

# Southwest Water Company

## **CODE OF ETHICS for DIRECTORS & EXECUTIVE OFFICERS**

Southwest Water Company and its directors, executive officers and employees are committed to operating in an ethically responsible manner. This Code of Ethics sets out the principles to which all directors and executive officers of the Company are expected to adhere and advocate in their conduct of business for the Company. All employees, including executive officers of the Company, are required to read, understand and comply with the guidelines for ethical conduct detailed in the Company's current Code of Ethical Conduct. This additional Code of Ethics is specifically intended for directors and executive officers because of the critical significance of their conduct on the Company.

No document can address every potential ethical concern. We expect directors and executive officers to act with integrity and exercise good judgment in performing their duties for the Company.

### **Conflicts of Interest**

Company directors and executive officers have an obligation and a fiduciary requirement to promote the best interests of the Company at all times. They should avoid any action that may involve a conflict of interest with the Company. Directors and executive officers should not have any undisclosed, unapproved financial or other business relationships with suppliers, customers or competitors that might impair the independence of any judgment they may need to make on behalf of the Company. Conflicts of interest would also arise if a director or executive officer or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company.

Where conflicts of interest arise, directors and executive officers must provide full disclosure to the Board of Directors of the circumstances and stand back from any related decision-making process.

Directors and executive officers must also avoid apparent conflicts of interest, which occurs when a reasonable observer might assume there is a conflict of interest and, therefore, a loss of objectivity in their dealings on behalf of the Company.

### **Compliance with Laws and Regulations**

Basic honesty lies at the foundation of this Code. All directors and executive officers shall comply with the letter and intent of all federal, state and local laws, rules and regulations.

### **Disclosure**

As a NASDAQ listed company, the Company has an obligation to comply with the rules relating to disclosure of material and price sensitive information under relevant United States legislation and the rules and guidance of the NASDAQ.

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In accordance with our disclosure obligations, reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and other public communications made by the Company will be full, fair, accurate, timely and understandable. Such reports and communications will be delivered in a manner that attempts to achieve the highest clarity of content and meaning so that readers and users will be able to quickly and accurately determine the significance of the information.

Furthermore, any director or executive officer in possession of material information must not disclose such information before its public disclosure and must take steps to ensure that the Company complies with its timely disclosure obligations.

### **Insider Trading**

All directors and executive officers are prohibited from engaging in insider trading in the Company's securities (the purchase or sale of Company securities by anyone associated with the Company who has knowledge of material, non-public Company facts), providing non-public information concerning the Company to others, or trading in the securities of another company while aware of material non-public information gained through the conduct of business for the Company. Full details may be found in the Company's Insider Trading Policy, a copy of which is available upon request from the Company's corporate office.

### **Compliance and Obligation to Report**

If a director or executive officer has knowledge or is suspicious of any non-compliance with any section of this Code or concerned about circumstances that could lead to a violation of this Code, he/she should discuss the situation with the Board of Directors of the Company. The Company will not allow any retaliation against a director or executive officer who acts in good faith in reporting any violation or suspected violation of this Code.

Any waiver of this Code for a director or executive officer may be made only by the Board of Directors and will be promptly disclosed as required by law.

### **Accountability**

All directors and executive officers are responsible for abiding by this Code. This includes the responsibility for exercising proper supervision over, and detecting and reporting any violation of this Code by, their subordinates. Non-compliance or violation shall constitute grounds for discipline, up to and including termination for executive officers and a request for the resignation of directors.