

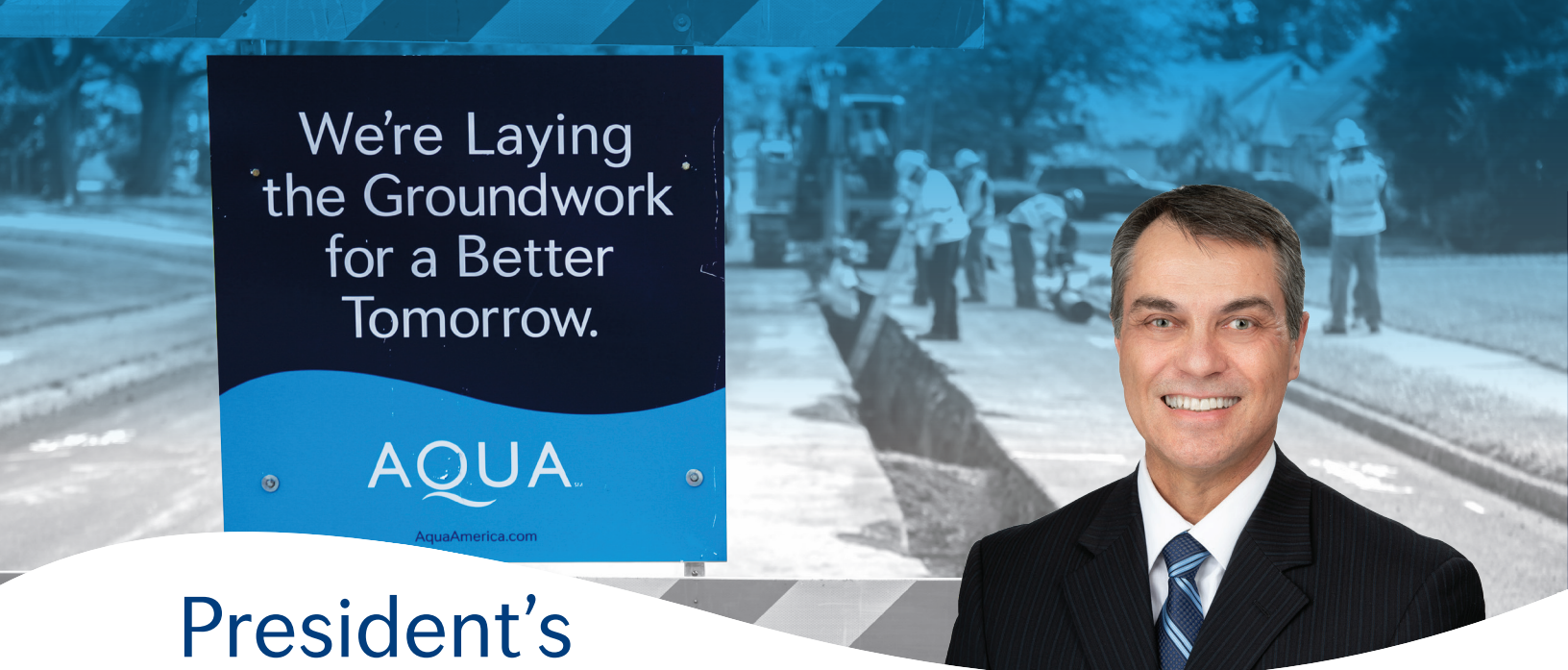


2021 SUPPLIER DIVERSITY



AQUASM

An  Essential Utilities Company



We're Laying
the Groundwork
for a Better
Tomorrow.

AQUA

AquaAmerica.com

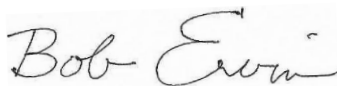
President's Message

As one of the largest publicly traded water, wastewater, and natural gas providers in the U.S., Essential Utilities, Inc. has a combined 250 years of operating experience and a shared commitment to rebuilding the nation's aging infrastructure. Under the Aqua and Peoples brands, Essential remains committed to diversity and inclusion within its workplace and with its relationships with contractors and suppliers.

Aqua Illinois continues to partner with local vendors in the communities we serve, further establishing and growing partnerships with diverse contractors and suppliers. While the recent health pandemic had negative impacts on the supply chain and reduced overall spending, our continued commitment to our diversity program resulted in tangible growth from 2020 that supported local economies and helped Aqua weather supply chain delays.

In 2021, we met our goals and enhanced our diversity policy and programs. Of the \$31.8 million total spend, I am pleased to report that \$6.1 million or 19% was diverse spend and \$4.3 million or 14% was small business (SBE) for a total reportable spend of \$10.4 million.

At Aqua Illinois, our customers' communities are our communities, too. Expanding and fostering a diverse environment where all are represented makes us a stronger socially responsible corporate citizen. I am especially pleased with all we were able to accomplish this past year and invite you to follow our continued progress in this report.



Bob Ervin
President, Aqua Illinois

Vendor Classification	2021	% of Total*
MBE	\$752,002	2%
WBE	\$3,679,192	12%
VBE	\$1,660,306	5%
Total Diverse	\$6,091,501	19%
SBE	\$4,309,403	14%
Total Reportable	\$10,400,904	33%

*Percent of Total Eligible Spend

TOTAL DIVERSE SPEND

\$6.1 Million / 19.1%

TOTAL SBE SPEND

\$4.3 Million / 13.5%

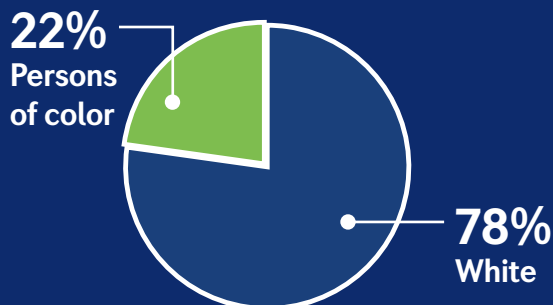
TOTAL REPORTABLE SPEND

\$10.4 Million / 32.6%

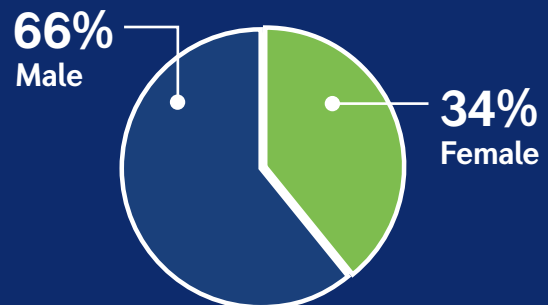
NUMBER OF EMPLOYEES – 125

(includes Aqua contact center, located in IL)

Diversity



Gender



Terms and Definitions

A diverse supplier is defined as any business that is owned by a U.S. Citizen and 51% owned, managed, and controlled by one of the following: (MBE) African American, Hispanic American, Native American, Asian American, or a (WBE) woman or (VBE) veteran. For purposes of this report, we are including (SBE) small business enterprise, which is a business that is defined by either the number of employees or average annual receipts of a business concern.

Aqua only recognizes and uses suppliers that are certified as diverse—MBE, WBE, or VBE.

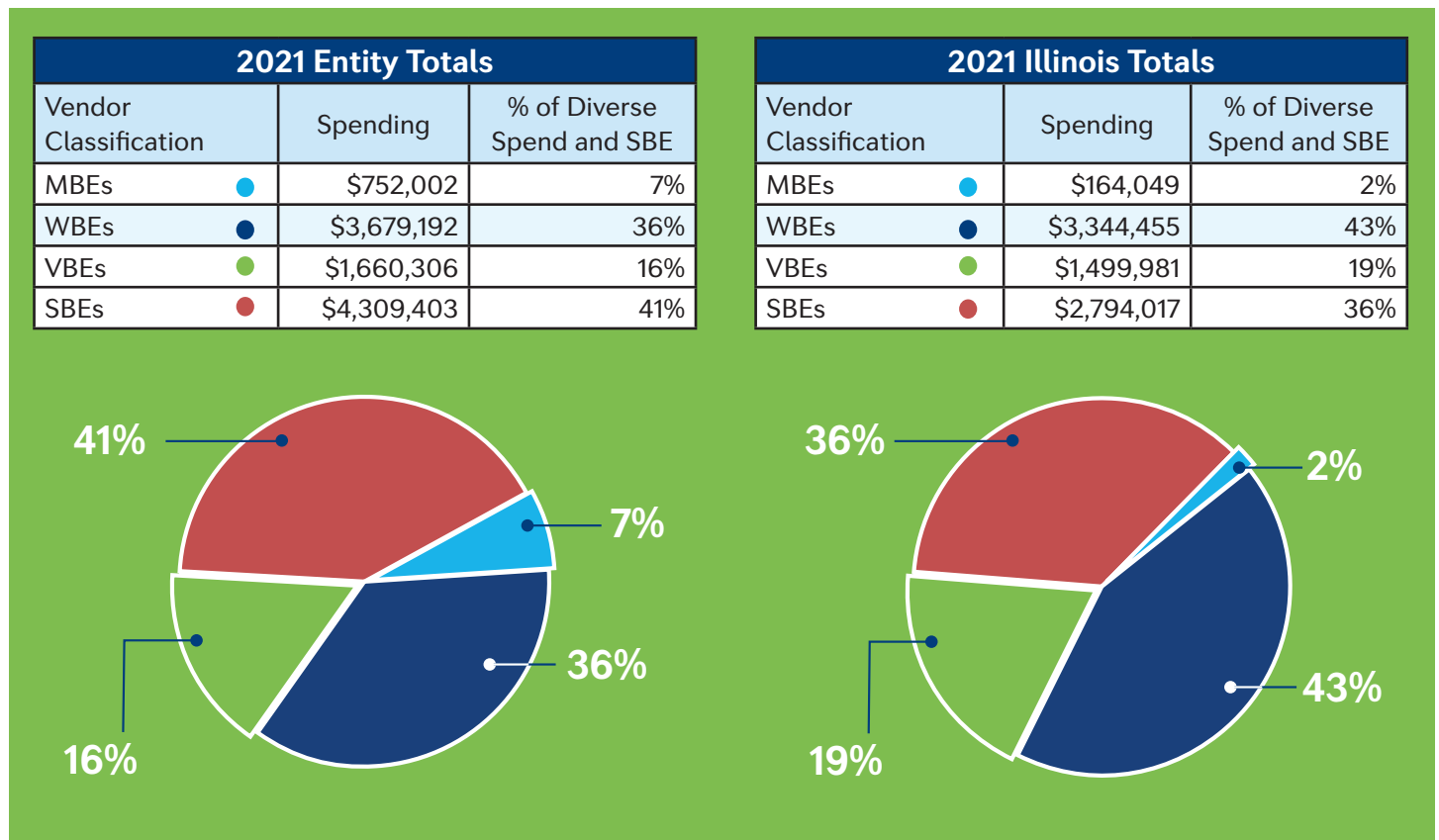
Supplier Diversity Classification	
Minority Owned Business Enterprise (MBE)	A person or persons who is/are United States Citizens or lawful permanent residents and is/are African American, Hispanic American, Asian American, Native American
Women Owned Business Enterprise (WBE)	A woman or women who is/are United States Citizens or lawful permanent residents of the United States
Veteran Business Enterprise (VBE)	One or more veterans who is/are United States Citizens or lawful permanent residents of the United States



Summary of Spending/Activity

2021 Data by Reportable Category

2021			
Category	Diverse Spend	SBE	Total
All Other	\$0	\$19,020	\$19,020
Building & Grounds	\$19,122	\$85,160	\$104,282
Chemicals	\$37,273	\$175,360	\$212,633
Construction	\$3,894,841	\$1,668,561	\$5,563,402
Direct Material	\$800,791	\$434,382	\$1,235,173
Information Technology	\$531,657	\$7,540	\$539,197
Professional Services	\$632,258	\$278,662	\$910,920
Technical Services	\$59,580	\$1,258,091	\$1,317,671
Vehicles and Equipment	\$115,979	\$382,627	\$498,606
GRAND TOTAL	\$6,091,501	\$4,309,403	\$10,400,904



Policies and Methodology

At Aqua, the core values of integrity, respect, and excellence are embedded within our business practice and our behavior. We proudly hold ourselves accountable to fair and transparent business practices and strive to operate as a socially responsible corporate citizen. We also expect our suppliers and contractors to demonstrate the same commitment to these values.

We recognize that Supplier Diversity is significantly important to our long-term procurement and supply chain process strategy. We have strategies in place to further build and enhance relationships with more diverse suppliers and encourage them to compete for materials and services throughout all of Aqua. It is the policy of Aqua to develop significant partnering relationships with diverse firms to:

- Enhance the supply chain via lower costs, increased response time, higher level of quality, etc.
- Provide a competitive advantage in building brand equity and retaining existing or generating increased market share.

Additionally, all employees with spending authority are encouraged to consider diverse businesses as Tier I suppliers, and to encourage Aqua's prime suppliers to do the same. Aqua encourages any certified diverse supplier who may have services of value to Aqua to apply as a supplier.

Aqua also submits an annual report of their diverse supplier spend to the Illinois Commerce Commission, which also tracks Aqua's Tier II spend dollar amount and percentage.

Aqua strongly encourages all of their prime suppliers to utilize diverse suppliers, as well as submit their diverse spend dollar amount and percentage (of Aqua project/contract) through Aqua's automated Tier II reporting tool, the Supplier IO UniTier Tier II Platform, on an annual basis, no later than January 31st.



Supplier Diversity Goals

As needed, Aqua works with a supplier diversity consultant to help identify and vet additional new qualified suppliers. This helps ensure we continuously enhance our policy to not only strengthen our ability to increase overall diverse spend, but also to identify new categories of goods and services that may create opportunities for additional diverse suppliers.

Since 2020, these efforts have directly resulted in many advancements made to the supplier diversity program, including:

- Grew percentage of Diverse Spend by 3.5% while total eligible spend was down due to the pandemic
- Increased Reportable Spend by \$562,784
- Increased WBE by \$398,444
- Increase SBE by \$859,907

Aqua has also taken action internally to increase its work with diverse suppliers in the procurement process. This includes:

- Leadership commitment and accountability—demonstrating leadership commitment and accountability through messaging, policies, and behavior that advances diversity and inclusion goals and objectives.
- Promote business and community diversity—advancing diversity and inclusion in the Aqua supplier base by directing and supporting diverse suppliers, as well as supporting diverse groups through our charitable giving program.
- Regular review of vendor relationships—reviewing 12-month rolling spend of all vendor relationships exceeding a threshold of \$50,000 to identify opportunities to solicit bids from diverse vendors as services are renewed.





Areas of Procurement for the Next Calendar Year

In 2022, Aqua Illinois has committed to exceeding our 2021 diverse spend. This goal is supported by category managers' creation of a Supplier Diversity Operating Plan and commitment to a spend target in all categories (MBEs, WBEs, VBEs, and SBEs).

In the supplier selection/bid evaluation process, Aqua considers not only price effectiveness, competitive nature, and service, but also diverse suppliers in order to meet its goals. Buyers are encouraged to search for opportunities to use diverse suppliers whenever possible.

In 2021, Aqua's parent company Essential Utilities, Inc. joined the National Minority Supplier Development Council (NMSDC) to further help Aqua Illinois identify and partner with minority-owned businesses. In addition, Aqua began tracking ethnicity to further enhance its reporting capabilities.

Additional goals for supplier diversity in 2022 include:

- Increase professional and technical services category spend
- Enhance Aqua's WBE, MBE, and VBE program and policies
- Enhance the use of the supplier diversity dashboard for real-time reporting and tracking
- Increase minority spend by identifying current and new opportunities
- Standardize minority supplier process and protocols across all functions
- Further enhance diversity philosophy and culture throughout the organization
- Conduct in-person/virtual outreach events in all three regions Aqua serves in Illinois



Challenges and Opportunities

Aqua Illinois continues to identify new opportunities to expand its diversity spend and increase the number of diverse suppliers available in its pool of potential contractors. Aqua continues to identify potential diverse suppliers in a number of categories. As suppliers are vetted, they are invited to present their capabilities:

- Technical Services
- Professional Services
- Water Chemicals
- Engineering Services
- Legal
- Treasury
- Testing Laboratories
- Wastewater Residuals Management

Aqua also continues to work to identify opportunities to be inclusive and overcome other challenges related to identifying suppliers in rural areas and those with the capabilities to participate in larger bidding processes such as chemical purchases and sludge hauling.

Other efforts to identify diverse suppliers include plans for Supplier Diversity Workshops with our prime suppliers to connect them with MBEs, WBEs, VBEs, and expand the use of the Supplier IO database. When possible, in-person workshops are preferred, pending local COVID-19 safety protocols. Aqua is also working with local resource and regional partner organizations to identify additional qualified and certified suppliers and continues to connect with and develop relationships with SBE suppliers.

Certifications Accepted

State or local government certifying agencies and the following:

National Minority Supplier Development Council (NMSDC)

1359 Broadway
Suite 1000
New York, NY 10018

Telephone: (212) 944-2430
www.nmsdc.org

National Veteran Business Development Certification (NVBDC)

325 E. Crescent Lane
Detroit, MI 48207

Telephone: 888-CERTIFIED
www.nvbdc.org

National Veteran Owned Business Association (NaVOBA)

313-315 N. Main Street
Carnegie, PA 15106

Telephone: 724-3-NAVOBA (724-362-8622)
www.navoba.org

Women's Business Enterprise Center (WBEC)

1315 Walnut Street
Suite 1116
Philadelphia, PA 19107

Aqua Contact - Elizabeth Walsh

Email: ewalsh@wbeceast.com
Telephone: (215) 790-5060
<https://wbeceast.com/>

Women's Business Enterprise National Council (WBENC)

1120 Connecticut Ave., NW
Suite 1000
Washington, DC 20036

Telephone: (202) 872-5515
www.wbenc.org

Point of Contact

Bob Ervin

President

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ICC Website

www.icc.illinois.gov

Success Stories



KAT Industrial, Inc. (WBE)

Kim Ayersman is the owner of KAT Industrial, Inc. In 2021, she worked with Aqua Illinois and Sherlanda Brooks, president and chief executive officer of Diversity Sourcing Solutions, to get her woman-owned business certified with the state of Illinois. KAT Industrial provides IT equipment that Aqua uses in its Supervisory Control and Data Acquisition (SCADA) system. The SCADA system allows for automated monitoring and control of Aqua's water and wastewater systems.

“Working with Aqua Illinois has been instrumental to the founding, growth, and success of our company. Aqua demonstrates a commitment to diverse companies and provided us with valuable resources to help KAT Industrial become WBE certified. We look forward to partnering with Aqua to help provide safe, clean drinking water to all Aqua's customers.”

- Kim Ayersman, Owner



BC Systems, Inc. (VBE)

Brian Scheppler is the owner of BC Systems, Inc. in Bourbonnais, Ill. In 2021, he worked with Aqua Illinois and Sherlanda Brooks, president and chief executive officer of Diversity Sourcing Solutions, to get his veteran-owned business certified with the State of Illinois. BC Systems, Inc. provides Aqua with contracted services related to the operation and maintenance of wastewater utilities in the Central Division of the company. He has also assisted in integrating the recent acquisition of Aqua's wastewater systems in Bourbonnais, Illinois, and provides some training to new operators in some of Aqua's other systems.

“Aqua Illinois has been instrumental in helping our business expand with their assistance in being certified as a Veteran Owned Business. Their team made the process much simpler and we appreciate their commitment to hiring diverse businesses. This allows Aqua and BC SYSTEMS to bring quality services to the customers we serve, and expand into different regions, as communities see the excellence we provide.”

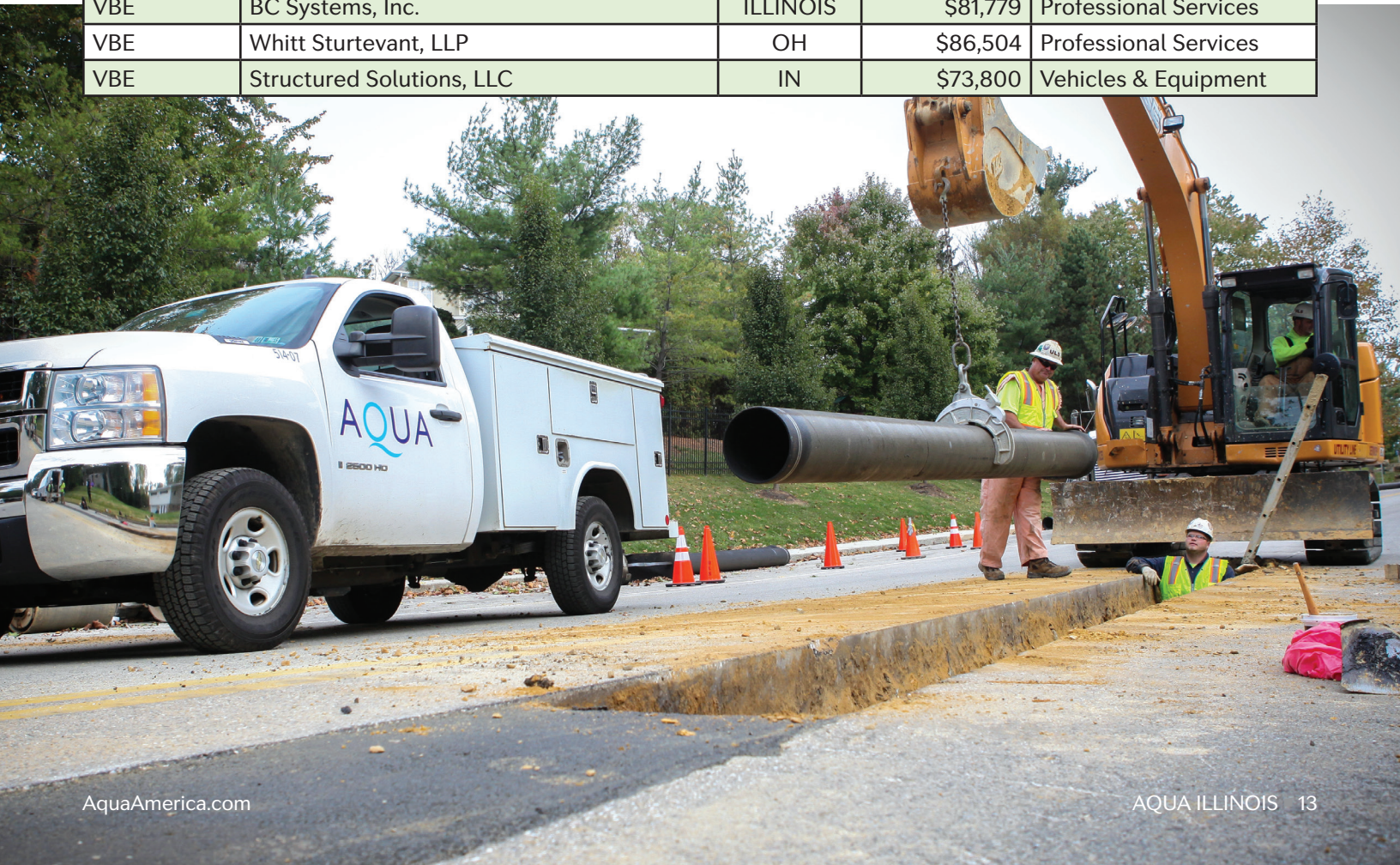
- Brian Scheppler, President

Uniform Appendix Aqua Illinois (Tier I and Tier II Diverse Suppliers)

Diversity Attributes	Company Name	State	Amount	Category
MBE	Cavalry Maintenance & Cleaning	ILLINOIS	\$17,325	Building & Grounds
MBE	Cavalry Maintenance & Cleaning	ILLINOIS	\$375	Building & Grounds
MBE	Mays Chemical Company, Inc.	IN	\$8,189	Chemicals
MBE	C.N.B. Construction, LLC	IN	\$332,224	Construction
MBE	C.N.B Construction, LLC	IN	\$232,127	Construction
MBE	Traffic Management, Inc.	CA	\$6,423	Construction
MBE	McHenry Excavating, Inc.	ILLINOIS	\$5,735	Construction
MBE	Tenco Excavating	ILLINOIS	\$485	Construction
MBE	Neptune Technology Group	GA	\$1,430	Direct Material
MBE	Zones IT Solutions, Inc.	WA	\$896	Information Technology
MBE	Milhouse Engineering & Construction, Inc.	ILLINOIS	\$23,993	Technical Services
WBE	Glesco Electric, Inc.	ILLINOIS	\$41,234	Building & Grounds
WBE	Jay M. Heap & Associates, LTD	ILLINOIS	\$12,000	Building & Grounds
WBE	Norris Sales Company, Inc.	PA	\$4,200	Building & Grounds
WBE	Gordon Electric Supply	ILLINOIS	\$3,645	Building & Grounds
WBE	AB Petroleum Services, Inc.	ILLINOIS	\$2,558	Building & Grounds
WBE	Oak Ridge Fence & Gate, Inc.	ILLINOIS	\$1,400	Building & Grounds
WBE	Helsel-Jepperson	ILLINOIS	\$446	Building & Grounds
WBE	Alexander Chemical Co.	ILLINOIS	\$22,702	Chemicals
WBE	Carus, LLC	ILLINOIS	\$6,382	Chemicals
WBE	M & J Underground	ILLINOIS	\$1,487,804	Construction
WBE	Schomburg & Schomburg Construction, Inc.	ILLINOIS	\$212,032	Construction
WBE	Berger Excavating Contractors	ILLINOIS	\$105,660	Construction
WBE	Hydro Exc., Inc.	IN	\$3,154	Construction
WBE	Metis Construction Services	OH	\$200	Construction
WBE	Tenco Excavating	ILLINOIS	\$360	Construction
WBE	Work Zone Safety, Inc.	ILLINOIS	\$15,625	Construction
WBE	Bilco Safety Products, Inc.	PA	\$82,117	Direct Material
WBE	Emergent Safety Supply	ILLINOIS	\$1,547	Direct Material
WBE	Core & Main LP	MO	\$20,909	Direct Material
WBE	Core & Main LP	MO	\$639	Direct Material
WBE	Neptune Technology Group	GA	\$798	Direct Material
WBE	Neptune Technology Group	GA	\$68	Direct Material
WBE	Neptune Technology Group	GA	\$5	Direct Material
WBE	Neptune Technology Group	GA	\$1	Direct Material
WBE	KAT Industrial, Inc.	ILLINOIS	\$344,400	Direct Material
WBE	Call One, Inc.	OH	\$2,096	Information Technology

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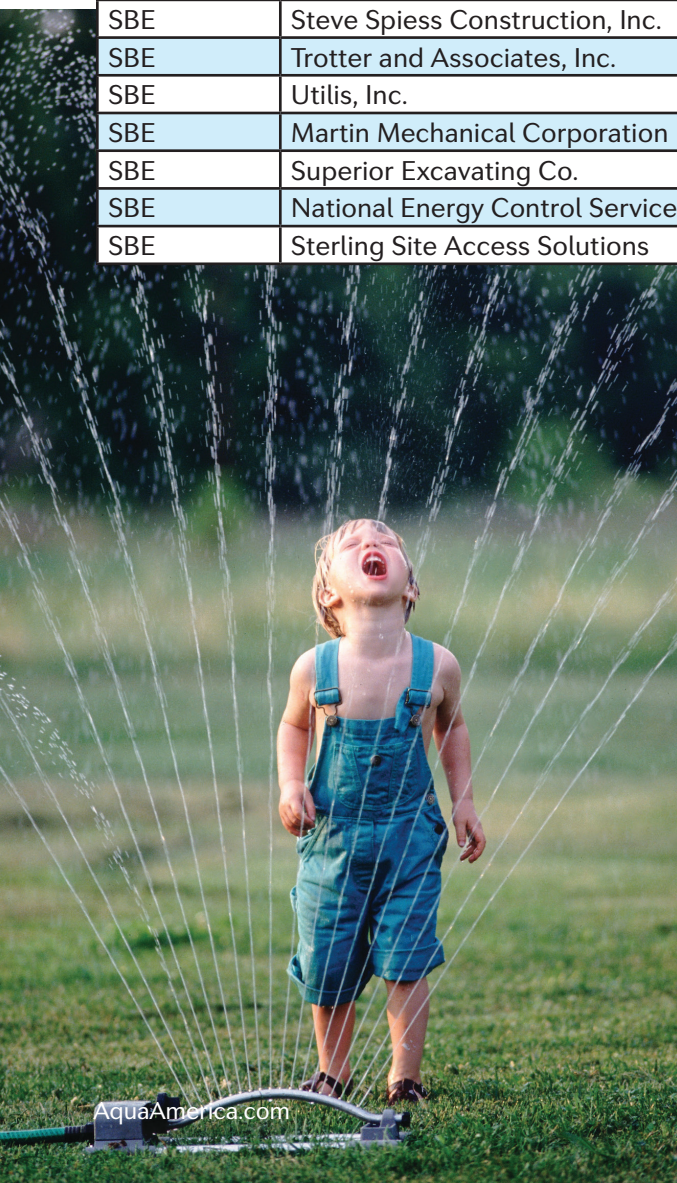
Diversity Attributes	Company Name	State	Amount	Category
WBE	Morreale Communications	ILLINOIS	\$229,026	Professional Services
WBE	Paige Marketing Communications Group, Inc.	NY	\$104,571	Professional Services
WBE	Safeguard Business Systems, Inc.	ILLINOIS	\$2,243	Professional Services
WBE	A3 Environmental, LLC	ILLINOIS	\$4,990	Technical Services
WBE	Corsair Controls	ILLINOIS	\$184,264	Technical Services
WBE	EJ Equipment, Inc.	ILLINOIS	\$642,203	Vehicles & Equipment
WBE	ARI	-	\$81,212	Vehicles & Equipment
WBE	Corporate Claims Management	PA	\$4,783	Vehicles & Equipment
WBE	Element Fleet Corporation	MD	\$29,983	Vehicles & Equipment
MBE WBE	Diversity Sourcing Solutions	ILLINOIS	\$116,136	Building & Grounds
MBE WBE	Civil Design, Inc.	MO	\$6,663	Technical Services
MBE WBE	Terra Engineering, LTD	ILLINOIS	\$23,935	Technical Services
VBE	Fire For Effects, LLC	ILLINOIS	\$977	Building & Grounds
VBE	Gene Wren Construction, LLC	ILLINOIS	\$1,377,977	Construction
VBE	Danville Tile and Drainage	ILLINOIS	\$39,248	Construction
VBE	Core & Main LP	MO	\$22	Direct Material
VBE	BC Systems, Inc.	ILLINOIS	\$81,779	Professional Services
VBE	Whitt Sturtevant, LLP	OH	\$86,504	Professional Services
VBE	Structured Solutions, LLC	IN	\$73,800	Vehicles & Equipment



Continued Small Business Suppliers

Diversity Attributes	Company Name	State	Amount	Category
SBE	Sal Chemical	WV	\$17,714	Chemicals
SBE	OCV Control Valves, LLC.	OK	\$456	Construction
SBE	JCI Jones Chemicals, Inc.	GA	\$94,604	Chemicals
SBE	Pendergast Safety Equipment	PA	\$3,832	Direct Material
SBE	Buckeye Power Sales Co., Inc.	OH	\$2,293	Direct Material
SBE	Seiler Instrument & Mfg. Co.	MO	\$2,630	Building & Grounds
SBE	State Industrial Products	MA	\$446	Chemicals
SBE	West Side Tractor Sales	ILLINOIS	\$11,053	All Other
SBE	Rogers Supply Co., Inc.	ILLINOIS	\$596	Direct Material
SBE	Chastain & Associates, LLC	ILLINOIS	\$7,359	Professional Services
SBE	Geocon Professional Services	ILLINOIS	\$6,910	Technical Services
SBE	Faulkner Buick, Inc.	PA	\$116,069	Vehicles and Equipment
SBE	Lee Jensen Sales, Co., Inc.	ILLINOIS	\$6,420	All Other
SBE	Buck Sales Inc.	NJ	\$1,798	Direct Material
SBE	M.E. Simpson Co., Inc.	IN	\$4,662	Construction
SBE	Tank Industry Consultants	IN	\$7,930	Technical Services
SBE	Mackie Consultants, LLC	ILLINOIS	\$4,229	Professional Services
SBE	AHW, LLC	ILLINOIS	\$254	Construction
SBE	R & R Construction	ILLINOIS	\$29,675	Construction
SBE	Dorner Products, Inc.	WI	\$23,452	Direct Material
SBE	CXTEC	NY	\$279	Information Technology
SBE	Seico, Inc.	ILLINOIS	\$12,159	Buildings & Grounds
SBE	Fluid-Aire Dynamics, Inc.	ILLINOIS	\$4,050	Buildings & Grounds
SBE	PDC Laboratories, Inc.	ILLINOIS	\$157,405	Professional Services
SBE	Dixon Engineering, Inc.	MI	\$41,300	Technical Services
SBE	Midwest Well Service, Inc.	WI	\$325,082	Direct Material
SBE	Track Star International, Inc.	NC	\$6,678	Information Technology
SBE	Cornwell Engineering Group	VA	\$263,988	Technical Services
SBE	Marc Kresmery Construction, LLC	ILLINOIS	\$25,748	Construction
SBE	Flow-Technics, Inc.	ILLINOIS	\$31,190	Technical Services
SBE	J.F. Brennan Company, Inc.	WI	\$7,090	Technical Services
SBE	Sterling Water Technologies	PA	\$27,614	Chemicals
SBE	Applied EHS Management, Inc.	PA	\$32,434	Professional Services
SBE	Nature Environmental Services	ILLINOIS	\$16,840	Buildings & Grounds
SBE	Ameritemp Equipment Services	ILLINOIS	\$993	Buildings & Grounds
SBE	The Country Table, Inc.	ILLINOIS	\$854	All Other
SBE	Midwest Asphalt Company	ILLINOIS	\$3,480	Construction
SBE	Daniel L. Ribbe Trucking	ILLINOIS	\$54,914	Construction
SBE	Dahme Mechanical Industries	ILLINOIS	\$92,320	Construction
SBE	Calumet City Plumbing Co., Inc.	ILLINOIS	\$62,128	Construction
SBE	Lai, Ltd.	ILLINOIS	\$30,939	Direct Material
SBE	Weldstar Company	ILLINOIS	\$693	All Other
SBE	Underground Pipe & Valve Co.	ILLINOIS	\$15,260	Direct Material
SBE	Wendler Engineering Services	ILLINOIS	\$3,200	Professional Services

Diversity Attributes	Company Name	State	Amount	Category
SBE	Excel Communications Worldwide	PA	\$583	Information Technology
SBE	Intercon Truck Equipment, Inc.	PA	\$904	Vehicles and Equipment
SBE	Midwest Salt, LLC	ILLINOIS	\$15,419	Chemicals
SBE	Whitman Requardt and Associates	MD	\$216	Construction
SBE	Nucar Connection	DE	\$264,966	Vehicles and Equipment
SBE	Alternative Energy Solutions	IN	\$48,489	Buildings & Grounds
SBE	Dimeo Bros., Inc.	ILLINOIS	\$810,740	Construction
SBE	Drennan Septic Service, Inc.	ILLINOIS	\$1,610	Construction
SBE	K & S Engineers, Inc.	IN	\$4,000	Professional Services
SBE	Sweney Electric Company, Inc.	IN	\$642	Professional Services
SBE	Halo Branded Solutions, Inc.	ILLINOIS	\$3,144	Construction
SBE	Northern Illinois Service Co.	ILLINOIS	\$843	Professional Services
SBE	United Meters, Inc.	ILLINOIS	\$679,450	Technical Services
SBE	Viking Chemical Company	ILLINOIS	\$19,563	Chemicals
SBE	Cahoy Pump Service, Inc.	IA	\$31,130	Direct Material
SBE	Level One, LLC	PA	\$68,550	Professional Services
SBE	Steve Spiess Construction, Inc.	ILLINOIS	\$383,297	Construction
SBE	Trotter and Associates, Inc.	ILLINOIS	\$103,866	Technical Services
SBE	Utilis, Inc.	CA	\$72,000	Technical Services
SBE	Martin Mechanical Corporation	IN	\$42,868	Technical Services
SBE	Superior Excavating Co.	ILLINOIS	\$195,917	Construction
SBE	National Energy Control Service	IN	\$688	Vehicles & Equipment
SBE	Sterling Site Access Solutions	ILLINOIS	\$1,500	Technical Services



About Aqua Illinois

At Aqua Illinois, we care about the people and communities we serve—over 250,000 people through 66,670 water connections and 23,578 wastewater connections in 13 counties. It's why we continually invest in our systems to ensure we meet state and federal environmental regulations and support local waterways. Aqua Illinois is committed to purchasing from suppliers that strive to improve the environmental quality of its water and wastewater operations, and that use reasonable efforts to minimize pollution and improve environmental protection and sustainability.

AQUASM

An  Essential Utilities Company

To learn more about Aqua, please call 877.987.2782, or visit:

 AquaAmerica.com  [@MyAquaAmerica](https://twitter.com/MyAquaAmerica)  [/MyAquaAmerica](https://facebook.com/MyAquaAmerica)