioxide (CO₂) – a 79 percent reduction.

Energy goals for San Jose Water include making 100 percent of their purchased power carbon-free in the near future. Our local clean-energy electricity providers are working toward that goal. In addition, San Jose Clean Energy

calculated San Jose Water's emissions reduction for 2019, which was 139 metric tons of CO₂ compared to PG&E's 2018 emissions factor. Silicon Valley Clean Energy calculated that San Jose Water avoided 911 metric tons of CO₂ based on PG&E's 2018 numbers.

In 2020, Connecticut Water began energy efficiency audits of 10 of our facilities with the goal of reducing our kWh per million gallons metric through the implementation of renewable energy projects.

San Jose Water continues its use of solar energy to reduce GHG emissions and offset energy costs.

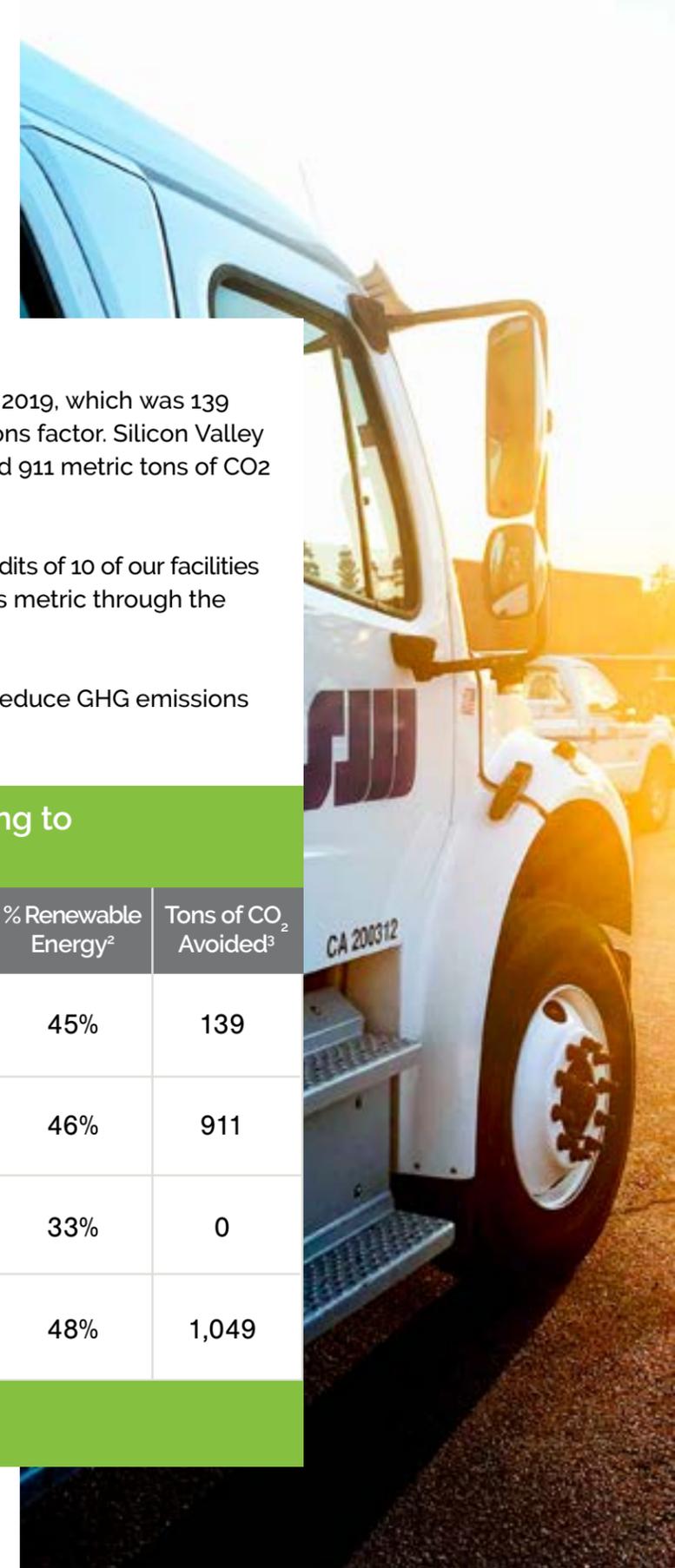
San Jose Water's Benefits for Switching to Clean Energy Providers

Energy Provider	# of Accounts	Total GWH	% Carbon Free ¹	% Renewable Energy ²	Tons of CO ₂ Avoided ³
San Jose Clean Energy (SJCE)	66	17.37	80%	45%	139
Silicon Valle Clean Energy (SVCE)	95	9.8	100%	46%	911
Pacific Gas & Electric (PG&E)	0	0	78%	33%	0
San Jose Water Total	161	27.17	86%	48%	1,049

¹Carbon free is Wind, Solar, Hydro and Nuclear

²Renewable energy is Wind and Solar

³Metric tons of CO₂ or 2200 pounds





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Climate change is here.

— Andy Gere, San Jose Water President and COO

Design started this year on a multi-year project that will install power-saving photovoltaic systems at two groundwater pumping stations and seven tank sites with large pumps. These systems will have a combined capacity of over 1.4 million kilowatt-hours/year and provide San Jose Water the ability to reduce overall energy use and limit peak energy demand charges. Initial estimates show that this \$5 million investment will have a short payback period of about five years, helping to decrease operational expenses, lower customer bills, and reduce our carbon footprint. This initiative is projected to ultimately result in the savings of over 1000 metric tons of CO₂ every year. We expect these projects to be completed in 2022.

Connecticut Water has increased its use of Class 1 renewable energy purchased to meet the State of Connecticut statutory standard for 30 percent renewables five years in advance of the requirement.

Maine Water utilizes solar power at the Mirror Lake Water Treatment Facility as the energy source for a key treatment process. Maine Water also purchases over 90 percent of its total electricity needs from renewable sources, including wind, solar, hydro, and biomass.

Site	Technology	Station Use	Generation (kWh/yr)	CO ₂ Equivalent (Metric Tons)
McLaughlin	Solar	Groundwater Wells	530,000	375
Meridian	Solar	Groundwater Wells	450,000	318
Vickery	Solar	Tank & Pumping	130,000	91.9
Dutard	Solar	Tank & Pumping	110,000	77.8
Belgatos	Solar	Tank & Pumping	84,000	59.4
Overlook	Solar	Tank & Pumping	46,000	32.5
Columbine	Solar	Tank & Pumping	33,000	23.3
Santa Rosa	Solar	Tank & Pumping	25,000	17.7
McKean	Solar	Tank & Pumping	10,000	7.1
Total			1,418,000	1,002.70





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WASTE GENERATION

San Jose Water has a comprehensive waste management program that closely tracks all hazardous and non-hazardous wastes.

Solid waste generation is minimized by recycling paper, cardboard, plastic, waste metals, and obsolete meters. These recycling programs allow San Jose Water to more than recover the cost of sorting and segregating recyclable materials. A summary of the revenues generated by San Jose Water's recycling program is shown at right.

In 2021, San Jose Water will be seeking a green business certification from the County of Santa Clara. The certification will help San Jose Water in assessing, reducing, and mitigating the environmental impact of its operations. San Jose Water also manages all solid waste generated from its main repair and replacement activities. These wastes include old pipes and the soils that are excavated during these activities. Excavated soils are disposed of as solid waste, provided they are not found to be hazardous, and replaced with new materials that meet each jurisdiction's requirements.

As required by regulation, San Jose Water also keeps track of the hazardous wastes it generates.

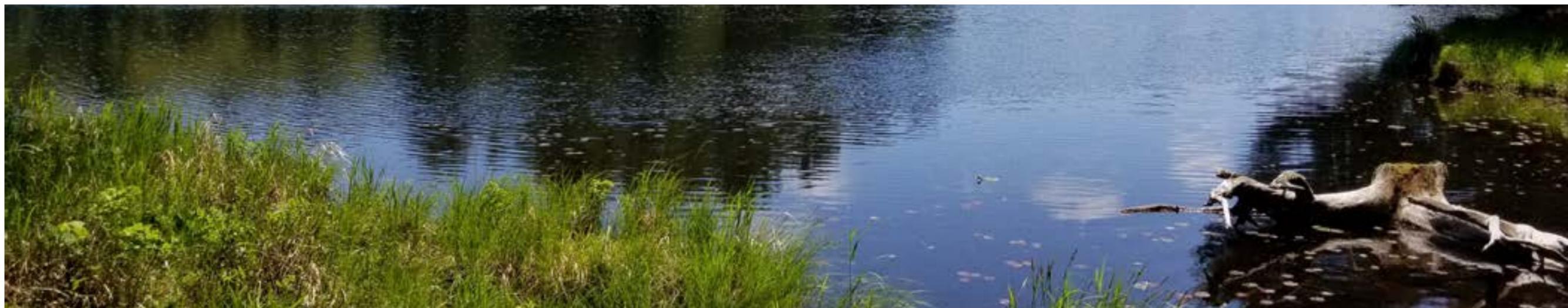
Summary of San Jose Water's Recycling Program Revenues

Year	Water Meters		Red Brass		Copper		Insulated Wire	
	Pounds	\$	Pounds	\$	Pounds	\$	Pounds	\$
2017	97,488	\$114,511	7,132	\$10,333	2,140	\$4,227	824	\$1,172
2018	92,308	\$117,342	5,542	\$8,564	3,224	\$6,904	392	\$478
2019	124,748	\$124,865	5,806	\$8,013	2,944	\$5,523	88	\$97

Summary of San Jose Water's Hazardous Wastes Disposal

Year	SJW Hazardous Wastes (Tons)
2017	247.45
2018	239.69
2019	26.58*

* 2019 had fewer pre-construction site assessments and remediations, leading to a smaller disposal amount.





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ENVIRONMENTAL STEWARDSHIP

San Jose Water

A fire prevention project and hiking trail are just a couple of the many projects San Jose Water participated in during 2020. The Highway 17 Shaded Fuel Break project included removing brush along a main thoroughfare connecting Silicon Valley with the Santa Cruz coastline while retaining healthy trees. This helped reduce the fire risk and allowed a key evacuation route to stay open. San Jose Water's Montevina Water Treatment Plant is located directly adjacent to the roadway and valuable watershed properties surround the area.

Connecting Saratoga to the Pacific Ocean via hiking trails has been on San Jose Water's drawing board for years. San Jose Water granted the City of Saratoga an easement in our watershed to construct a 3.2-mile-long trail that marks the beginning point of the project. Known as the [Saratoga-to-the-Sea Trail](#), this project allows the community to enjoy pristine watershed. It was completed in fall 2020.

Maine Water

Maine Water has a strong partnership with the Coastal Mountains Land Trust for land preservation in Camden, Rockport, and Hope. Through this collaboration, Maine Water established two conservation easements around Grassy Pond and Mirror Lake. Together, it protects over 1,400 acres of watershed land, provide recreation opportunities, and will be part of the Round the Mountain Trail.

Maine Water employees have participated each year (socially distanced participation in 2020) in clean up and trail maintenance events to protect the watershed and allow for passive recreation for the community on site.

Throughout the year, Maine Water employees are engaged in a number of cleanup events along roadsides, in watersheds, and on conservation trails.



Connecticut Water

In July, Connecticut Water closed on 154-acres of land in the Shenipsit Lake Reservoir watershed in Tolland, Connecticut. This is believed to be one of the largest watershed land purchases in Connecticut in decades. The Reservoir is Connecticut Water's largest water source and serves customers in five Connecticut towns. Connecticut Water now owns and protects nearly 6,500 acres of watershed land.

Connecticut Water, in partnership with Save the Sound, has prioritized the sale of land no longer needed for water supply purposes to municipalities or conservation organizations, such as land trusts, for protection as open space. The program further extends State of Connecticut land sale guidelines so that interested groups have more time to gain consensus, organize, and fundraise to purchase company lands. An initial 21 parcels of Connecticut Water land were made available through this process, 11 of which are progressing with interested buyers. This unique opportunity will follow the current statutory process for notice and disposition of water company lands to encourage opportunities for the permanent protection of open space for 20 years, even if the law should change during that time.



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CONSERVATION

Helping customers use water wisely is a part of every SJW Group water utilities' mission of environmental stewardship.

San Jose Water

After shutting down due to COVID-19 and performing an extensive safety review, San Jose Water's CATCH program reopened with new "no contact" outdoor water checkups. The focus is on outdoor water usage with irrigation timer checks and landscape equipment inspections. Meter reading instructions and dye tablets to test for leaky toilets are provided to the customer. With CATCH, customers are empowered and confident that they are maximizing water efficiency.

Large landscaped sites have assistance available through a partnership with Valley Water and Waterfluence. Aerial imagery and site verifications allow a customized water budget to be developed to help customers understand their water usage and encourage conservation.

More information is available on the GardenSoft website. Many rebates, including turf replacement, graywater systems, rainwater capture, and irrigation upgrades, are available to San Jose Water customers through our water wholesaler.

SJWTX

In this drought-prone yet growing community, water conservation is always in style. Despite delays due to COVID-19, SJWTX made gains toward its AMI pilot, COVID-safe irrigation evaluation program, and is developing a master concept for a public garden trail promoting adaptive, native, and drought-tolerant landscapes. The pilot irrigation audit program will focus on 200 homes in the area. The program includes an audit of the irrigation system for leaks, an overview of how to program an irrigation controller to match year-round watering rules, recommendations for repairs and system improvements, and a copy of the watering schedule.

Connecticut Water

Connecticut Water serves customers in the Pomperaug River Basin. Although the Pomperaug River is not a source of water supply, the company's use of groundwater sources near the river can impact flows in the river – as well as private well owners in the basin.

Since 2019, the company has partnered with the Pomperaug River Watershed Coalition and the town of Southbury to enact a Low-Flow Operations Plan which includes measures to maintain flows in the Pomperaug River. The measures proactively reduce public water supply demands that could affect river flows on the Pomperaug aquifer. The plan provides for increasing levels of voluntary water conservation based on Pomperaug River flows by customers and private well owners, along with actions by the town to reduce or eliminate outdoor water use.

Connecticut Water and Maine Water

In New England, Connecticut Water and Maine Water employees have become volunteer teachers to thousands of students in hundreds of classrooms through the Water Drop Watchers program, an award-winning curriculum taught by employees to elementary school students.

Students engage in hands-on activities taught by dozens of employee volunteers to learn about the water cycle, the small percentage of earth's water that's potable, and about how to conserve water at home. In 2020, the curriculum has been provided at no cost to over 2,700 students in 161 classrooms at 46 schools across Connecticut and to hundreds of students in Maine through field trips and community events. The class was moved to a Zoom format to accommodate interested teachers during COVID-19.

San Jose Water, Connecticut Water, and Maine Water

As the saying goes, every drop counts. In 2020, San Jose Water, Connecticut Water, and Maine Water began a Water Conservation campaign to share new tips on social media and digital advertising channels with easy, practical ways to conserve water at home.





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POLICIES, PROGRAMS, AND PARTNERSHIPS

Customer Assistance Programs

Making sure our vulnerable or economically challenged customers received assistance remained a key part of our customer service programs in 2020. COVID-19 brought unprecedented financial challenges to our customers such as job losses, reduction in work hours, and economic impacts due to various shelter-in-place orders. SJW Group is proud to have programs in place to assist customers and to make every effort to work with those who are facing financial challenges.

San Jose Water

In 2020, no water was shut off due to non-payment, and flexible payment arrangements continue to be offered to help our customers.

Maine Water

Maine Water launched a new H2O Customer Assistance program, providing partial water bill forgiveness and deferred payment arrangements to income qualifying customers. Additionally, beginning on July 1, 2020, Maine Water waived late fees on any outstanding account balance paid within 90 days of the bill's original due date, allowing additional time for payment without penalty.

Connecticut Water

Connecticut Water provides financial assistance and/or payment plans to customers who experience financial challenges and have not been able to stay current on their account through H2O – Help 2 Our Customers. Participants in the program are offered free water conservation kits, conservation education materials, and leak dye tablets to find silent toilet leaks to make sure they are not using more water than they need to.

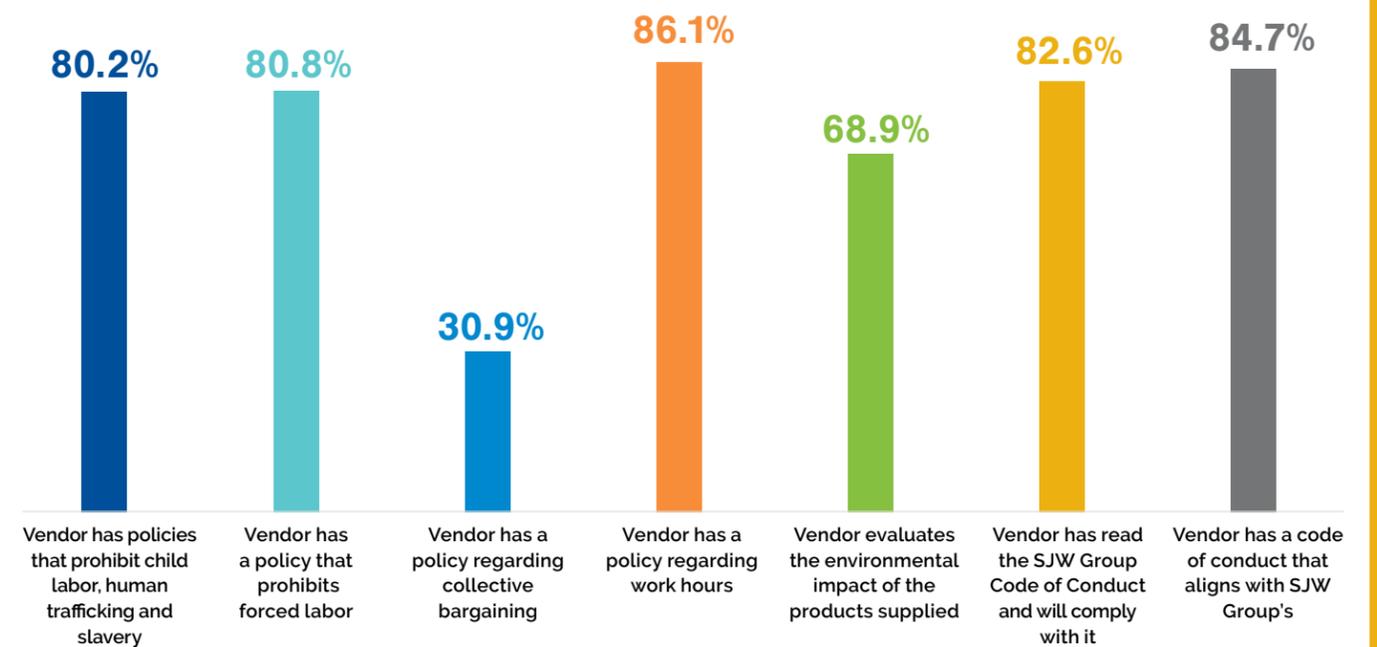
SJWTX

During COVID-19, late payment charges from March 2020 through July 2020 were suspended. Additionally, all lockouts for past due balances have been suspended through the end of 2020.

Human Rights Policy

SJW Group and its subsidiaries strive to abide by all laws and regulations and to uphold and respect human rights. With all of our operations situated in the U.S., and working within a strong regulatory framework, SJW Group recognizes that human rights are fundamental rights, freedoms, and standards of treatment to which all people are entitled. This belief is deeply rooted in our core values. We believe that developing and sustaining a culture that supports diversity, equity, and inclusion is more powerful than any individual program, policy, initiative, or metric. To that end, SJW Group formalized a human rights policy in 2020, which was approved by the Board of Directors. An employee training program on this policy is planned for 2021.

Code of Conduct Awareness Vendor Survey % Yes Responses



Code of Conduct

SJW Group embraces a Code of Conduct that we expect all of our employees to follow. Employees are required to review and acknowledge this commitment, which clearly defines our expectations for ethical behavior and integrity. The SJW Group Code of Conduct will be outlined in the Terms and Conditions for the purchase of goods and services. The Terms and Conditions are available on the Connecticut Water, San Jose Water, and SJWTX websites.

In 2020, all four subsidiaries surveyed their vendors to see if they were aware of the SJW Group's Code of Conduct and if they had policies that aligned with those standards. In addition, the survey asked if they had a policy that prohibited child labor, human trafficking, slavery, and forced labor. Other topics included policies about collective bargaining, and work hours and the evaluation of environmental impacts of products and supplies. More than 160 vendors responded to the survey.



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Engaging in the Political Process

At SJW Group, we believe transparency is critical to building trust, which is why we are very open about the fact that SJW Group and its operating entities seek to build and steward constructive relationships with elected officials and staff at all levels of government. Our intention behind these efforts is to have meaningful input in the development of policies and regulations affecting water utilities and our customers. Our government affairs programs are executed at the state level, in compliance with the states' campaign contribution and election laws.

Rules regarding political contributions and lobbying expenditures vary by state; each has various disclosure requirements for reporting in accordance with federal, state, and local laws to the appropriate oversight agencies; and are required to comply with the [Company's Code of Conduct](#). Beyond direct participation in the technical aspects of utility regulation, SJW Group and its subsidiaries engage in the political process, as allowed by local, state, and federal laws, to have a voice in developing meaningful policies and regulations to ensure a safe, high quality supply of water for our customers, communities, and a regulatory environment in which we can operate effectively.

The [political contributions](#) and [lobbying expenditures](#) of San Jose Water are public information in California. Our company also retains lobbying firms in California, [Connecticut](#), and [Texas](#). The company's subsidiaries in Texas and Connecticut are not legally permitted to make political contributions. While legally permissible to make political contributions and engage lobbying firms in Maine, we have historically chosen not to. Should we choose to do so in the future, all such spending would be publicly available from the Maine Public Utilities Commission. However, Maine Water pays annual dues to a local utilities association and the association is involved in lobbying efforts. All four utilities are paying members of state industry associations that are involved in lobbying on statewide drinking water issues and regulation.

Community Partnerships

San Jose Water

Our [community programs](#) are a key part of San Jose Water's commitments and our contributions include time, talent, and monetary donations. While COVID-19 may have cut short our in-person community outreach efforts in 2020, a new series of virtual partnerships emerged. San Jose Water has held virtual webinars, donated hours of food preparation and services, purchased personal protective equipment for local medical organizations, and contributed more than \$200,000 to local organizations.

SJWTX

SJWTX participated in two sessions of Water Career Awareness with the Geo-FORCE STEM network. An alum of the GeoFORCE STEM program was invited to



speaking with high school students entering college about her own experience with STEM and STEM-based career opportunities in the water industry. Separately, SJWTX gained a Texas State University summer intern, offering valuable work experience and career exposure. During COVID-19, SJWTX was pleased to continue our support of the local community center by making our annual fan donation over the summer.

Connecticut Water

[Connecticut Water](#) donated \$15,000 in touch-free water bottle filling stations to 15 schools across eight Connecticut communities and distributed over \$15,000 to volunteer and paid departments across service communities for equipment and education. Connecticut Water also doubled its charitable contributions to state and local non-profit and community organizations, including \$25,000 in support of state and local food assistance programs to meet the increased number of food insecure Connecticut residents following COVID-19.

Maine Water

[Maine Water](#) runs a number of programs to directly support its service communities including annual high school scholarships, donations to food banks, and an employee-led coat drive serving children and adults across the state.

Supplier Diversity

2020 has been a transformative year for the Supplier Diversity Program. San Jose Water has had an established program in place to make sure our suppliers reflect the communities in which we do business. San Jose Water's supplier diversity program is designed to encourage, recruit, and utilize women, minority, disabled veteran, and LGBTQ+ enterprises within our supply chain, which we refer to as Diverse Business Enterprises (DBE's). The San Jose Water program is based on guidelines established by the California Public Utilities Commission and a yearly report is submitted with our results.

As a result of the SJW Group and CTWS Merger in October 2019, Connecticut Water has committed to sharing best practices and submitted a Supplier Diversity Plan to the Connecticut Public Utilities Regulatory Authority (PURA) modeled after San Jose Water's program that is scheduled to be implemented in the first quarter of 2021.

In 2020, Connecticut Water, Maine Water, and SJWTX worked toward building Supplier Diversity programs. They started by surveying existing vendors to gather the diverse supplier certifications that may already be in place. This information will guide the development of more formal programs in 2021.



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AWARDS

SJW Group is proud to have received industry recognition for many activities in 2020

	Suzy Papazian, SJW's General Counsel and Vice President, was recognized with a 2020 Women of Influence award from the Silicon Valley Business Journal for her outstanding leadership.
	SJW Group was recognized for having 45 percent of our corporate board seats held by women directors.
	Earning the prestigious 5-Year Directors Distribution Award, San Jose Water has exceeded industry benchmarks in reducing main breaks per 100 miles of main and increased distribution system residual disinfectant levels. Connecticut Water has achieved the 20-Year Director's Award from the Partnership for Safe Water in 2019, a collaboration of six prestigious drinking water organizations.
	Connecticut Water was certified as a HEARTSafe Workplace by the Connecticut Department of Public Health and the American Heart Association. Connecticut Water was the first utility in Connecticut to achieve this designation.

	2019 marked the 16th year that Connecticut Water has received the Safety Recognition Award from the Connecticut Construction Industries Association. In 2019, Connecticut Water was awarded a Community Service Award by the Connecticut Construction Industries Association for its Water Drop Watchers school program, which reached more than 2,000 students in nearly 80 classrooms. In 2020, Connecticut Water was recognized with a Community Service Award by the Connecticut Construction Industries Association for its water bottle filling station grant program for 15 schools.
	San Jose Water received recognition for communications efforts including the COVID-19 campaign, Water Rates Assistance Plan, Corporate Sustainability Report, videos, corporate social responsibility work, and more.



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LOOKING AHEAD

Even as we reflect on the hard work of the past year, we look ahead at new opportunities to grow our environmental stewardship and innovation.

Environment

SJW Group is dedicated to implementing its environmental policy. In 2021, we will be creating a new sustainability position with dedicated staff to assist all subsidiaries in implementing an environmental management system (ISO 14001) which will include:

- Demonstrated compliance with all environmental regulations and permits;
- Leadership involvement and engagement of employees in improving the subsidiaries environmental performance;
- Stewardship of watershed lands, promotion of water conservation, and efficient use of water resources in a manner that enhances the protection of natural resources;
- Minimization of GHG while maximizing the competitive and financial advantage through improved efficiencies and reduced costs; and
- Enhancement of SJW Group's suppliers' environmental performance.
- As part of its implementation of an environmental management system, the sustainability staff will lead SJW Group subsidiaries in conducting a GHG inventory, setting reduction goals, and developing plans to achieve those goals. This will help SJW Group develop priorities around energy reductions, green energy generation, and an accelerated electrification of our vehicle fleet.

Innovation

There is no question we have had to work differently this year. With our field personnel performing duties with new protocols and our office staff working remotely, we have leveraged technology, modified processes, and learned alternative ways of conducting business now and for the future.

To that end, we formed an Innovation Team that is looking at lessons learned from the pandemic and defining how we operate moving forward. For example, the successful remote working environment for those whose work can be done from home has led San Jose Water to sign on to the "Cut the Commute" pledge spearheaded by Santa Clara County. San Jose Water has targeted a goal of working out of the office for 25 percent of the work week or about five days a month when normal operations continue. In addition to the environmental benefits, the pledge brings a stronger work-life balance for our staff while continuing to deliver exceptional service to our customers.

Connecticut Water is also working with the Connecticut Department of Public Health (DPH) to conduct sanitary surveys of its water system virtually instead of in-person. The virtual surveys, if continued post-pandemic, would reduce mileage and employee travel time.

In the coming year, SJW Group will continue to work together from coast to coast to seek out new ways to protect our employees, public health, and the environment and live out our core values.



