

RESOLVED: Shareholders request that the Board of Directors adopt an enduring policy and amend the governing documents as necessary in order that 2 separate people hold the office of the Chairman and the office of the CEO. Shareholders request the Board of Directors adopt as policy, and amend the bylaws as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, be an independent member of the Board. This independence policy shall apply prospectively so as not to violate any contractual obligations. It is best practice to adopt this proposal soon. However, this policy could be phased in when there is a contract renewal for our current CEO or for the next CEO transition.

WHEREAS:

We believe:

- The role of the CEO and management is to run the company.
- The role of the Board of Directors is to provide independent oversight of management and the CEO.
- There is a potential conflict of interest for a CEO to have a non-independent director act as Chair.

In our view, shareholders are best served by an independent Board Chair who can provide a balance of power between the CEO and the Board. Taking this step is in the long-term interests of shareholders and will promote effective oversight of management.

As of 2024, approximately 40 percent^[1] of S&P 500 firms had an independent chair. ISS reported in September 2025 that 81 percent of investors responding to its policy survey indicated that an independent chair is their preferred model.^[2]

The company describes, on pages 4 and 5 of the Essential Utilities Corporate Governance Guidelines^[3], justifies the combined roles of Chair and CEO by stating the need for uniformity in leadership, implying that the Chair has the final say. However, in the following paragraph, the duties of the Board's lead independent director, such as reviewing and approving meeting minutes, acting as liaison to independent directors, and serving as a member of the Executive Committee, are described. In this context, the lead independent director, as well as the rest of the Board, is subservient to the CEO, rendering them unable to effectively provide oversight.

The risk of lawsuits, sustained public controversy and regulatory intervention, whether ultimately found to be justified or not, are strong arguments for the need for continuous, effective and unconflicted board oversight of corporate management.

In order to ensure that our Board can provide rigorous oversight for our Company with greater independence and accountability, we urge a vote FOR this shareholder proposal.

[1] <https://www.conference-board.org/publications/Board-Practices-and-Composition-2024-Edition>

[2] <https://www.issgovernance.com/file/policy/active/policy-survey-summary-2025.pdf>

[3] <https://www.essential.co/static-files/e5452d22-42b6-45cd-9df3-57cf4e35c1c2>