



**Energy Recovery, Inc.
Regulation FD Compliance Policy**

Adopted on October 22, 2018

A. Introduction

Energy Recovery, Inc. (the “Company”) is committed to the fair disclosure of information about the Company consistent with the Securities and Exchange Commission’s (“SEC”) Regulation Fair Disclosure (“Regulation FD”).

Regulation FD prohibits the selective disclosure of material nonpublic information to certain enumerated persons. The regulation is intended to eliminate situations in which a company may disclose important nonpublic information to shareholders, securities analysts, broker-dealers or investment advisors before disclosing the information to the general public.

Regulation FD requires that whenever

- the Company, or a person acting on its behalf,
- intentionally discloses material nonpublic information
- to certain enumerated persons (including broker-dealers, analysts and shareholders),
- the Company must simultaneously disseminate the information to the public.

If the Company learns that it has unintentionally disclosed material nonpublic information, it generally must publicly disseminate the information within 24 hours.¹

This Policy applies to every director and employee of the Company and its subsidiaries, and is intended to complement the Company’s insider trading policy.

B. Authorized Spokespersons

1. The only persons authorized to speak on behalf of the Company to securities analysts, broker-dealers, shareholders and any other Enumerated Persons (as described below) are the Chief Executive Officer, Chief Financial Officer, and Managing Director, Investor Relations or other persons specifically designated by them to speak with respect to a particular topic or purpose (each such person so listed or designated an “Authorized Spokesperson” and, collectively, the “Authorized Spokespersons”).

¹ In the case of an unintentional disclosure, the disclosure must be made “promptly,” which means as soon as reasonably practicable, but not later than the latter of: (i) the commencement of the next day’s trading on a stock exchange; or (ii) 24 hours after the discovery of the unintentional disclosure.

2. To the extent practicable, Authorized Spokespersons should contact an appropriate person in the Investor Relations and Legal Departments before having conversations with securities analysts, broker-dealers and shareholders (or any other “Enumerated Persons” as described below) in order to review as much of the substance of the intended communication as possible and to determine whether the intended recipient of information is an “Enumerated Person” as contemplated by Regulation FD.

C. “Enumerated Persons” Subject to Regulation FD Disclosure Requirements

1. Regulation FD prohibits selective disclosure to certain specified persons, including (a) broker-dealers and persons associated with them, including investment analysts; (b) investment advisers, certain institutional investment managers and their associated persons; and (c) investment companies, hedge funds, and affiliated persons.

2. Selective disclosure is also prohibited if made to any shareholder or holder of the Company’s securities under circumstances in which it is reasonably foreseeable that the shareholder or security holder would purchase or sell securities on the basis of the information. The fact that a shareholder may be deemed an “affiliate” of the Company does not create an exception to this rule.

3. Communications in the ordinary course of business with customers, suppliers or strategic partners, as well as communications with the press or news organizations, rating agencies, or the government, are not covered by Regulation FD.

D. Day-to-Day Communications

1. Inquiries from analysts, shareholders and other Enumerated Persons received by any director or employee other than an Authorized Spokesperson as expressly defined above should be forwarded to the Managing Director, Investor Relations, or, in his/her absence, another Authorized Spokesperson. Under no circumstances should any attempt be made to handle these inquiries without prior authorization from an Authorized Spokesperson.

2. If practicable, planned conversations should include the Managing Director, Investor Relations. It should be determined in advance whether it is intended or contemplated that any material nonpublic information be disclosed. If so, the material nonpublic information should be disclosed prior to or simultaneously with the planned conversation by the issuance of a press release, the filing with or “furnishing” to the SEC of a report on a Form 8-K, or other means reasonably designed to provide broad, non-exclusionary dissemination of the information to the public.

E. Public Disclosure of Significant Company Information

1. Any time an Authorized Spokesperson determines to disclose or discuss nonpublic Company information with anyone who is or might be an Enumerated Person, there must be a determination made prior to such disclosure, in consultation with the Legal Department, whether the information is material. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy,

sell, or hold a Company security or if the information is likely to have a significant effect on the market price of the security. Both positive and negative information may be material.

2. Information or events that are likely to be material and, therefore, should be thoughtfully considered before disclosure include, but are not limited to:

- new products;
- contracts with suppliers, or developments regarding major customers or suppliers (e.g., the acquisition or loss of a contract);
- earnings information and quarterly results;
- guidance on earnings estimates;
- mergers, acquisitions, tender offers, joint ventures, or changes in assets;
- changes in auditors or a determination that the Company's financial statements can no longer be relied upon;
- events regarding the Company's securities (e.g., defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes to the rights of shareholders, public or private sales of additional securities or information related to any additional funding);
- bankruptcies or receiverships; and
- regulatory approvals or changes in regulations and any analysis of how they affect the Company.

Furthermore, the original Regulation FD adopting release cautions:

- "When an issuer official engages in a private discussion with an analyst who is seeking **guidance** about earnings estimates, he or she takes on a high degree of risk under Regulation FD. If the issuer official communicates selectively to the analyst nonpublic information that the company's anticipated earnings will be higher than, lower than, or even the same as what analysts have been forecasting, the issuer likely will have violated Regulation FD. This is true whether the information about earnings is communicated expressly or through indirect 'guidance,' the meaning of which is apparent though implied. Similarly, an issuer cannot render material information immaterial simply by breaking it into ostensibly non-material pieces."

3. If the determination is made that the information to be disclosed is material, the information must be disclosed via a means reasonably designed to provide broad, non-exclusionary distribution to the public (e.g., a press release or Form 8-K) before or at the same time that the information is disclosed to the analyst, broker-dealer or shareholder. The public disclosure may either disclose the material information or, if it is issued prior to disclosure to the analyst, broker-dealer or shareholder, may disclose that a conference call and/or webcast will be

held to disclose the information. The public must be given adequate advance notice of any conference call and/or webcast and the means of accessing it.

F. Earnings Calls

1. Adequate advance public notice shall be given of any quarterly earnings conference call and/or webcast. Notice shall include a press release issued through a major news wire with information including the date, time, and telephone number or webcast URL for the earnings call. The press release shall also state the period, if any, for which a replay of the webcast will be available.² These press releases generally should be furnished to the SEC on a Form 8-K.

2. A quarterly earnings conference call and/or webcast must be open to analysts, media representatives and the general public. Only analysts shall be allowed to submit questions. Any such conference call must be recorded and a copy maintained by the Company in its archives for 12 months.³ Web replay of such a call must be available for no less than seven days after the conference call.

G. Quiet Period and Analyst Reports

1. Authorized Spokespersons shall not provide “comfort” with respect to an earnings estimate or otherwise “walk the Street” up or down (*i.e.*, suggest adjustments to an analyst’s estimates). If an analyst inquires as to the reliability of a previously, publicly disseminated projection, the spokesperson should follow the “no comment” policy.

2. The Company will observe a “quiet period,” during which the Company will ordinarily not engage in formal or informal discussions with analysts or investors. Exceptions may occur at the Authorized Spokespersons’ discretion based on a need to discuss breaking news or otherwise comment on matters that have been publicly disclosed. The quiet period will begin two weeks prior to the end of the quarter and continue until the Company’s earnings information for the applicable period is made public.

3. Analyst reports and earnings models will be reviewed *only* to correct errors that can be corrected by referring to publicly available, historical, factual information or to correct mathematical errors. No other analyst feedback or guidance on earnings models may be communicated to an analyst. A written record should be kept by the Investor Relations Department of any comments provided on an analyst’s report.

4. Neither the Company nor any Company employee should distribute copies of, or refer to, selected analysts’ reports to anyone outside the Company. This is consistent with the Company’s intention not to adopt or endorse any particular analyst report.

² In anticipation of archiving webcasts, an Authorized Spokesperson participating in a conference call, as part of the oral PSLRA forward-looking safe harbor statement given in the call, shall state the date of the conference call in order to best prevent any confusion about the date of the information discussed. This practice is intended to reinforce the historical nature of the information discussed in a webcast.

³ If the call is recorded, the Company will ensure that the PSLRA oral forward-looking safe harbor statement given at the beginning of the call is included on the recording.

H. Investment Banker Conferences/Roadshows

1. This policy will apply to communications between Authorized Spokespersons and Enumerated Persons at investment banker conferences and roadshows (other than a roadshow undertaken in connection with a registered public offering of the Company's securities that is not subject to Regulation FD). Accordingly, prior to the conference or roadshow, the Company will disclose either through a press release, an open conference call or a webcast, or any combination of these methods, any material information that is not already public and which may be discussed or presented at the conference or the roadshow.

2. If it is determined that material nonpublic information may have been disclosed unintentionally during the conference or roadshow, the Legal Department should be notified immediately to determine whether corrective disclosure is required.

3. Authorized Spokespersons should avoid "one-on-one" meetings with analysts and shareholders. An Authorized Spokesperson shall, if at all possible, be accompanied by another Authorized Spokesperson.

I. Rumors: No Comment Policy

The Company will not ordinarily comment on market rumors. When it is learned that rumors about the Company are circulating, Authorized Spokespersons should state only that it is Company policy to not comment on rumors. If the source of the rumor is found to be internal, the Legal Department should be consulted to determine the appropriate response.

J. Violation of this Policy

Violations of Regulation FD are subject to SEC enforcement action, which may include an administrative action seeking a cease-and-desist order, or a civil action against the Company or an individual seeking an injunction and/or civil money penalties. Any violation of this policy by a director or employee shall be brought to the attention of the Legal Department and shall constitute grounds for disciplinary action, up to and including termination of employment.