

## **MIDDLESEX WATER COMPANY**

### **~ CODE OF CONDUCT ~**

#### **PREFACE**

The following Code of Conduct (the “Code”) has been adopted by Middlesex Water Company and each of its subsidiaries to apply to its directors, officers and employees (hereinafter, collectively the “Company”). This Code is intended to assist in the promotion of honest and ethical conduct within the Company. This Code is also intended to assure directors, officers and employees that the reporting of questionable behavior is protected and encouraged by the Company. The Company further recognizes that its principal executive officers, principal financial officer, principal accounting officer or controller, and persons performing similar functions (hereinafter, collectively referred to as the “Senior Financial Officers”) hold prominent roles in corporate governance. Senior Financial Officers are vested with both responsibility and authority to protect, balance and preserve the interest of all of the Company stakeholders, including its customers, shareholders and employees. As such, adherence to this Code by all directors, officers and employees is essential to insure the Company’s continued success. Therefore, in accordance with the provisions of the Sarbanes-Oxley Act of 2002 this Code was adopted on the 29<sup>th</sup> day of March 2004.

It is impossible to foresee every possible instance of questionable conduct that might affect the Company and this Code may not specifically address every ethical dilemma the Company may face. As such, directors, officers or employees who are uncertain about any aspect of this Code, or who encounter a situation not addressed herein, are encouraged to discuss the matter with the Company’s General Counsel. The provisions contained herein shall be used as basic guiding principles of professional behavior and your commitment to these principles shall ensure the Company’s continued success.

#### **HONEST AND ETHICAL CONDUCT**

Directors, officers and employees will exhibit and promote the highest standards of honest and ethical conduct through the establishment and operation of policies and procedures that:

- Encourage and reward professional integrity in all aspects of the Company by eliminating inhibitions and barriers to responsible behavior, such as coercion, fear of reprisal or alienation from the Company.
- Insure that directors, officers and employees avoid any situation where either a conflict of interest, or an appearance of a conflict of interest, may arise. Such situations would include any instance where a director, officer or employee, or a relative or friend, has any interest in any transaction that the Company is, or is likely to be, a party to. Further, no director, officer or employee, or relative or friend of such individual, may accept any significant economic benefit from any party who is dealing with the Company unless such benefit, such as employment or ownership of securities, is determined by the Audit Committee of the Board of Directors to be in the best interest of the Company.

- Provide a mechanism that affords an appropriate measure of confidentiality for directors, officers and employees to inform senior management of deviations in practice from policies and procedures governing honest and ethical behavior.
- Provide a mechanism that affords an appropriate measure of confidentiality for the prompt internal reporting of violations of this Code for all directors, officers and employees of the Company through the Audit Committee of the Board of Directors.
- Demonstrate the personal support for such policies and procedures by the directors and officers through periodic communication re-enforcing these ethical standards throughout the Company.
- Prohibit the use of Company funds or assets for any unlawful or unauthorized purpose, including prohibiting the use of Company funds or assets unlawfully to support any political action or candidate.
- Prohibit any payment on behalf of the Company made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

#### **FINANCIAL RECORDS AND PERIODIC REPORTS**

Senior Financial Officers and all other directors, officers or employees (to the extent obligated by employment or fiduciary duties) will establish and maintain the reporting systems and procedures of the Company to insure that:

- There is full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission, any federal, state or local regulatory agencies, and in any other public communications made by the Company.
- Business transactions are properly authorized and completely and accurately recorded on the Company's books and records in accordance with Generally Accepted Accounting Principles (GAAP) and established Company financial policy.
- The retention or proper disposal of Company records shall be in accordance with established Company policies and applicable legal and regulatory requirements.
- Periodic financial communications and reports will be delivered in a manner that facilitates the highest degree of clarity of content and meaning so that readers and users will quickly and accurately determine their significance and consequence.
- No undisclosed or unrecorded fund or asset of the Company shall be established for any purpose.

- No false or artificial entries shall be made in the books and records of the Company for any reason and no director, officer or employee shall engage in any arrangement that results in such prohibited acts.

**COMPLIANCE WITH CODE APPLICABLE LAWS,  
AND RULES AND REGULATIONS**

Directors and officers will establish and maintain mechanisms to:

- Provide regular training for directors, officers and employees with respect to this Code and the requirements herein.
- Ensure accountability for adherence to this Code.
- Monitor the compliance with any applicable federal, state or local statute, regulation or administrative rule.
- Identify, report, and correct in a swift and certain manner, any detected deviations from applicable federal, state or local statute or regulation.
- Ensure that any director, officer or employee having information or knowledge of any unrecorded fund or asset or any prohibited act shall promptly report such matter to a member of the Audit Committee of the Board of Directors.

**COMPLIANCE PROCEDURES**

Should there ever be any question as to whether there is a conflict, a breach of this Code or a prohibited act, a detailed written description of the situation should be forwarded by the director, officer, or employee in an envelope marked “Personal and Confidential” to one of the current members of the Audit Committee of the Board of Directors of Middlesex Water Company as set forth on Appendix A attached. Such reports shall be treated as confidential to the extent consistent with appropriate investigation of the facts. The Committee will reply in writing to the question raised and where appropriate, shall investigate matters to determine if remedial actions and/or notification to regulators or law enforcement agencies is appropriate. Retaliation of any kind against any director, officer or employee who makes a good faith report of an observed or suspected violation of this Code or any law, regulation, or Company policy is prohibited.

Alternatively, a Whistleblower Hot Line has been established to allow any director, officer or employee to make such a report by leaving a voice-mail message on a restricted Whistleblower Hot Line number, which may only be accessed by the Chairman of the Audit Committee.

To report a suspected violation through the use of the Whistleblower Hot Line, any employee throughout the Company may call the following dedicated telephone number, (732) 638-7508, and leave a voice-mail message reporting the suspected violation and a description thereof. Any employee making such a call should leave his or her name and telephone number where they may be reached to obtain further information.

The Whistleblower Hot Line procedures may be found on the Company's Intranet website (the "Fountain") or at the Company's website at [www.middlesexwater.com](http://www.middlesexwater.com).

All supervisory employees shall be responsible for the enforcement of and compliance with this policy including necessary distribution to ensure employees' knowledge and compliance. The Chairperson of the Audit Committee of the Board of Directors shall be responsible for such duties relative to all directors.

Directors, officers and employees will periodically be required to certify compliance with this policy.

### **WAIVERS**

Any waiver of this Code shall be made only by the Audit Committee of the Board of Directors and must be promptly disclosed to shareholders, along with the reasons for granting such waiver. Such disclosure shall be made in a Form 8-K with the Securities and Exchange Commission within five (5) business days of such waiver and shall also be posted on the Company's website.

### **ENFORCEMENT**

A director, officer or employee who compromises or violates the law or the high ethical standards contained in this Code and related policies and procedures is subject to corrective action, up to and including dismissal from directorship or employment with the Company. In some cases, the individual may also be subject to criminal or civil proceedings under applicable laws.

This policy is applicable to all directors, officers and employees of the Company and shall be made publicly available on the Company's website: [www.middlesexwater.com](http://www.middlesexwater.com).

Re-approved: May 20, 2009