

**AQUA AMERICA, INC.**  
**Executive Compensation Committee**  
**Committee Charter**

**Committee Purpose:**

To (i) discharge the Board of Directors responsibilities relating to the compensation of the Corporation's executives, (ii) review and discuss with the Corporation's management the Compensation Discussion and Analysis (CD&A) and related executive compensation information to be included in the Corporation's annual proxy statement or other applicable Securities and Exchange Commission (SEC) filing and recommend to the Board of Directors whether the CD&A and related executive compensation information should be included in the proxy statement or other applicable SEC filing, and (iii) produce the compensation committee report required by Item 407(e)(5) of Regulation S-K for inclusion in the Corporation's annual proxy statement or other applicable SEC filing in accordance with SEC rules and regulations. To review and approve the Corporation's goals and objectives relevant to the compensation of the CEO and such executive officers as designated by the Committee and evaluate the performance of the CEO and executive officers in light of those goals and objectives. To determine the compensation level for such executive officers as determined by the Committee, and recommend to the Board the compensation level for the CEO, based on the Committee's evaluations. The Board of Directors will be responsible for approving the compensation of the CEO.

**Committee Duties and Responsibilities:**

1. Periodically review the Board of Directors' compensation and recommend to the Board of Directors such changes as the Committee determines as being reasonable and appropriate.
2. Oversee the development of an internally consistent and externally competitive executive compensation program in order to attract and retain qualified executives and to provide incentives for the attainment of the Corporation's strategic goals and objectives.
3. Review and approve the CEO's goals and objectives relevant to the CEO's compensation.
4. Evaluate the CEO's performance in light of the CEO's goals and objectives approved by the Committee and recommend to the independent members of the Board of Directors the CEO's base salary and short-term incentive compensation based on that evaluation.
5. Review, determine and approve the base salary and short-term incentive compensation for non-CEO executive officers.
6. Make recommendations to the Board of Directors with respect to long-term incentive compensation plans and equity-based compensation plans and any changes thereto.

7. Review and approve awards under the Corporation's long-term incentive compensation plans and equity-based compensation plans for the executive officers (other than the CEO) and other key employees of the Corporation and recommend to the Board of Directors the long-term incentive awards for the CEO.
8. Review and approve any employment agreements or other forms of executive compensation, including non-qualified deferred compensation plans, nonqualified retirement plans, severance and change-in-control agreements and perquisites.
9. Ensure that the compensation packages for the CEO and executive officers are consistent with the management development plans and succession plans for the CEO and such executive officers.
10. Review and recommend to the Board of Directors the compensation package for any newly elected CEO.
11. Perform an annual performance evaluation of the Committee.
12. Review and discuss annually with the Corporation's management the CD&A and related executive compensation information and, based on such review and discussion, recommend to the Board of Directors whether the CD&A and related executive compensation information should be included in the Corporation's proxy statement or other applicable SEC filing.
13. Produce annually the compensation committee report required by Item 407(e)(5) of Regulation S-K for inclusion in the Corporation's annual proxy statement or other applicable SEC filing in accordance with SEC rules and regulations.
14. At least annually assess the risks associated with the Corporation's compensation practices, policies and programs applicable to employees to determine whether the risks arising from such practices, policies and programs are appropriate or reasonably likely to have a material adverse effect on the Corporation.
15. Review and recommend to the Board for approval the frequency with which the Corporation will conduct shareholder advisory votes on the Corporation's executive compensation program, taking into account the results of the most recent shareholder advisory vote on the frequency of such advisory votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the shareholder advisory vote on the Corporation's executive compensation program and the frequency of the advisory vote to be included in the Corporation's proxy statement.
16. In undertaking these responsibilities, the Committee may take into account factors it deems appropriate from time to time, including the Corporation's business strategy, the risks to the Corporation and its business implied by its executive compensation and incentive programs and awards, and the results of any shareholder advisory votes with respect thereto.

### **Committee Member Qualification:**

Committee members must be comprised entirely of independent directors. A director shall qualify as independent if the Board of Directors has affirmatively determined that the member is independent, consistent with the independence criteria set forth in the Corporation's Corporate Governance Guidelines. In addition, in affirmatively determining the independence of any director who will serve on the Committee, the Board of Directors must consider all factors specifically relevant to determining whether a director has a relationship to the Corporation which is material to that director's ability to be independent from management in connection with the duties of a Committee member, including, but not limited to: (1) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Corporation to such director; and (2) whether such director is affiliated with the Corporation, a subsidiary of the Corporation or an affiliate of a subsidiary of the Corporation. When considering the sources of a director's compensation in determining his independence for purposes of Committee service, the Board of Directors should consider whether the director receives compensation from any person or entity that would impair his ability to make independent judgments about the Corporation's executive compensation. Similarly, when considering any affiliate relationship a director has with the Corporation, a subsidiary of the Corporation, or an affiliate of a subsidiary of the Corporation, in determining his independence for purposes of Committee service, the Board of Directors should consider whether the affiliate relationship places the director under the direct or indirect control of the Corporation or its senior management, or creates a direct relationship between the director and members of senior management, in each case of a nature that would impair his ability to make independent judgments about the Corporation's executive compensation.

### **Committee Member Appointment and Removal:**

Committee members, nominated by the Corporation's Corporate Governance Committee, will be appointed annually by the Board of Directors. Committee members may be removed from membership on the Committee by the Board of Directors at any time, with or without cause.

### **Committee Structure and Operations:**

The Committee shall have the power to delegate aspects of its work to subcommittees, with the approval of the Board of Directors. Further, the Board of Directors may allocate any of the responsibilities of the Committee to a separate committee, provided that the committee is composed of independent directors. Any such committee must have a published committee charter. The Committee shall be comprised of at least two members meeting the qualifications for membership stated above in the Committee Charter. The Committee should meet at least two times per year. Although the timing and content of each meeting is subject to change at the Committee's discretion, these meetings will generally be as follows:

1. A meeting to, among other matters: (a) review the compensation for the Board of Directors; (b) review the CEO's preliminary goals and objectives for the coming year; (c) plan for the annual compensation review of the CEO and executive officers of the Corporation designated by the Committee by reviewing the compensation plans and programs prepared by management and any outside

compensation consultant hired by the Committee; and (d) review and recommend to the Board of Directors any changes to the Corporation's equity compensation plans.

2. A meeting after the year-end financial results are available to: (a) review the CEO's and the executive officers' performance against their individual and collective objectives for the prior year; (b) determine the salary increases for the executive officers (other than the CEO) and recommend to the Board of Directors the salary increase for the CEO; (c) review the existing compensation packages for the CEO and the executive officers for internal equity and external competitiveness and for consistency with the management development and succession plans for the CEO and such executive officers; (d) determine any short-term and long-term incentive compensation awards for the executive officers (other than the CEO), and recommend to the Board of Directors the short-term and long-term incentive compensation award for the CEO under the incentive compensation plans approved by the Committee for the prior year; (e) finalize the CEO's goals and objectives for the coming year; (f) review and approve the [incentive compensation plan] for the executive officers, and recommend to the Board of Directors the incentive compensation plan] for the CEO, for the coming year; (g) review the performance of the Corporation, the CEO and executive officers, as applicable, under the Corporation's equity compensation plans; and (h) make equity-based awards to employees other than the CEO under the Corporation's equity compensation plans as determined by the Committee.

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the compensation consultant.

The Committee shall have the authority, upon the approval of the majority of the independent members of the Committee, to retain and obtain the advice and assistance of outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside counsel and other advisors. The Committee shall receive appropriate funding from the Corporation, as determined by the Committee in its capacity as a committee of the Board of Directors, for the payment of reasonable compensation to its compensation consultants, outside counsel and any other advisors.

The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. In retaining compensation consultants, outside counsel and other advisors, the Committee must take into consider the factors specified in Rule 10C-1(b)(4) under the Exchange Act.

#### **Committee Reporting to the Board:**

The Committee shall cause minutes to be kept of each of its meetings, which will be reviewed and approved by the Chairperson of the Committee. Copies of the minutes of each meeting of

the Committee will be provided to the Board of Directors, and the Chairperson or his or her designee will report on each meeting of the Committee to the Board of Directors at the next meeting of the Board of Directors following the meeting of the Committee.

Adopted: February 26, 2016