

SJW GROUP

Form PRE 14A

March 06, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(A)

OF THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

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SJW Group

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SJW Group

Notice of Annual Meeting of Stockholders

To Be Held On April 24, 2019

To Our Stockholders:

Notice is hereby given that the annual meeting of stockholders of SJW Group will be held on Wednesday, April 24, 2019 at 9:00 AM Pacific Time at the principal offices of SJW Group, 110 W. Taylor Street, San Jose, California 95110, for the following purposes, as more fully described in the proxy statement accompanying this Notice:

1. To elect eight directors to serve on the Board of Directors of SJW Group;
2. To approve, on an advisory basis, the compensation of the named executive officers as disclosed in this proxy statement;
3. To approve an amendment to the Corporation's Certificate of Incorporation to increase the number of authorized shares of common stock from 36,000,000 shares to 70,000,000 shares;
4. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of SJW Group for the fiscal year ending December 31, 2019; and
5. To act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The Board of Directors has set the close of business on Monday, March 4, 2019 as the record date for determining the stockholders entitled to notice of, and to vote at, the annual meeting and at any adjournment or postponement thereof. You are cordially invited to attend the meeting in person. You may call our offices at (408) 918-7231 for directions to our principal offices in order to attend the meeting in person. Your vote is important. Whether or not you plan to attend the meeting, please vote as soon as possible. You may vote by telephone, via the Internet or by mailing a completed proxy card. For detailed information regarding voting instructions, please refer to the section entitled "Voting Procedure" on page 2 of the proxy statement. You may revoke a previously delivered proxy at any time prior to the meeting. If you attend the meeting and wish to change your proxy vote, you may do so automatically by voting in person.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 24, 2019: A COPY OF THE PROXY STATEMENT, THE FORM OF PROXY, AND THE ANNUAL REPORT FOR THE YEAR ENDED ON DECEMBER 31, 2018 ARE AVAILABLE AT <https://www.proxydocs.com/SJW>.

BY ORDER OF THE BOARD OF DIRECTORS

Eric W. Thornburg  
President, Chief Executive Officer and  
Chairman of the Board

San Jose, California  
March \_\_, 2019

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SJW Group  
110 W. Taylor Street  
San Jose, California 95110  
Proxy Statement for the 2019 Annual Meeting of Stockholders  
To Be Held on April 24, 2019

The enclosed proxy is solicited on behalf of the Board of Directors of SJW Group, a Delaware corporation ("SJW Group" or the "Corporation"), for use at SJW Group's annual meeting of stockholders to be held on Wednesday, April 24, 2019, at 9:00 AM Pacific Time and at any adjournment or postponement thereof. The annual meeting will be held at the principal offices of the Corporation, 110 W. Taylor Street in San Jose, California 95110.

These proxy solicitation materials are being mailed on or about March \_\_, 2019 to all stockholders entitled to notice of, and to vote at, the annual meeting of stockholders. SJW Group's 2018 Annual Report, which includes its Form 10-K for the year ended December 31, 2018, accompanies these proxy solicitation materials.

#### PURPOSE OF MEETING

The Board of Directors has called the annual meeting of stockholders for the following purposes:

1. To elect eight directors to serve on the Board of Directors of SJW Group;
2. To approve, on an advisory basis, the compensation of the named executive officers as disclosed in this proxy statement;
3. To approve an amendment to the Corporation's Certificate of Incorporation to increase the number of authorized shares of common stock from 36,000,000 shares to 70,000,000 shares;
4. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of SJW Group for the fiscal year ending December 31, 2019; and
5. To act upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

The Board of Directors asks for your proxy for each of the foregoing proposals, and in the case of Proposal 1, for each of the director nominees.

#### VOTING RIGHTS AND SOLICITATION

##### Voting

Only stockholders of record on March 4, 2019, the record date, will be entitled to notice of, and to vote at, the annual meeting. As of the close of business on March 4, 2019, there were 28,431,124 shares of common stock issued and outstanding. Each share of common stock is entitled to one vote on each matter presented at the meeting.

##### Quorum and Votes Required

A majority of the Corporation's voting power of all shares of stock issued and outstanding and entitled to vote must be present in person or represented by proxy at the annual meeting in order to constitute a quorum. Abstentions and broker non-votes (shares held of record by brokers for which the required voting instructions are not provided by the beneficial owners of those shares) are included in the number of shares present for purposes of determining whether a quorum is present for the transaction of business at the annual meeting. If a broker or other nominee holds shares in its name on behalf of a stockholder, the broker or nominee is not permitted to vote those shares on Proposal 1 and Proposal 2 in the absence of voting instructions from that stockholder. The broker or nominee is permitted to vote on Proposal 3 and Proposal 4 in the absence of voting instructions from the stockholders, therefore the Corporation does not expect any broker non-votes for Proposal 3 and Proposal 4.

For Proposal 1, each director nominee is elected by a majority of the votes cast with respect to the director, i.e., the number of votes "for" the director exceeds the number of votes "against" the director. Our Amended and Restated Bylaws (the "Bylaws") provide that any incumbent director who does not receive the required majority votes at the annual meeting will promptly tender his or her resignation to the Board, and the Board, after considering the recommendation of the Nomination & Governance Committee regarding such resignation, shall determine

whether to accept or reject the resignation. For a more detailed description of the majority voting process, see "Proposal 1-Election of Directors-General." Abstentions and broker non-votes are not considered votes cast and will not be counted for Proposal 1.

Proposal 2 requires for approval the affirmative vote of a majority of stockholders present in person or represented by proxy at the meeting and entitled to vote. As a result, abstentions will have the same effect as voting against Proposal 2. For Proposal 2, broker non-votes will not be included in the calculation of votes because they are not considered as shares "entitled to vote" on the proposal. In addition, the stockholder vote on executive compensation in Proposal 2 is an advisory vote only, and it is not binding on the Corporation. Although the vote is non-binding, the Board of Directors and the Executive Compensation Committee will consider the outcome of the vote when making future compensation decisions affecting the Corporation's executive officers.

Proposal 3 requires for approval the affirmative vote of a majority of the shares of our common stock outstanding and entitled to vote at the Annual Meeting. As a result, abstentions will have the same effect as voting against Proposal 3. As discussed above, we do not expect broker non-votes in Proposal 3.

Proposal 4 requires for approval the affirmative vote of a majority of stockholders present in person or represented by proxy at the meeting and entitled to vote. As a result, abstentions will have the same effect as voting against Proposal 4. As discussed above, we do not expect broker non-votes in Proposal 4.

#### Voting Procedure

Stockholders of record may vote via the Internet, by telephone, by mailing a completed proxy card prior to the annual meeting, by delivering a completed proxy card at the annual meeting, or by voting in person at the annual meeting.

Instructions for voting via the Internet or by telephone are set forth on the enclosed proxy card. The Internet and telephone voting facilities will close at 11:59 PM Eastern Time on April 23, 2019. If the enclosed form of proxy is properly signed, dated and returned, the shares represented thereby will be voted at the annual meeting in accordance with the instructions specified thereon. If voting instructions are not specified on the proxy, the shares represented by that proxy (if that proxy is not revoked) will be voted at the annual meeting FOR the election of each of the director nominees listed in Proposal 1; FOR the advisory resolution to approve the compensation of the named executive officers as disclosed in this proxy statement in Proposal 2; FOR the amendment to the Corporation's Certificate of Incorporation to increase the number of authorized shares of common stock as described in Proposal 3; and FOR the ratification of the appointment of KPMG LLP as the independent registered public accounting firm as described in Proposal 4, and as the proxy holder may determine in his or her discretion with respect to any other matter that properly comes before the annual meeting or any adjournment or postponement thereof.

**YOUR VOTE IS IMPORTANT. PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY CARD WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.**

You may revoke your proxy at any time before it is actually voted at the meeting by:

• Delivering written notice of revocation to the Corporate Secretary at SJW Group, 110 W. Taylor Street, San Jose, California 95110;

• Submitting a later dated proxy; or

• Attending the meeting and voting in person.

Your attendance at the meeting will not, by itself, constitute a revocation of your proxy.

You may also be represented by another person present at the meeting by executing a form of proxy designating that person to act on your behalf. Shares may only be voted by or on behalf of the record holder of shares as indicated in the stock transfer records of the Corporation. If you are a beneficial owner of shares, but those shares are held of record by another person such as a stock brokerage firm or bank, then you must provide voting instructions to the appropriate record holder so that such person can vote those shares. In the absence of such voting instructions from you, the record holder may not be entitled to vote those shares.

Proxy Solicitation Costs

The Corporation will bear the entire cost of this solicitation of proxies, including the preparation, assembly, printing, and mailing of this proxy statement, the proxy, and any additional solicitation materials that the Corporation may provide to stockholders. Copies of solicitation materials will be provided to brokerage firms, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation material to such beneficial owners. The Corporation will reimburse the brokerage firms, fiduciaries and custodians holding shares in their names for reasonable expenses incurred by them in sending solicitation materials to its beneficial stockholders. The solicitation of proxies will be made by regular or first class mail and may also be made by telephone, telegraph, facsimile, electronic mail or personally by directors, officers and employees of the Corporation who will receive no extra compensation for such services. In addition, the Corporation has retained Georgeson LLC to act as a proxy solicitor in conjunction with the annual meeting. The Corporation has agreed to pay that firm \$7,500, plus expenses, for proxy solicitation services.

PROPOSAL 1  
ELECTION OF DIRECTORS

General

Eight directors, which constitutes and will constitute the entire Board of Directors (the "Board") following the annual meeting, are to be elected at the annual meeting to hold office until the next annual meeting or until a successor for such director is elected and qualified, or until the death, resignation or removal of such director. The Corporation's Bylaws provide a majority voting standard for the election of directors in uncontested elections. The election of directors at the annual meeting is uncontested, therefore under the Bylaws, each of the eight nominees set forth in this proxy statement will be elected by the majority of the votes cast with respect to such nominee. If an incumbent director does not receive the required majority vote, the director shall promptly tender his or her resignation to the Board. Within 90 days after the annual meeting, the Nominating & Governance Committee will make a recommendation to the Board of Directors as to whether to accept or reject the resignation. The Board will act by taking into account such committee's recommendation. If the Board does not accept the resignation, the Board is required to publicly disclose its decision and the rationale behind the decision. For more detail about the majority voting standard, see our Bylaws which were filed with the Securities and Exchange Commission (the "SEC"). Unless individual stockholders specify otherwise, each returned proxy will be voted FOR the election of each of the eight nominees who are listed below, each of whom has been nominated by the existing Board of Directors upon the recommendation of the Nominating & Governance Committee. All nominees are current directors of SJW Group, San Jose Water Company, a wholly owned subsidiary ("San Jose Water Company" or "SJWC"), and SJW Land Company, another wholly owned subsidiary of SJW Group. SJW Group intends to appoint all persons elected as directors of SJW Group at the annual meeting to be the directors of San Jose Water Company and SJW Land Company for a concurrent term. It is anticipated that four of the individuals elected as directors of SJW Group at the annual meeting will also be appointed as directors of SJWTX, Inc., a wholly owned subsidiary of SJW Group, for a concurrent term. In the unanticipated event that a nominee is unable or declines to serve as a director at the time of the annual meeting, proxies will be voted for any nominee named by the present Board of Directors to fill the vacancy. As of the date of this proxy statement, SJW Group is not aware of any nominee who is unable or will decline to serve as a director.



The following sets forth certain information concerning the nominees for directors of SJW Group:

Name	Age	Director Since	Position with the Corporation	Standing Committee Membership
Katharine Armstrong	66	2009	Director	Executive Compensation Committee Nominating & Governance Committee (Chair)
Walter J. Bishop	67	2012	Director	Executive Compensation Committee Nominating & Governance Committee Sustainability Committee (Chair) Audit Committee (Chair)
Douglas R. King	76	2003	Director	Nominating & Governance Committee Finance Committee Audit Committee
Gregory P. Landis	68	2016	Director	Executive Compensation Committee Finance Committee Audit Committee
Debra C. Man	65	2016	Director	Audit Committee Sustainability Committee Audit Committee
Daniel B. More	62	2015	Director	Executive Compensation Committee (Chair) Finance Committee (Chair) Sustainability Committee
Eric W. Thornburg	58	2017	President, Chief Executive Officer and Chairman of the Board	
Robert A. Van Valer	69	2006	Director	Nominating & Governance Committee

#### Business Experience of Nominees

Katharine Armstrong, Chairman of the Advisory Board of Natural Resources Solutions (“NRS”) since 2017. Ms. Armstrong was the President of NRS from 2008 until 2017 and the President of Katharine Armstrong, Inc. from 2003 until 2014. Ms. Armstrong founded NRS in 2008, an Austin, Texas based company that works in partnership with universities, agencies of state and federal government, stakeholder groups and others to identify and implement positive solutions to environmental challenges created by regulatory mandates. Ms. Armstrong also served as a director of Uranium Energy Corp. from June 2012 until June 2014 and is a former Chairman of the Texas Parks and Wildlife Commission.

Walter J. Bishop, Principal in Walter Bishop Consulting, a firm dedicated to utility management, leadership development, and strategic and business planning since 2010. Mr. Bishop was the General Manager and acted as the Chief Executive Officer of the Contra Costa Water District (the "District") from September 1992 until 2010. The District serves 600,000 customers in Northern California’s Contra Costa County. From 1983 until 1992, he worked for the East Bay Municipal Utility District in Northern California, including serving as its General Manager. Mr. Bishop has served as a Board Member, Chairman and Officer of numerous water industry organizations dedicated to water supply and utility management. Mr. Bishop is a registered civil engineer in the State of California, and holds a Bachelor of Science in Civil Engineering from Duke University and a Master’s Degree in Public Administration from Pepperdine University.

Douglas R. King, Retired as an audit partner of Ernst & Young LLP in 2002. During his career, Mr. King was the audit partner for large, complex public companies, and he managed Ernst & Young LLP’s San Francisco office, and had regional management responsibilities. He also currently serves as a director of Adaptive Spectrum & Signal Alignment, Inc. since 2005. He served as a director of Marvell Technology Group, Ltd. from April 2004 until October 2007, Fuel Systems Solutions, Inc. from April 2006 until July 2010, Silicon Graphics International Corp. from February 2008 until November 2016, and Westport Innovations, Inc. from January 2012 until November 2015. Mr. King is a Certified Public Accountant and holds a Master’s Degree in Business Administration from the University of Arkansas.



Gregory P. Landis, Counsel to Yarmuth, LLP since April 2016. Mr. Landis served as General Counsel and Senior Vice President of TerraPower, LLC from January 2013 until January 2015 and Senior Advisor from January 2015 until December 2018. Mr. Landis also served as a director of Unwired Planet, Inc. from 2013 to 2015. He was General Counsel and then Senior Legal Advisor of Intellectual Ventures from November 2007 until December 2012.

Previously, Mr. Landis served as the General Counsel and Executive Vice President of Vulcan, Inc. from 2005 to 2007, and from 1995 to 2005 was the General Counsel of AT&T Wireless Services, Inc., where he also served as Executive Vice President and Corporate Secretary. From 1985 until 1995, Mr. Landis was a partner at the law firm McCutchen, Doyle, Brown & Enersen. Mr. Landis holds a Juris Doctor, cum laude, from Harvard Law School, and a Bachelor of Arts in Psychology, magna cum laude, from Yale University.

Debra C. Man, Retired as the Assistant General Manager and Chief Operating Officer at The Metropolitan Water District of Southern California (“Metropolitan”) in June 2017. She held such positions since December 2003.

Metropolitan is a wholesale water utility that provides water to a six-county service area in which over 19 million people reside. She was responsible for managing the operational business functions of Metropolitan, including operations, engineering, water resource management, budget and regulatory compliance. Ms. Man had been with Metropolitan since 1986. Ms. Man is a registered engineer in California and Hawaii and holds a Bachelor of Science in Civil Engineering from University of Hawaii and a Master’s Degree in Civil Engineering from Stanford University.

Daniel B. More, Retired as a Managing Director and Global Head of Utility Mergers & Acquisitions of the Investment Banking Division of Morgan Stanley in 2014. He held such position since 1996. Mr. More has been an investment banker since 1978 and has specialized in the utility sector since 1986. Mr. More currently serves as a Senior Advisor to Guggenheim Securities since November 2015 and as a director of Clearway Energy, Inc. since February 2019. He served as a director of Saeta Yield from February 2015 until July 2018 and served as a director of the New York Independent System Operator from April 2014 until February 2016. Mr. More holds a Bachelor of Arts in Economics from Colby College and a Master of Business Administration in Finance from the Wharton School at the University of Pennsylvania.

Eric W. Thornburg, President and Chief Executive Officer of SJW Group and SJW Land Company and Chief Executive Officer of San Jose Water Company and SJWTX, Inc. since November 6, 2017, and Chairman of the Board of SJW Group, San Jose Water Company, SJW Land Company and SJWTX, Inc. since April 25, 2018. Prior to joining the Corporation, Mr. Thornburg served as President and Chief Executive Officer of Connecticut Water Service, Inc. (“CTWS”) since 2006, and Chairman of the Board of CTWS since 2007. Mr. Thornburg served as President of Missouri-American Water, a subsidiary of American Water Works Corporation from 2000 to 2004. From July 2004 to January 2006, he served as Central Region Vice President-External Affairs for American Water Works Corporation. Mr. Thornburg holds a Bachelor of Arts in Biology and Society from Cornell University and a Master’s Degree in Business Administration from Indiana Wesleyan University.

Robert A. Van Valer, President of Roscoe Moss Manufacturing Company, manufacturer of water well casing and screen and water transmission pipe, since 1990. Mr. Van Valer served as Vice President from 1984 until 1990 and previously managed domestic and international water well construction projects since joining Roscoe Moss Manufacturing Company in 1977. Mr. Van Valer has served as a Director Emeritus of the American Ground Water Trust since 2005 and as a Director Emeritus of the Groundwater Resources Association of California since 2017. Mr. Van Valer holds a Bachelor of Science in Finance from the University of Arizona and a Master of International Management from the Thunderbird School of Global Management.

No nominee or current director has any family relationship with any other current director, nominee or with any executive officer. Other than Mr. Thornburg, whose employment relationships with SJW Group and its subsidiaries are described above, no nominee is or has been employed by SJW Group or its subsidiaries during the past five years.

Experience, Qualifications, Attributes and Skills of Board Members

The biographies included above and the following table describe the particular experience, qualifications, attributes and skills that led the Board of Directors to conclude that each continuing director and nominee should serve as a director of SJW Group at this time, in light of its business and structure (in addition to any past experience on the Board of Directors of SJW Group and its subsidiaries):

Name	Particular Experience, Qualifications, Attributes and Skills
Katharine Armstrong	<p>The principal experience, qualifications and skills that Ms. Armstrong brings to the Board of Directors contribute to the Board's oversight of the Corporation's operations in a heavily-regulated industry, its management of its water supply, its administration of executive officer compensation programs through the Executive Compensation Committee, and its commitment to community involvement. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none"><li>- Chairman of the Armstrong Center for Energy and the Environment since 2009, a Texas public policy foundation</li><li>- Chairman of the Advisory Board and Past President of Natural Resources Solutions, an environmental consulting company based in Austin, Texas</li><li>- Former Chairman of the Texas Parks and Wildlife Commission</li><li>- Extensive experience in a wide variety of natural resource regulatory policy, including water</li><li>- Participated in the formulation of a Land and Water Resources Conservation Plan, a strategic plan mandated by the Texas Legislature</li><li>- Past President and current Board member of Texan by Nature, a state-wide conservation initiative founded by Laura Bush, former First Lady of the United States</li><li>- Active in the State of Texas where the Corporation conducts business operations through its wholly owned subsidiary, SJWTX, Inc.</li></ul> <p>The principal experience, qualifications and skills that Mr. Bishop brings to the Board of Directors contribute to the Board's oversight of the Corporation's operations in a heavily-regulated industry, its management of its water supply, and its commitment to community involvement. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none"><li>- Extensive experience leading and managing major water utilities in the United States with over one million customers</li><li>- Nationally recognized leader and engineer in the water and wastewater industry for over 40 years and received awards from numerous organizations for his commitment to water issues and policy</li><li>- Former member of the American Water Works Association's ("AWWA") Board of Directors and Executive Committee and served on the Water Utility Council, International Council and Strategic Planning Committee</li><li>- Past Chair of the Water Research Foundation and member of the Board of Trustees for 12 years</li></ul>
Walter J. Bishop	

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Two-term member of the National Drinking Water Advisory Council which is chartered by Congress to advise the U.S. Environmental Protection Agency on national drinking water policy

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Name	Particular Experience, Qualifications, Attributes and Skills
Douglas R. King	<p>The principal experience, qualifications and skills that Mr. King brings to the Board of Directors contribute to the Board's oversight of the Corporation's financial reporting requirements and corporate governance. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none"><li>- Accounting, finance and audit experience, including his experience at Ernst &amp; Young LLP from 1970 until 2002</li><li>- Serves as the Corporation's "audit committee financial expert" as defined in SEC rules</li><li>- Experience serving on the Boards and Audit Committees of various publicly-traded companies</li><li>- Experience in managing 400 employees at Ernst &amp; Young LLP from 1998 until 2002</li></ul>
Gregory P. Landis	<p>The principal experience, qualifications and skills that Mr. Landis brings to the Board of Directors contribute to the Board's oversight of the Corporation's reporting and compliance requirements, corporate governance, and consideration of potential acquisitions and dispositions by the Corporation. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none"><li>- Legal, corporate governance, and mergers and acquisitions experience, including nearly 20 years' experience as chief legal officer for public and private corporations and over 18 years in commercial litigation</li><li>- Utility regulatory experience before the California Public Utilities Commission and the Federal Energy Regulatory Commission</li><li>- Leadership of government relations functions at public and private companies</li><li>- Experience serving on the Board of Directors, chairing the Nomination and Governance Committee and serving on special committees of another publicly traded corporation</li><li>- Service on various non-profit Boards, including as Board Chair, Finance Committee Chair, and Strategic Planning Co-Chair</li><li>- Service on various executive committees, including Compensation and Benefits, Business Ethics, and Recruiting</li></ul>
Debra C. Man	<p>The principal experience, qualifications and skills that Ms. Man brings to the Board of Directors contribute to the Board's oversight of the Corporation's operations in a heavily-regulated industry and its management of its water supply. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:</p> <ul style="list-style-type: none"><li>- Experience in managing utility operations and capital investments, including managing an annual budget of over \$1.4 billion</li><li>- Experience as an executive officer responsible for compliance with federal and state drinking water quality regulations and workforce safety laws</li><li>- Experience negotiating labor contracts</li></ul>

-Experience maintaining over 100,000 acres of properties for operational use by a utility

Name Particular Experience, Qualifications, Attributes and Skills  
 Daniel B. More The principal experience, qualifications and skills that Mr. More brings to the Board of Directors contribute to the Board's oversight of the Corporation's financial reporting requirements and consideration of potential acquisitions and dispositions by the Corporation. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:

Over 30 years of experience in investment banking, including capital raising, privatizations, and mergers and acquisitions with specialization in the utility sector since 1986

Experience and knowledge in business strategy, strategic initiatives, corporate governance, and executive recruiting

Experience and knowledge of utility regulation, cost of capital proceedings and the rate making process

Eric W. Thornburg The principal experience, qualifications and skills that Mr. Thornburg brings to the Board of Directors contribute to the Board's oversight of the Corporation's operations in a heavily-regulated industry, its management of its water supply, and the Corporation's execution of its overall strategy. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:

Over 30 years of leadership experience in the investor owned water utility profession across ten states -and currently serving as the President and Chief Executive Officer of the Corporation with intimate knowledge and experience with our day-to-day operations

Served as President and Chief Executive Officer of another publicly traded water utility for over eleven years, including ten years as Board Chair

Served as President of the National Association of Water Companies ("NAWC") in 2011 and as a Director for over a decade

-Currently serving as a Trustee of the Water Research Foundation

Robert A. Van Valer The principal experience, qualifications and skills that Mr. Van Valer brings to the Board of Directors relate primarily to his substantial experience in the water industry that allows him to contribute to the Board's oversight of the Corporation's operations, through its wholly owned subsidiaries San Jose Water Company and SJWTX, Inc. In addition to the items listed in the biographical data above, such experience, qualifications and skills may be summarized as follows:

Over 40 years of water industry experience, including water well construction, domestic and foreign, -and manufacturing operations and management for water well casing and screen and water transmission pipe

President since 1990 of Roscoe Moss Manufacturing Company, supplier to municipal, state and federal water projects and investor owned utilities in the western United States

Participation in several industry non-profit and educational organizations and groundwater associations

Director Independence



The Board of Directors has affirmatively determined that each of its directors who served during the 2018 fiscal year, current directors and nominees, other than Eric W. Thornburg, the Corporation's President, Chief Executive Officer and Chairman of the Board and W. Richard Roth, who served as a director of the Corporation until the 2018 annual stockholder meeting, is independent within the meaning of the New York Stock Exchange director independence standards, as currently in effect.

In connection with the determination of independence for Robert A. Van Valer and George E. Moss (who served as a director of the Corporation until the 2018 annual stockholder meeting), the Board of Directors considered the Corporation's relationship with Roscoe Moss Manufacturing Company ("RMMC"), a supplier of the Corporation and its subsidiaries. Mr. Moss is Chairman of the Board and a significant stockholder of RMMC and Mr. Van Valer is the President and a stockholder of RMMC. RMMC sold Rossum Sand Tester equipment to San Jose Water Company, the Corporation's wholly owned subsidiary, for an aggregate price of approximately \$1,325 in 2016, \$8,191 in 2017, and \$0 in 2018. In addition, RMMC sold conductor casing, well casing and screen for water wells with an aggregate price of approximately \$1,326,329 in 2016, approximately \$554,093 in 2017, and \$0 in 2018 to contractors for use in San Jose Water Company's well replacement construction projects. The Board of Directors concluded that the Corporation's relationship with RMMC is not a material relationship and therefore would not impair the independence of Mr. Van Valer and Mr. Moss in light of the fact that the aggregate sales of RMMC to the Corporation and contractors for use in San Jose Water Company construction projects were less than two percent of RMMC's gross revenues in 2016, 2017, and 2018 and Mr. Van Valer expects that direct and indirect purchases of products from RMMC will be less than two percent of its revenue in future years.

The Board of Directors has determined that the members of the Audit Committee and the members of the Executive Compensation Committee also meet the additional independence criteria promulgated by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the New York Stock Exchange for audit committee membership and executive compensation committee membership, respectively.

#### Board Leadership Structure

Board structures vary greatly among U.S. public corporations, and the Board does not believe that any one leadership structure is more effective at creating long-term stockholder value. The Board believes that an effective leadership structure could be achieved either by combining or separating the Chair and Chief Executive Officer positions, so long as the structure encourages the free and open dialogue of competing views and provides for strong checks and balances.

The position of Chairman is currently held by Eric W. Thornburg, President and Chief Executive Officer of SJW Group. The Board also appointed Robert A. Van Valer, an independent director, as the Lead Independent Director of the Board. The Board of Directors believes that combining the Chair and Chief Executive Officer positions and having a lead independent director is the appropriate leadership structure for the Corporation at this time. Combining the Chair and Chief Executive Officer roles fosters clear accountability, effective decision-making, and alignment on corporate strategy and value creation. The Board believes that the Chief Executive Officer is in an optimal position to identify and to lead Board discussions on important matters related to business operations. The Board believes this leadership structure is particularly appropriate for the Corporation at this time given Mr. Thornburg's many years of experience in managing companies in the regulated water utility industry and his familiarity with the challenges and intricacies of the regulatory environment.

As the Lead Independent Director, Mr. Van Valer assumes the following duties and responsibilities: (i) advise and consult with the Chair regarding the information provided to directors in connection with Board meetings; (ii) ensure that independent directors have adequate opportunities to meet and discuss issues in executive sessions or at separate meetings without management being present and preside at such executive sessions and meetings; (iii) serve as principal liaison between the independent directors and the Chair; (iv) chair the meetings of the Board when the Chair is not present; and (v) respond directly to stockholders and other stakeholder questions and comments that are directed to the lead independent director or to the independent directors as a group.

The Board believes that this leadership structure provides strong, unified leadership of the Corporation while maintaining effective and independent oversight of management. Nevertheless, the Board will continue to consider from time to time whether this leadership structure should be maintained or modified.

#### Board's Role in Risk Oversight

The Corporation has implemented an internal risk assessment process that focuses on the principal risks that have been identified for the Corporation, including risks associated with the Corporation's regulatory environment, business operations and continuity, compliance requirements, its information technology and data storage and retrieval facilities, insurance coverage, liquidity, credit and other financial risks, internal controls over financial reporting, risks related to potential fraudulent activities and any material risks posed by the Corporation's



compensation policies. Potential risks are reviewed and discussed by the Board of Directors on a regular basis. The Audit Committee, pursuant to its charter, meets periodically with employees to discuss identified risks and the measures taken to control, manage and mitigate those risks. On the basis of these meetings and discussions, the Chairman of the Audit Committee reports periodically to the full Board. In addition, the Executive Compensation Committee oversees risk management as it relates to the compensation plans, policies and practices for all employees, including executive officers, particularly whether the compensation programs may create incentives for employees to take excessive or inappropriate risks which could have a material adverse effect on the Corporation. The Nominating & Governance Committee monitors the effectiveness of the corporate governance guidelines and policies and manages risks associated with the independence of the Board of Directors and qualification of directors and nominees for directors.

#### Board Committees

The Board of Directors has a standing Audit Committee, Executive Compensation Committee, Nominating & Governance Committee, Finance Committee and Sustainability Committee. The Board of Directors dissolved the Real Estate Committee in April 2017. The Board has the authority to form additional committees, and has done so from time to time, to address matters specifically identified by the Board.

#### Audit Committee

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee assists the Board of Directors in its oversight of the integrity of the financial reports and other financial information provided by the Corporation to any governmental body or the public, the Corporation's compliance with legal and regulatory requirements, the Corporation's systems of internal controls, the qualifications and independence of the independent accountants, and the quality of the Corporation's accounting and financial reporting processes generally. The Audit Committee reviews significant accounting policies and the financial results with management and the independent accountants. Ms. Man and Messrs. King, Landis, and More are the current Audit Committee members, and Mr. King serves as the Chair of the Audit Committee. These members are independent as such term is defined pursuant to the Exchange Act and the corporate governance listing standards of the New York Stock Exchange with respect to audit committee members. The Board of Directors has determined that Mr. King is an "audit committee financial expert" as defined in SEC rules and all committee members are financially literate. The Audit Committee held eight meetings during fiscal year 2018. The Audit Committee has a written charter which may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com).

#### Executive Compensation Committee

The Executive Compensation Committee assists the Board of Directors in its responsibilities with respect to the compensation of the Corporation's executive officers and other key employees, and administers all employee benefit plans, including the Corporation's Long-Term Incentive Plan, and other incentive plans that may be adopted by the Corporation. The Executive Compensation Committee is authorized to approve the compensation payable to the Corporation's executive officers and other key employees, approve all perquisites, equity incentive awards and special cash payments made or paid to executive officers and other key employees, and to approve severance packages with cash and/or equity components for the executive officers and other key employees. Additionally, the Executive Compensation Committee reviews and recommends to the Board of Directors appropriate director compensation programs.

The Executive Compensation Committee retained Mercer (US), Inc. to serve as the committee's independent compensation consultant and provide advice on executive officer and director compensation for the 2018 fiscal year. The role of such consultant, the nature and scope of the consultant's assignments and the material elements of the instructions or directions given to the consultant with respect to the performance of its duties are more fully set forth below in the section entitled "Compensation Discussion and Analysis."

Ms. Armstrong and Messrs. Bishop, Landis, and More are the current members of the Executive Compensation Committee, and Mr. More serves as the Chair of the Executive Compensation Committee. Each of these members is independent as such term is defined pursuant to the Exchange Act and the corporate governance listing standards of the New York Stock Exchange with respect to compensation committee members. The Executive Compensation Committee held seven meetings during fiscal year 2018. The Executive Compensation Committee has a written charter which may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com).



#### Nominating & Governance Committee

The Nominating & Governance Committee is charged by the Board of Directors with reviewing and proposing changes to the Corporation's corporate governance policies, developing criteria for evaluating performance of the Board of Directors, determining the requirements and qualifications for members of the Board of Directors and proposing to the Board of Directors nominees for the position of director of the Corporation. Ms. Armstrong and Messrs. Bishop, King, and Van Valer are the current Nominating & Governance Committee members, and Ms. Armstrong serves as the Chair of the Nominating & Governance Committee. The Board of Directors has determined that all of the members of the Nominating & Governance Committee are independent as defined under the independence standards for nominating committee members in the listing standards for the New York Stock Exchange. The Nominating & Governance Committee held five meetings during fiscal year 2018. The Nominating & Governance Committee has a written charter which may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com). Upon recommendation of the Nominating & Governance Committee, the Board approved Corporate Governance Policies that set forth additional principles and procedures regarding the functions, responsibilities and other governance matters of Board and its committees and members. Such Corporate Governance Policies may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com).

The Board of Directors has approved the "Policies and Procedures of the Nominating & Governance Committee for Nomination for Directors" (as amended the "Policies and Procedures"). The Policies and Procedures specify director selection criteria for the Nominating & Governance Committee to consider and the procedures for identifying and evaluating director candidates for the Nominating & Governance Committee to follow when executing its duty to recommend director nominees at the annual meeting of stockholders. The Policies and Procedures also specify steps a stockholder must take in order to properly recommend director candidates which the Nominating & Governance Committee will consider. All candidates for director must generally meet the criteria set forth in the Policies and Procedures, a copy of which may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com).

The criteria address the specific qualifications that the Nominating & Governance Committee believes must be met by each nominee prior to recommendation by the committee for a position on the Corporation's Board of Directors. In particular, the criteria address the specific qualities or skills that the Nominating & Governance Committee believes are necessary for one or more of the Corporation's directors to possess in order to fill Board, committee chair and other positions, and to provide the best combination of experience and knowledge on the Board and its committees. These criteria include: highest professional and personal ethical standards; absence of any interests that would materially impair his or her ability to exercise judgment or otherwise discharge the fiduciary duties; ability to contribute insight and direction to achieve the Corporation's goals; skills and expertise relative to the entire make-up of the Board; experience in effective oversight and decision-making, including experience on other boards; ability and willingness to serve a full term with consistent attendance; first-hand business experience and achievement in the industry; and independence as determined under the New York Stock Exchange and SEC rules and regulations. The Nominating & Governance Committee and the Board of Directors do take diversity into account when considering potential nominees for directors, such as differences of viewpoint, varied professional or governmental experience, education and advanced degrees, skill set and other individual qualities and attributes that are likely to contribute to board heterogeneity. However, SJW Group does not have a formal or other established policy in which one or more diversity factors have been specifically identified for application as a matter of ordinary course in the director nominee process.

The steps a stockholder must take in order to properly recommend director candidates which the Committee will consider include submission via mail to the attention of the Nominating & Governance Committee at the address of the Corporate Secretary, SJW Group, 110 W. Taylor Street, San Jose, California 95110, of a completed "Stockholder Recommendation of Candidate for Director" form which can be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com) or may be obtained by mailing a request for a copy of the form to the Corporate Secretary of the Corporation at the above address. A completed form must be submitted not earlier than 210 days prior and not later than 120 days prior to the one-year anniversary of the date the proxy statement for the preceding annual meeting was mailed to stockholders. In addition to or in lieu of making a director candidate recommendation via the completed recommendation form, stockholders may nominate directly a person for election as a director at the annual meeting by complying with the procedures set out in the Corporation's Bylaws and other applicable federal and state laws

governing the election of directors and distribution of proxy statements. Under the Bylaws, a nominating

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stockholder must provide the Corporation with advance written notice of a proposed nomination no later than 90 days and no earlier than 120 days prior to the one-year anniversary of the preceding year's annual meeting. Such advance notice must include certain information and materials relating to the stockholder and the proposed nominee as prescribed under the Bylaws, including without limitation the name and qualification of the proposed nominee and other information typically required in a proxy statement filed under SEC proxy rules. For more information on the procedure and advance notice requirements for nominating a director, see the Corporation's Bylaws, a copy of which was filed with the SEC.

#### Finance Committee

The Finance Committee is charged with assisting the Board of Directors in overseeing the Corporation's strategy and financing. The Finance Committee reviews and makes recommendations to the Board of Directors regarding the Corporation's long-term growth strategy, public and private financing, any equity repurchase programs, dividend payments and other distributions of equity. The Finance Committee also reviews significant rating agency communications, the Corporation's debt rating and business opportunities. The Finance Committee became a standing committee on October 24, 2018. Prior to this date, the Finance Committee was a special committee of the Board. Messrs. Bishop, King, Landis and More are the current Finance Committee members, and Mr. More serves as the Chair of the Finance Committee. The Finance Committee held 13 meetings during fiscal year 2018. The Finance Committee has a written charter which may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com).

#### Sustainability Committee

The Sustainability Committee is charged with providing guidance to the Board of Directors regarding plans, programs, and activities related to the health and safety of employees, customers, business partners, and the public related to the Corporation's operating subsidiaries. The Sustainability Committee also provides guidance to the Board of Directors on plans, programs, and activities related to environmental stewardship and sustainability, water supply and conservation, water quality, climate change, operational efficiency and the Corporation's established water supply policies and any water supply projects. The Sustainability Committee became a standing committee on October 24, 2018. Prior to this date, the Sustainability Committee was a special committee named the Water Supply Committee. Ms. Man and Messrs. Bishop and More are the current Sustainability Committee members, and Mr. Bishop serves as the Chair of the Sustainability Committee. The Sustainability Committee did not meet during fiscal year 2018. The Sustainability Committee has a written charter which may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com).

#### Evaluation of Board and Committee Performance

Annually, the Board and each of our Audit, Executive Compensation and Nominating & Governance Committees conduct a self-evaluation pursuant to our Corporate Governance Policies or applicable committee charters. In addition, the Nominating & Governance Committee is responsible to report annually to the Board an assessment of the Board's performance based on such evaluation, which includes a review of the Board's overall effectiveness and the areas in which the Board or management believes the Board can make an impact on the Corporation.

#### Communications with the Board

Communications to the Board of Directors may be submitted by email to [boardofdirectors@sjwater.com](mailto:boardofdirectors@sjwater.com) or by writing to SJW Group, Attention: Corporate Secretary, 110 W. Taylor Street, San Jose, California 95110. The Board of Directors relies upon the Corporate Secretary to forward written questions or comments to named directors or committees or the Lead Independent Director, as appropriate. General comments or inquiries from stockholders are forwarded to the appropriate individual within the Corporation, including the President, as appropriate. Interested parties may make their concerns known to non-management directors or independent directors on a confidential and anonymous basis by calling the Corporation's toll free hotline, 1-888-883-1499.



### Code of Ethical Business Conduct

The Corporation has adopted a Code of Ethical Business Conduct (the "Code") that applies to the directors, officers and employees of the Corporation. A copy of the Code may be found at the Corporation's website at [www.sjwgroup.com](http://www.sjwgroup.com). In the event that we make any amendments to or grant any waivers of, a provision of the Code of Ethics that applies to the principal executive officer, principal financial officer, or principal accounting officer that requires disclosure under applicable SEC rules, we intend to disclose such amendment or waiver and the reasons therefore, on our website at [www.sjwgroup.com](http://www.sjwgroup.com).

### Board Meetings

During fiscal year 2018, there were four regular meetings and 19 special meetings (including one strategic planning meeting) of the Board of Directors of SJW Group. Each director attended or participated in 75 percent or more of the aggregate of: (i) the total number of regular and special meetings of the Board of Directors of SJW Group; and (ii) the total number of meetings held by all committees of the Board on which such director served during the 2018 fiscal year. As the Lead Independent Director, Robert A. Van Valer presides at all executive sessions of non-management directors or independent directors.

Pursuant to the Corporation's Corporate Governance Policies, each member of the Board of Directors is strongly encouraged to attend the annual meetings of stockholders. All members of the Board who were nominated for election at the 2018 annual meeting attended such meeting.

### Compensation of Directors

The following table sets forth certain information regarding the compensation of each non-employee member of the Board of Directors of SJW Group for the 2018 fiscal year:

Name	Fees		
	Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Total (\$)
Katharine Armstrong	\$99,500	\$58,869	\$158,369
Walter J. Bishop	\$106,500	\$58,869	\$165,369
Douglas R. King	\$120,000	\$58,869	\$178,869
Gregory P. Landis	\$101,500	\$58,869	\$160,369
Debra C. Man	\$87,000	\$58,869	\$145,869
Daniel B. More	\$127,000	\$58,869	\$185,869
George E. Moss (3)	\$29,333	\$—	\$29,333
W. Richard Roth (3)	\$26,333	\$—	\$26,333
Robert A. Van Valer	\$93,500	\$58,869	\$152,369

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Consists of the annual retainer and meeting fees for service as a member of the Board of Directors of the Corporation, San Jose Water Company, SJW Land Company, and SJWTX, Inc., including amounts deferred under (1) the Corporation's Deferral Election Program for Non-Employee Board members. The respective dollar amounts of these fees are set forth in the table below. For further information concerning such fees, see the sections below entitled "Director Annual Retainer" and "Director Meeting Fees."

Name	2018 Retainer	2018 Meeting Fees	Total Annual Service Fees
Katharine Armstrong	\$ 55,000	\$ 44,500	\$ 99,500
Walter J. Bishop	\$ 55,000	\$ 51,500	\$ 106,500
Douglas R. King	\$ 50,000	\$ 70,000	\$ 120,000
Gregory P. Landis	\$ 50,000	\$ 51,500	\$ 101,500
Debra C. Man	\$ 50,000	\$ 37,000	\$ 87,000
Daniel B. More	\$ 50,000	\$ 77,000	\$ 127,000
George E. Moss	\$ 18,333	\$ 11,000	\$ 29,333
W. Richard Roth	\$ 18,333	\$ 8,000	\$ 26,333
Robert A. Van Valer	\$ 60,000	\$ 33,500	\$ 93,500

Represents the grant-date fair value of the restricted stock unit award for 1,055 shares made to the non-employee director on April 25, 2018. The applicable grant-date fair value of each award was calculated in accordance with FASB ASC Topic 718 and accordingly determined on the basis of the closing selling price per share of SJW Group's common stock on the award date as appropriately discounted to reflect the lack of dividend equivalent rights. The reported grant-date value does not take into account any estimated forfeitures related to service-vesting conditions. In addition to the restricted stock units, as of December 31, 2018, Messrs. King and Van Valer held (2) deferred stock awards covering 9,294 and 2,705 shares of SJW Group's common stock, respectively, attributable to the director's prior participation in certain deferred compensation programs implemented under the Corporation's Long-Term Incentive Plan. The awards no longer accrue dividend equivalent rights. Their last dividend equivalent right conversion into deferred stock occurred on January 2, 2018 (for the 2017 fiscal year). For further information concerning those programs, see the sections below entitled "Deferral Election Program for Non-Employee Board Members" and "Deferred Restricted Stock Program."

(3) Messrs. Moss and Roth served on the Board of Directors of the Corporation until April 25, 2018.

#### Director Annual Retainer

The following table sets forth the 2018 annual retainer fees for the non-employee Board members of SJW Group, San Jose Water Company, SJW Land Company, and SJWTX, Inc.

	Annual Retainer
SJW Group	
Chair	\$ 30,000
Other Board Members	\$ 5,000
Additional Fee for Lead Independent Director	\$ 5,000
San Jose Water Company	
Chair	\$ 60,000
Other Board Members	\$ 40,000
SJW Land Company	
Chair	\$ 10,000
Other Board Members	\$ 5,000
SJWTX, Inc.	
Chair	\$ 5,000
Other Board Members	\$ 5,000

## Director Meeting Fees

The following table sets forth the 2018 per meeting Board and Committee fees for the non-employee Board members of SJW Group, San Jose Water Company, SJW Land Company, and SJWTX, Inc.

	Per Meeting Fee
SJW Group	
Chair and Other Board Members	\$ 1,000
SJW Group Committees	
Audit Committee Chair (for attending audit committee meetings)	\$ 3,000
Other Committee Chair (for attending their respective committee meetings)	\$ 2,000
Other Board Members	\$ 1,000
San Jose Water Company	
Chair and Other Board Members	\$ 1,000
SJW Land Company	
Chair and Other Board Members	\$ 500
SJWTX, Inc.	
Chair	\$ 2,500
Other Board Members	\$ 500

The meeting fees are the same for attending Board and Committee meetings held telephonically.

In the event a non-employee director attends an in-person Board or Committee meeting by telephone, he or she will be entitled to receive the applicable per meeting fee for the first meeting attended by telephone in a calendar year, and half of such meeting fee for each subsequent meeting attended by telephone in the same calendar year.

Non-employee directors may also receive fees determined on a case-by-case basis by SJW Group's Executive Compensation Committee and ratified by the Board of Directors for attending additional meetings other than Board or Committee meetings, such as Board retreats, strategic planning meetings, or other programs organized by SJW Group, San Jose Water Company, SJW Land Company, or SJWTX, Inc. During fiscal year 2018, each non-employee director was paid \$2,500 for attending a strategic planning meeting, except for Mr. Landis who did not attend the meeting.

## Deferral Election Program for Non-Employee Board Members

Pursuant to the Deferral Election Program, each non-employee member of the Corporation's Board of Directors has the opportunity to defer: (i) either 50 percent or 100 percent of his or her annual retainer fees for serving on the Corporation's Board and the Board of one or more subsidiaries; and (ii) 100 percent of his or her fees for attending pre-scheduled meetings of such Boards or any committees of such Boards on which he or she serves. The deferral election is irrevocable and must be made prior to the start of the year for which the fees are to be earned.

The fees which a non-employee Board member elects to defer under such program for the fiscal year are credited to a deferral election account pursuant to one of the following alternatives selected by the Executive Compensation Committee: (i) in a lump sum on the first business day of that calendar year or as soon as administratively practicable thereafter; or (ii) periodically when the fees would otherwise become due and payable during such calendar year in the absence of his or her deferral election for that calendar year in which case the amounts credited shall be fully vested on crediting. In the event of such lump sum credit, the non-employee Board members will vest in the portion of their account attributable to each Board or Board committee on which they serve during a calendar year in a series of 12 equal monthly installments upon their completion of each calendar month of service on that Board or Board committee during such calendar year. For the deferral election accounts established for the 2018 calendar year, the periodic credit alternative was utilized.

The deferral election account will be credited with a fixed rate of interest, compounded semi-annually, set at the start of each calendar year at the lower of (i) the then current 30-year long-term borrowing cost of funds to San Jose Water Company (or the equivalent thereof), as measured as of the start of such calendar year, or (ii) 120 percent

of the long-term Applicable Federal Rate determined as of the start of such calendar year and based on semi-annual compounding.

Distribution of the vested balance credited to each Board member's deferral election account will be made or commence on the 30<sup>th</sup> day following his or her cessation of Board service either in a lump sum or through a series of up to 10 annual installments in accordance with the Board member's payment election.

Mr. More elected to defer all of his 2018 annual retainer fees and pre-scheduled 2018 meeting fees, Mr. King elected to defer all of his 2018 pre-scheduled meeting fees, Ms. Man elected to defer all of her 2018 annual retainer fees, and Mr. Bishop elected to defer 50 percent of his 2018 annual retainer fees.

#### Deferred Restricted Stock Program

Prior to the 2008 fiscal year, the non-employee directors were able to receive awards of deferred stock, either through the conversion of their deferred Board and Committee fees under the Deferral Election Program into deferred shares of SJW Group common stock or through their participation in the Deferred Restricted Stock Program. Both of those deferred stock programs were implemented under the Corporation's Long-Term Incentive Plan (the "LTIP").

The principal features of the Deferred Restricted Stock Program may be summarized as follows: each non-employee director who commenced Board service on or after April 29, 2003 was granted: (i) a deferred stock award on the first business day of January following his or her completion of at least six months of service as a Board member; and (ii) annual grants of deferred stock on the first business day of January in each succeeding calendar year through the close of the 2007 calendar year, provided he or she remained a non-employee member of the Board through such date. The number of shares of the Corporation's common stock underlying each annual deferred stock award was determined by dividing (i) the aggregate dollar amount of the annual retainer fees, at the levels in effect as of the date of grant, for service on the Board and for service on the Boards of Directors of the Corporation's subsidiaries for the calendar year in which the grant was made by (ii) the fair market value per share of the Corporation's common stock on the grant date. The shares subject to each deferred stock award are fully vested and will be issued from the LTIP on a distribution commencement date tied to the director's cessation of Board service. The shares may be issued either in a single lump sum or in up to 10 annual installments, as elected by the director in accordance with the Deferred Stock Program.

#### Restricted Stock Units and the Formulaic Equity Award Program for Non-Employee Board Members

The Company has implemented a Formulaic Equity Award Program for Non-Employee Board Members ("Formulaic Program") under the LTIP which provides that at the close of business on the date of each annual stockholder meeting, each individual who is elected or re-elected to serve as a non-employee Board member will automatically be granted restricted stock units covering that number of shares of common stock (rounded up to the next whole share) determined by dividing the Applicable Annual Amount by the fair market value per share on such date. The Applicable Annual Amount for 2018 was \$60,000. Each restricted unit awarded entitles the non-employee Board member to one share of common stock on the applicable vesting date of that unit. Each restricted stock unit award will vest in full upon the non-employee Board member's continuation of Board service through the day immediately preceding the date of the first annual stockholder meeting following the annual stockholder meeting at which that restricted stock unit award was made subject to accelerated vesting following a change in control or cessation of Board service by reason of death or permanent disability prior to such vesting date. Each non-employee Board member must retain beneficial ownership of at least 50 percent of the shares of common stock issued in connection with the vesting of such restricted stock units until such time as such individual is in compliance with the equity ownership guidelines that the Corporation from time to time establishes for its non-employee Board members. Pursuant to the Formulaic Program, on April 25, 2018, each non-employee Board member elected at the 2018 annual stockholder meeting received an award of restricted stock units covering 1,055 shares of common stock.

#### Director Pension Plan

Mr. King continues to participate in the Director Pension Plan. Under such plan, Mr. King will receive a benefit equal to one half of the aggregate annual retainer for service on the Board of SJW Group, and the Boards of San Jose Water Company and SJW Land Company, following his cessation of service as a director. This benefit will

be paid to Mr. King, his beneficiary or his estate, for four years. These payments will be made with the same frequency as the ongoing retainers. Directors who elected to convert their accumulated Director Pension Plan benefits into deferred restricted stock in 2003 and non-employee directors who commenced Board service on or after April 29, 2003, are not eligible to participate in the Director Pension Plan.

#### Dividend Equivalent Rights

Prior to 2018, Dividend Equivalent Rights ("DERs") accrued on the outstanding deferred stock awards credited to non-employee directors as a result of their pre-2008 participation in the Deferral Election and Deferred Restricted Stock Programs. Pursuant to those DERs, each such non-employee director's deferred stock account under each program was credited, each time a dividend was paid on the Corporation's common stock, with a dollar amount equal to the dividend paid per share multiplied by the number of shares at the time credited to the deferred stock account, including shares previously credited to the account by reason of the DERs. As of the first business day in January each year, the cash dividend equivalent amounts so credited in the immediately preceding year was converted into additional shares of deferred stock by dividing such cash amount by the average of the fair market value of the Corporation's common stock on each of the dates in the immediately preceding year on which dividends were paid. Such DERs terminated with the dividends paid by the Corporation during the 2017 calendar year, with the last DER conversion into deferred stock occurring on the first business day in January 2018. No further DERs will be credited to the deferred stock awards; however, any shares distributed to the non-employee director will be entitled to actual dividends as and when paid to the Corporation's stockholders.

#### Expense Reimbursement Policies

Under the Corporation's Director Compensation and Expense Reimbursement Policies, each non-employee director will be reimbursed for all reasonable expenses incurred in connection with his or her attendance at Board or committee meetings of SJW Group or its subsidiaries as well as his or her attendance at certain other meetings held by such companies. Expenses subject to reimbursement for fiscal year 2018 include the expense of traveling by non-commercial aircraft if within 1,000 miles of company headquarters and approved by the Chairman of the Board, and the expense of traveling first class for any travel within the United States. A copy of the Director Compensation and Expense Reimbursement Policies amended and restated on January 31, 2018, is attached as Exhibit 10.53 to the Form 10-K filed for the year ended December 31, 2017.

#### Recommendation of the Board of Directors

The Board of Directors unanimously recommends that stockholders vote FOR the election of the eight nominees listed on page 5. Unless otherwise instructed, the proxy holders named in each proxy will vote the shares represented thereby FOR each of the eight nominees.

## PROPOSAL 2

### ADVISORY VOTE ON EXECUTIVE COMPENSATION

#### General

Pursuant to Section 14A(a)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Corporation's stockholders are entitled to vote at the annual meeting to approve the compensation of the Corporation's named executive officers, as disclosed in this proxy statement in accordance with the standards established under Item 402 of Regulation S-K under the Exchange Act. However, the stockholder vote on executive compensation is an advisory vote only, and it is not binding on the Corporation or the Corporation's Board of Directors or the Executive Compensation Committee of the Board.

Although the vote is non-binding, the Corporation's Board of Directors and the Executive Compensation Committee value the opinions of the stockholders and will consider the outcome of the vote when making future compensation decisions affecting the Corporation's executive officers.

In deciding how to vote on this proposal, the Board encourages you to read the "Compensation Discussion and Analysis" section beginning on page 28 and "Summary Compensation Table" beginning on page 42. The Executive Compensation Committee has made numerous enhancements in recent years to better align our executive compensation programs with our strategic objectives, and to respond to changes in the marketplace and feedback received from stockholders and stockholder advisory groups as discussed in the Compensation Discussion and Analysis section of this proxy statement.

#### Resolution

The Corporation's stockholders are being asked to approve by advisory vote the following resolution relating to the compensation of the named executive officers in this proxy statement:

"Resolved that the Corporation's stockholders hereby approve the compensation paid to the Corporation's executive officers named in the Summary Compensation Table of this proxy statement, as that compensation is disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the various compensation tables and the accompanying narrative discussion included in this proxy statement."

The vote on this resolution is not intended to address any specific element of compensation; rather the vote relates to the compensation of the Corporation's named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the Securities and Exchange Commission.

#### Recommendation of the Board of Directors

The Board of Directors unanimously recommends an advisory vote FOR the resolution to approve the compensation of the named executive officers as disclosed in this proxy statement in accordance with the standards established under Item 402 of Regulation S-K under the Exchange Act. Unless otherwise instructed, the proxy holders named in each proxy will vote the shares represented thereby FOR the approval of such resolution.

### PROPOSAL 3

#### AMENDMENT OF CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

##### Introduction

Our Board of Directors has unanimously determined that it is in the best interests of the Company and its stockholders to amend our Certificate of Incorporation (as amended, the “Certificate of Incorporation”) to increase the number of authorized shares of our common stock from 36,000,000 shares to 70,000,000, which will result in an increase of the total number of authorized shares of our capital stock from 37,000,000 shares to 71,000,000 shares.

Currently our Certificate of Incorporation authorizes an aggregate of 37,000,000 shares of capital stock, consisting of 36,000,000 shares of authorized common stock, par value \$0.001 per share, and 1,000,000 shares of authorized preferred stock, par value \$0.001 per share. No shares of preferred stock are issued and outstanding and we are not proposing to increase the number of authorized preferred stock.

As of March 4, 2019, we had (i) 28,431,124 shares of common stock issued and outstanding, (ii) 155,812 shares subject to outstanding deferred stock awards, restricted stock units and other equity awards under our Long-Term Incentive Plan (the “LTIP”), (iii) 832,711 shares of common stock reserved for issuance under our LTIP (not including the shares included under item (ii)), and (iv) 266,886 shares reserved for issuance under our 2014 Employee Stock Purchase Plan. Accordingly, approximately 82 percent of our total authorized shares of common stock have been issued or reserved for issuance, which leaves relatively few shares available to us, i.e., 6,313,467 shares, for future issuances for corporate purposes.

No other changes to the Certificate of Incorporation have been approved or are being proposed by our Board of Directors. To effectuate the increase of number of authorized shares of our common stock, the first and second paragraphs of Article IV of the Certificate of Incorporation are proposed to be amended as set forth below in their entirety:

“The total number of shares of stock that the Corporation shall have authority to issue is 71,000,000, consisting of the following:

70,000,000 shares of Common Stock, par value \$0.001 per share. Each share of Common Stock shall entitle the holder thereof to one (1) vote on each matter submitted to a vote at a meeting of stockholders.”

The remaining paragraphs of Article IV of the Certificate of Incorporation, as well as other parts of the Certificate of Incorporation, are not amended or changed in any way. A copy of the Certificate of Amendment by the Company to amend and restate Article IV of the Certificate of Incorporation is attached to this proxy statement as Appendix A. For a description of the material terms and provisions of our common stock and each other class of our securities which qualifies or limits our common stock, please see the description of our capital stock in our Registration Statement on Form 8-A12B/A filed on November 15, 2016.

##### Reasons for the Proposed Amendment

Given the small number of authorized shares of common stock currently available under our Certificate of Incorporation, we believe that an increase in the number of authorized shares of our common stock is critical to ensure that a sufficient number of shares is available for future issuances if and when our Board of Directors deems it to be in our and our stockholders’ best interests. While we have no current plans to issue any shares that will be authorized if the increase is approved, we may use any of the increased shares of common stock at the time and in the manner approved by the Board of Directors, which may include, but are not limited to, raising capital through equity financing, executing strategic transactions or establishing collaborative relationships, acquiring businesses or assets and issuance of equity awards to employees and service providers. In addition, having sufficient additional authorized but unissued shares available for issuance to meet business needs as they arise may avoid the potential costs or delay of holding a special meeting of stockholders to approve additional authorized shares at that time. We believe that if we do not obtain stockholder approval to increase the number of authorized shares of our common stock, our future planned operations and financial conditions may be impacted.

#### Effects of Stockholder Approval of Increased Authorized Shares

If the proposed amendment is approved and adopted, the additional authorized shares of common stock may be issued from time to time by actions of our Board of Directors without further stockholder approval, except as required by law, regulatory authorities or corporate governance listing rules of the New York Stock Exchange ("NYSE"). The increase in authorized shares of common stock will not alter our current number of issued and outstanding shares of common stock. The relative rights and limitations of the shares of common stock will remain unchanged under this amendment. The additional shares of common stock to be authorized by stockholder approval under this Proposal 3 would have the rights identical to the currently outstanding shares of our common stock. Our stockholders will not realize any dilution in their percentage of equity ownership or their voting rights as a result of the increase. However, issuances of significant numbers of additional shares of common stock in the future may dilute stockholders' percentage of ownership, and if such shares are issued at prices below what current stockholders paid for their shares, may dilute the value of current stockholders' shares. Under our Certificate of Incorporation, stockholders do not have preemptive rights to purchase additional securities that may be issued by the Corporation. This means that current stockholders do not have a prior right to purchase any new issuances of shares in order to maintain their proportionate ownership interests in the Corporation.

The additional shares of common stock that would become available for issuance may also be used to oppose a hostile takeover attempt or to delay or prevent changes in control of the Corporation. For example, without further stockholder approval, the Board of Directors could strategically sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board of Directors. However, this proposal to increase authorized shares is prompted by business and financial considerations and not by the threat of any hostile takeover attempt.

#### Additional Anti-Takeover Considerations

There are other provisions currently in our Certificate of Incorporation and Bylaws and under Delaware law which could have an anti-takeover effect. A summary of these provisions is set forth below. These provisions, as well as the authority of our Board of Directors to issue additional shares of common stock, could be used by our Board in a manner calculated to prevent the removal of management or make it more difficult or discourage a change in control of our company. The distribution of rights and certain aspects of the following provisions in our Certificate of Incorporation and Bylaws were designed to afford our Board of Directors the opportunity to evaluate the terms of a takeover attempt without haste or undue pressure, advise stockholders of its findings, and to negotiate to protect the interests of all stockholders.

#### Certificate of Incorporation and Bylaws

We are authorized to issue 1,000,000 shares of Preferred Stock, although no shares of preferred stock are currently outstanding. Our Board of Directors, without further stockholder approval (except as may be required by applicable law or the rules of any stock exchange on which the Corporation's securities may be listed), has the authority to issue shares of preferred stock in one or more series and to fix the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, including without limitation: dividend rights; dividend rates; conversion rights; voting rights; rights and terms of redemption (including sinking fund provisions); redemption price or prices; liquidation preferences; and the number of shares constituting any series and the designation of such series. If our Board of Directors elects to exercise this authority, the rights and privileges of holders of shares of common stock could be made subject to the rights and privileges of such series of preferred stock. Although the Board of Directors has no intention at the present time of doing so, it could issue a series of preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. Our Bylaws provide that stockholders seeking to nominate candidates for election as directors at, or propose other business to be brought before, an annual or special meeting of stockholders must meet specified procedural requirements, including providing advance notice of such nomination or proposals, and cumulative voting for the election of directors is prohibited. These provisions may preclude stockholders from making nominations for directors at, or proposing other business to be brought before, an annual or special meeting of stockholders. Our Certificate of Incorporation and Bylaws permit special meetings of stockholders to be called at any time by the





Chairman of the Board, by the President, by resolution of the Board of Directors adopted by a majority of the total number of authorized directors, or by stockholders holding not less than 20 percent of the voting power of the Corporation. Both our Certificate of Incorporation and Bylaws permit the taking of any action which may be taken at any annual or special meeting of stockholders by written consent without a meeting.

#### Section 203 of Delaware Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 prohibits publicly held Delaware corporations from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns or was, within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, an owner of 15 percent or more of a corporation’s voting stock. These provisions could have the effect of delaying, deferring or preventing a change in control of the Corporation or reducing the price that certain investors might be willing to pay in the future for shares of common stock.

#### Votes Required

The affirmative vote of a majority of the shares of our common stock outstanding and entitled to vote at the Annual Meeting is required to approve the amendment to our Certificate of Incorporation to effect the proposed increase in the Corporation's authorized common stock. The amendment to the Certificate of Incorporation will be effective immediately upon acceptance of filing by the Secretary of State of Delaware of the Certificate of Amendment following stockholder approval of this proposal.

#### Recommendation of the Board of Directors

The Board of Directors recommends that the stockholders vote FOR approval of the amendment to our Certificate of Incorporation to increase the number of authorized shares of our common stock from 36,000,000 shares to 70,000,000 shares, and proxies solicited by the Board of Directors will be voted in favor thereof, unless a stockholder has indicated otherwise on the proxy.

PROPOSAL 4  
 RATIFICATION OF APPOINTMENT OF INDEPENDENT  
 REGISTERED ACCOUNTING FIRM

General

The Audit Committee of the Board of Directors has appointed KPMG LLP as the Corporation's independent registered public accounting firm (the "independent accountants") for the fiscal year ending December 31, 2019. At the annual meeting, stockholders are being asked to ratify the appointment of KPMG LLP as the Corporation's independent accountants for fiscal year 2019. In the event the stockholders fail to ratify the appointment of KPMG LLP, the Audit Committee will reconsider its selection.

Representatives of KPMG LLP are expected to be present at the annual meeting. They have been offered the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Principal Independent Accountants' Fees and Services

The following table sets forth the approximate aggregate fees billed to the Corporation during or for fiscal years 2017 and 2018:

	2018	2017
Audit Fees (1)	\$1,022,361	\$976,526
Audit-Related Fees (2)	\$—	\$—
Tax Fees (3)	\$89,000	\$—
All Other Fees (4)	\$235,000	\$—
Total Fees	\$1,346,361	\$976,526

Audit Fees: This category consists of the fees billed for those fiscal years for the audit of annual financial statements, review of the financial statements included in the annual report on Form 10-K and quarterly reports on (1) Form 10-Q and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years.

Audit-Related Fees: This category consists of fees billed in those fiscal years with respect to assurance and related (2) services by the independent accountants that are reasonably related to the performance of the audit and review of financial statements and are not reported under "Audit Fees."

Tax Fees: This category consists of fees billed in those fiscal years with respect to professional services rendered (3) by the independent accountants for tax compliance, tax advice and tax planning. All tax fees, if any, were pre-approved by the Audit Committee. Fees for fiscal year 2018 include fees paid for tax advice relating to a proposed merger and related activities.

All Other Fees: This category consists of fees billed in those fiscal years which are not covered by "Audit Fees," (4) "Audit-Related Fees" and "Tax Fees." Fees for fiscal year 2018 include fees paid for services provided by KPMG LLP relating to a proposed merger and related activities.

The Audit Committee has considered and concluded that the provision of services described above is compatible with maintaining the independence of KPMG LLP.

The Audit Committee has adopted a pre-approval policy regarding the rendering of audit, audit-related and non-audit services by KPMG LLP. In general, audit fees are reviewed and approved by the Audit Committee annually.

Audit-related and non-audit services are pre-approved by the Audit Committee. The Audit Committee has delegated authority to its Chairman to pre-approve specific services to be rendered by KPMG LLP subject to ratification by the Audit Committee when it next convenes a meeting.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends a vote FOR the adoption of the proposal to ratify the appointment of KPMG LLP as SJW Group's independent accountants for fiscal year 2019. Unless otherwise instructed, the proxy holders named in each proxy will vote the shares represented thereby FOR this Proposal.

OWNERSHIP OF SECURITIES

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the executive officers and directors of the Corporation, and persons who own more than 10 percent of a registered class of the Corporation's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. These persons are required to furnish SJW Group with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such reports received by it, and written representations from certain reporting persons that no other reports were required during 2018, SJW Group believes that all Section 16(a) reporting obligations were met during 2018 except that Ms. Wendy Avila-Walker did not file a Form 3 timely and was late in reporting 16 transactions during the two and one half years since June 2016 that should have been reported on Forms 4, all due to a mistaken understanding on the part of the Corporation that, because she was not an executive officer as such term is defined under Rule 3b-7 of the Securities Exchange Act of 1934, as amended, that she was not required to file reports under Section 16(a).

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of March 4, 2019, certain information concerning beneficial ownership of shares of SJW Group common stock by each director of the Corporation, nominee for director, the Corporation's Chief Executive Officer, the Corporation's Chief Financial Officer and each of the Corporation's other executive officers named in the Summary Compensation Table below (the "named executive officers"), all directors, nominees and executive officers as a group, and any beneficial owner of five percent or more of outstanding shares of common stock of SJW Group. Unless otherwise indicated, the beneficial ownership consists of sole voting and investment power with respect to the shares indicated, except to the extent that spouses share authority under applicable law. None of the shares reported as beneficially owned by the named executive officers, directors and nominees for director have been pledged as security for any loan or indebtedness. Unless otherwise indicated, the principal address of each of the stockholders below is c/o SJW Group, 110 W. Taylor Street, San Jose, California 95110. The calculations in the table below are based on 28,431,124 shares of common stock issued and outstanding as of March 4, 2019. In addition, shares of common stock that may be acquired by the person shown in the table within 60 days of March 4, 2019, are deemed to be outstanding for the purpose of computing the percentage of ownership of such person, but are not deemed to be outstanding for the purpose of computing the percentage of ownership of any other person shown in the table.

Name	Shares Beneficially Owned	Percent of Class
Directors and Nominees for Directors:		
Katharine Armstrong (1)	10,553	*
Walter J. Bishop (2)	10,363	*
Douglas R. King (3)	10,503	*
Gregory P. Landis (4)	2,210	*
Debra C. Man (4)	3,167	*
Daniel B. More (5)	4,336	*
Eric W. Thornburg, President, Chief Executive Officer and Chairman of the Board (6)	4,491	*
Robert A. Van Valer (7)	2,219,580	7.8 %
Named Executive Officers not listed above:		
Andrew R. Gere, President and Chief Operating Officer of SJWC (8)	15,553	*
Palle L. Jensen, Executive Vice President of SJWC (9)	10,573	*
James P. Lynch, Chief Financial Officer and Treasurer (10)	22,405	*
Suzy Papazian, General Counsel and Corporate Secretary (11)	11,154	*
All directors, nominees and executive officers as a group (13 individuals) (12)	2,335,902	8.2 %
Beneficial owners of five percent or more not listed above:		
BlackRock, Inc. and Certain Subsidiaries (13) 55 East 52nd Street, New York, NY 10055	1,481,108	5.2 %
The Vanguard Group (14) 100 Vanguard Blvd., Malvern, PA 19355	1,453,980	5.1 %
T. Rowe Price Associates Inc. (15) 100 E. Pratt Street, Baltimore MD 21202	1,869,385	6.6 %

\*Represents less than one percent of the outstanding shares of SJW Group's common stock.

(1) Includes (i) 2,550 shares of common stock held in a joint account with spouse and for which Katharine Armstrong and her spouse share voting and investment power, (ii) 1,000 shares of common stock held under an IRA account, (iii) 5,948 shares of common stock held by the Katharine Armstrong Love Exempt Trust U/A/D 6/30/2009, for which Katharine Armstrong is the sole trustee, and (iv) 1,055 shares of common stock subject to a restricted stock unit award which will vest in full upon continuation of board service through the day immediately preceding the date of the annual stockholder meeting to be held on April 24, 2019.

(2) Includes 9,308 shares of common stock held by the Bishop Family Trust, for which Walter Bishop and his spouse are co-trustees. Mr. Bishop has shared voting and investment powers with respect to such shares. Also includes 1,055 shares of common stock subject to a restricted stock unit award which will vest in full upon continuation of board service through the day immediately preceding the date of the annual stockholder meeting to be held on April 24, 2019.

(3) Includes 9,448 shares of common stock held by the King Family Trust dated June 6, 2005 of which Mr. King and Melinda King are trustees. Mr. King has shared voting and investment powers with respect to such shares. Also includes 1,055 shares of common stock subject to a restricted stock unit award which will vest in full upon continuation of board service through the day immediately preceding the date of the next annual stockholder meeting to be held on April 24, 2019. Excludes 9,294 shares of the Corporation's common stock underlying deferred stock awards which will be issued in one or more installments following Mr. King's cessation of Board service.

Includes 1,055 shares of common stock subject to a restricted stock unit award which will vest in full upon  
(4) continuation of board service through the day immediately preceding the date of the annual stockholder meeting to be held on April 24, 2019.

Includes (i) 3,281 shares of common stock held by the Daniel B. More Revocable Trust, of which Mr. More is the sole trustee and (ii) 1,055 shares of common stock subject to a restricted stock unit award which will vest in full  
(5) upon continuation of board service through the day immediately preceding the date of the annual stockholder meeting to be held on April 24, 2019.

Excludes 34,370 shares of the Corporation's common stock issuable pursuant to restricted stock unit awards that  
(6) are subject to various performance-vesting and service-vesting schedule requirements. The shares that actually vest under those awards will be issued in accordance with the applicable issuance schedule in effect for those shares.

Includes (i) 80,657 shares of common stock and 1,055 shares of common stock subject to a restricted stock unit award which will vest in full upon continuation of board service through the day immediately preceding the date of the annual stockholder meeting to be held on April 24, 2019, (ii) 1,937,226 shares of common stock held under the Non Exempt Bypass Trust created under the Roscoe Moss Jr Revocable Trust dated March 24, 1982 for which Mr.  
(7) Van Valer has sole voting and dispositive powers, and (iii) 200,642 shares of common stock held under an Exempt Bypass Trust created under the Roscoe Moss Jr Revocable Trust dated March 24, 1982 for which Mr. Van Valer has sole voting and dispositive powers. Excludes 2,705 shares of the Corporation's common stock underlying deferred stock awards which will be issued in one or more installments following Mr. Van Valer's cessation of Board service. The address for Robert A. Van Valer is 4360 Worth Street, Los Angeles, California 90063.

Excludes 7,977 shares of the Corporation's common stock issuable pursuant to restricted stock unit awards that are  
(8) subject to various performance-vesting and service-vesting schedule requirements. The shares that actually vest under those awards will be issued in accordance with the applicable issuance schedule in effect for those shares.

Excludes 7,305 shares of the Corporation's common stock issuable pursuant to restricted stock unit awards that are  
(9) subject to various performance-vesting and service-vesting schedule requirements. The shares that actually vest under those awards will be issued in accordance with the applicable issuance schedule in effect for those shares.

Includes (i) 2,532 shares of common stock, (ii) 2,500 shares of common stock held under a Roth IRA, and (iii) 17,373 shares of common stock held by Mr. Lynch and his spouse in joint tenancy. Mr. Lynch has shared voting and investment powers with respect to 17,373 shares. Excludes 8,343 shares of the Corporation's common stock  
(10) issuable pursuant to restricted stock unit awards that are subject to various performance-vesting and service-vesting schedule requirements. The shares that actually vest under those awards will be issued in accordance with the applicable issuance schedule in effect for those shares.

Includes (i) 3,891 shares of common stock and (ii) 7,263 shares of common stock held by the John Affaki and Suzy Papazian Living Trust dated December 10, 2008. Excludes 7,296 shares of the Corporation's common stock  
(11) issuable pursuant to restricted stock unit awards that are subject to various performance-vesting and service-vesting schedule requirements. The shares that actually vest under those awards will be issued in accordance with the applicable issuance schedule in effect for those shares.

Includes an aggregate of 7,385 shares of common stock subject to restricted stock unit awards held by  
(12) non-employee Board members which will vest in full upon continuation of board service through the day immediately preceding the date of the annual stockholder meeting to be held on April 24, 2019.

Pursuant to Schedule 13G filed with the SEC on February 8, 2019, BlackRock, Inc. had sole power to vote or to  
(13) direct the vote of 1,425,475 shares of common stock and sole power to dispose or to direct the disposition of 1,481,108 shares of common stock.

Pursuant to Schedule 13G filed with the SEC on February 12, 2019, The Vanguard Group had sole power to vote or to direct the vote of 33,640 shares of common stock and sole power to dispose or to direct the disposition of  
(14) 1,413,501 shares of common stock, and had shared power to vote or to direct the vote of 12,178 shares of common stock and shared power to dispose or to direct the disposition of 40,479 shares of common stock.

Pursuant to Schedule 13G filed with the SEC on February 14, 2019, T. Rowe Price Associates Inc. had sole (15)power to vote or to direct the vote of 319,343 shares of common stock and sole power to dispose or to direct the disposition of 1,869,385 shares of common stock.

For further information concerning such restricted stock unit and deferred stock awards, please see the following sections of this proxy statement: "Compensation of Directors," "Summary Compensation Table" and "Grants of Plan-Based Awards."

EXECUTIVE COMPENSATION AND RELATED INFORMATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes the principles underlying our executive officer compensation policies and discusses the decisions relating to the named executive officer compensation for the 2018 fiscal year. The Executive Compensation Committee (the "Committee") of the Board of Directors is responsible for reviewing and approving the compensation payable to our officers and other key employees. Our "named executive officers" for 2018 are listed below:

Name	Title
Eric W. Thornburg	President, Chief Executive Officer and Chairman of the Board of SJW Group
Andrew R. Gere	President and Chief Operating Officer of San Jose Water Company ("SJWC")
Palle L. Jensen	Executive Vice President of SJWC
James P. Lynch	Chief Financial Officer and Treasurer of SJW Group
Suzy Papazian	General Counsel and Corporate Secretary of SJW Group

This Compensation Discussion and Analysis is organized into four key sections:	Page
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## EXECUTIVE SUMMARY

### Executive Compensation Highlights

In fiscal year 2018, we continued our strong commitment to pay for performance by aligning a significant portion of executive compensation with performance. As indicated in the charts below, the 2018 performance-based and long-term incentive compensation for Mr. Thornburg, our President and CEO, constituted 61 percent of his annual total target direct compensation (not including the special sign-on cash bonus paid in 2018); and the 2018 performance-based and long-term incentive compensation for our other named executive officers, as a group, constituted 38 percent of the officers' annual total target direct compensation; these allocations are generally consistent with the average for our peer group as set forth in the charts below. Accordingly, a significant portion of our named executive officers' compensation is "at risk."

Our compensation program for the named executive officers consisted primarily of base salary, a cash incentive program and an equity incentive program in the form of performance-based and service-based restricted stock units ("RSU"). The cash and equity incentive programs are driven by metrics that align with the Corporation's business, short-term strategic operating goals and long-term growth strategy. The only fixed component of pay is base salary. For the 2018 fiscal year, 75 percent of the target performance-based cash incentive award for the executive officers, including the CEO, was based on performance goals tied to capital additions, water quality compliance and several key operational goals measuring the successful operation of the business and 25 percent of the target performance-based cash incentive award was based on strategic objectives. For the performance-based RSUs, which are aligned with the long-term interests of our stockholders, the goals included total shareholder return, return on equity and earnings per share.

### TARGET PAY MIX

Executive Compensation Practices and Governance Highlights

WHAT WE DO

- a Align our executive pay with performance
  - a Include a "clawback" provision in our performance stock awards
- Provide an appropriate balance of annual and long-term incentives and include multiple measures of performance that are tied to our strategies, goals and stock price performance
  - a Prohibit hedging and pledging of the Corporation's common stock
- a Provide change in control payments under the Executive Severance Plan only on a double trigger
  - a Maintain a meaningful equity ownership policy for the named executive officers
- a Include caps on individual payouts in short-term and long-term incentive plans
  - The Executive Compensation Committee has retained independent compensation consultants
- a Hold an annual "say-on-pay" advisory vote
  - a Regularly evaluate our peer group and pay positioning
- a Annually assess risks in our compensation programs

WHAT WE DON'T DO

- r Pay dividends on unvested equity awards
  - r Provide excessive perquisites
- r Provide excise tax gross-up to the CEO or tax gross-up to any NEOs on perquisites
  - r Allow short sales or purchases of equity derivatives of our common stock by officers or directors
- r Time the release of material non-public information to affect the value of executive compensation

COMPENSATION OBJECTIVES AND PHILOSOPHY

The Committee seeks to maintain an overarching pay-for-performance compensation philosophy through the use of compensation programs for the Corporation's executive officers that are designed to attain the following objectives:

- Recruit, motivate and retain executives capable of meeting the Corporation's strategic objectives;
- Provide incentives to achieve superior executive performance and successful operation and financial results for the Corporation; and
- Align the interests of executives with the long-term interests of stockholders.

The Committee seeks to achieve these objectives by:

- Establishing a compensation structure that is both market competitive and internally fair;
- Linking a substantial portion of compensation to the Corporation's operational and financial performance and the individual's contribution to that performance;
- Maintaining a compensation structure that is designed to provide below-target compensation for underachievement and upward leverage for exceptional performance; and

Providing long-term equity-based incentives and encouraging direct stock ownership by executive officers. The Committee is not authorized to delegate any of its authority with respect to executive officer compensation, other than with respect to routine administrative functions. However, the Committee may from time to time consult with other independent Board members regarding executive compensation matters and is authorized to hire independent compensation consultants and other professionals to assist in the design, formulation, analysis and implementation of compensation programs for the Corporation's executive officers and other key employees.

#### DISCUSSION AND ANALYSIS

This section provides detailed information about our named executive officers' 2018 compensation and the Committee's decision making process.

##### Components of Compensation

For the 2018 fiscal year, the principal components of the Corporation's executive compensation program were as follows:

- Base salary;
- Annual short-term cash incentives;
- Long-term equity incentive awards; and
- Retirement benefit accruals.

In setting the 2018 compensation of the executive officers, the Committee intended to provide a consistent mix of fixed (salary) and variable short-term incentive cash compensation by defining the target STI as 50 percent of salary for the CEO and 25 percent of salary for the other named executive officers. However, there is no policy for the allocation of compensation between cash and non-cash (equity) components or between short-term and long-term components, and there are no pre-established ratios between the CEO's compensation and that of the other named executive officers.

The named executive officers are also provided with market competitive benefits and perquisites and are entitled to certain severance benefits in the event their employment terminates under certain defined circumstances, as more fully set forth below in this section and in the section entitled "Employment Agreements, Offer Letters, Termination of Employment and Change in Control Arrangements" that appears later in this proxy statement.

##### Base Salary

It is the Committee's objective to set a competitive annual rate of base salary for each executive officer. The Committee believes that such competitive base salaries are necessary to attract and retain top quality executives. 2018 Base Salary for CEO: Pursuant to Mr. Thornburg's employment agreement, his base salary for calendar year 2018 was set at \$700,000, with no increase from 2017 since he joined the Corporation during the fourth quarter of 2017. The Committee believes that this salary appropriately reflects Mr. Thornburg's performance and experience within the context of the overall compensation philosophy.

2018 Base Salary of the Other Named Executive Officers: In setting the 2018 fiscal year base salaries for the other named executive officers, the Committee considered each executive officer's tenure and responsibilities with the Corporation, competitive market data for the officer's position, the high cost of living in the San Francisco Bay Area, internal pay equity considerations, and the other components of the officer's total direct compensation for the year. The Committee approved salary adjustments that ranged from 2.9 to 5 percent increases for such named executive officers.

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Accordingly, the base salary levels in effect for the 2017 and 2018 fiscal years for each named executive officer and the applicable percentage increases for the 2018 fiscal year are as follows:

Name	Title	2017 Salary	2018 Salary	% Increase
Eric W. Thornburg				