

# NORTHSTAR ASSET MANAGEMENT INC.

March 10, 2010

Ms. Catarina de Albuquerque

Independent Expert on the issue of human rights obligations related to access to safe drinking water and sanitation

ESCR Section

Special Procedures Division

UNOG-OHCHR

Palais des Nations

CH-1211 Geneva 10, Switzerland

OHCHR REGISTRY

15 MARS 2010

Recipients :.....SPD.....

.....J.E. (encl)

Dear Ms. de Albuquerque,

My company, NorthStar Asset Management, Inc., is a socially responsible investment firm in Boston, Massachusetts. In addition to managing our clients' assets, we also actively engage with corporations regarding their human rights, environmental, and employee equality policies (among others). Three years ago, we became well versed in the dire nature of the world water abuse, and the way in which individuals are being denied access to affordable, clean, safe, sufficient water for their survival. We found this to be a particularly important, but little known issue on which we felt we could make an impact through our shareholder activism.

Knowing that corporations overuse water and abuse their access to communities' water supplies, we have begun actively filing what we call "Human Right to Water" shareholder resolutions at applicable companies in our clients' portfolios. Using the U.N.'s framework set forth in General Comment 15 and the August 26, 2003 report on "Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights," we have pushed corporations make their business decisions by looking through an ethical lens and being aware of their impact on the communities around them.

We are pleased to report that after extensive negotiations with several corporations, we have been able to secure the adoption of comprehensive Human Right to Water policies at PepsiCo, Intel Corporation, and Connecticut Water Services (a New England water utility). With technical assistance from human rights and water experts at the Unitarian Universalist Service Committee in Cambridge, MA, we negotiated a policy clearly and at length addresses the five major impact areas that the UN has identified in ways that relate to each company directly. In these policies or charters, the companies commit to ensuring safe, sufficient, acceptable, physically accessible and affordable water for personal and domestic use.

For your review, we have enclosed the above mentioned policy at PepsiCo and Intel Corporation, as well as the Charter negotiated at Connecticut Water Services. I have also included a representative example of the shareholder resolutions that we will continue to propose at multinational and local corporations. We look forward to continuing to work with these corporations to ensure that they create a similar policy for their own business practices.

We are happy to work directly with you and your staff to further our shareholder work on the human right to water, as well as to share our experiences of this process with you or a member of your staff. I, or my assistant Mari Mather, can be reached at:

NorthStar Asset Management, Inc.  
PO Box 301840  
Jamaica Plain, MA 02130  
(617) 522-2635  
jgoodridge@northstarasset.com; mmather@northstarasset.com

Thank you in advance for your time and efforts.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Julie N.W. Goodridge', with a long, sweeping horizontal line extending to the right.

Julie N.W. Goodridge  
President and CEO

## EXAMPLE OF A 'HUMAN RIGHT TO WATER POLICY' RESOLUTION

### Policy on human right to water

**WHEREAS** Intel uses vast quantities of water in its semiconductor manufacturing process and operates in water-scarce areas of the world like Israel and the American Southwest.

Water is used to clean silicon wafers during fabrication and packaging. According to our Company's *Corporate Responsibility Report*, one Intel manufacturing plant in Arizona uses over 1.456 billion gallons of water per year; while worldwide, Intel reported it used 7.8 billion gallons of water in 2008;

Intel is a leader in water reclamation programs and has won water efficiency awards, and our Company is known as a thoughtful and engaged corporate citizen;

Whereas Intel is a transnational corporation, and in 2003 the UN Commission on Human Rights issued a report on the scope of the human rights obligations which clearly states that "transnational corporations and other business enterprises, their officers and persons working for them are also obligated to respect generally recognized responsibilities and norms contained in United Nations treaties and other international instruments." With respect to equitable access to safe drinking water and sanitation, this report means that the responsibility for ensuring this level of access is not only on governments, but also on private water providers and corporations that utilize water resources;

We believe that it is the obligation of our Company to adhere to the UN's declaration in General Comment 15 which describes that "the human right to water entitles everyone to sufficient, safe, acceptable, physically accessible and affordable water." The best way for us to "ensur[e] sustainable access to water resources" is through a comprehensive company policy on the human right to water, using General Comment 15 as a sound and appropriate model;

We believe that global corporations operating without strong human rights and environmental policies face serious risks to their reputation and share value if they are viewed as responsible for or complicit in human rights violations, specifically the violation or erosion of a human right to water;

Our Company operates in countries that enforce a human right to water through either the assurance of a healthy environment and life or constitutional provisions expressly protecting this right, and therefore it is crucial that we reinforce our standing as a reputable corporation that is concerned with human rights;

We believe that significant commercial advantages may accrue to our Company by adopting a comprehensive human right to water policy, including enhanced corporate reputation, improved employee recruitment and retention, improved community and stakeholder relations, and reduced risk of adverse publicity, consumer boycotts, divestment campaigns, and lawsuits;

**BE IT RESOLVED** that the shareholders request that the Board of Directors create a comprehensive policy articulating our Company's respect for and commitment to a human right to water.

**SUPPORTING STATEMENT**

Proponents believe the policy should elucidate Intel's commitment to ensuring sustainable access to water resources, entitling everyone to sufficient, safe, acceptable, physically accessible and affordable water while operating our business in global communities.

## **PepsiCo Guidelines in Support of the Human Right to Water**

Water is critical to life, and essential to business. It is the primary ingredient in our company's beverages, and also necessary to produce most of our other products. As such, water quality and quantity are essential in our daily activities, and essential to the activities of our communities, consumers, and other partners. Our search for a clean and ample water supply brings us into the lives of many individuals around the globe. We recognize the impact of our business on each community in which we operate, and likewise the impact of our communities on our business. We are committed to supporting governments which preserve the Human Right to Water of individuals in the communities where our company operates, and advocating this right more broadly through our strategic approaches across the enterprise. The United Nations defines the Human Right to Water as all people's right to safe, sufficient, acceptable, physically accessible and affordable water for personal and domestic use. Therefore, PepsiCo agrees to the following steps to ensure that our business engagement across the globe, first and foremost, respects the Human Right to Water:

1. **Safety:** We will ensure that our operations preserve the quality of the water resources in the communities in which we do business;
2. **Sufficiency:** Our operating objective is to ensure that our use of water will not diminish the availability of community water resources to the individuals or the communities in the areas in which we operate;
3. **Acceptability:** We will involve communities in our plans to develop water resources, and will assure transparency of any risks or challenges to the local governments and community members in an on-going manner;
4. **Physical Accessibility:** We will assure that our operations will not adversely impact physical accessibility of community members to community water resources and will address community concerns in a cooperative manner;
5. **Affordability:** We will appropriately advocate to applicable government bodies that safe water supplies should be available in a fair and equitable manner to members of the community. Such water should be safe and of consistent and adequate supply and affordable within local practices.

We at PepsiCo respect the human rights recognized by the countries in which we operate, and will not take any action that would undermine a state's obligation to its citizens to protect and fulfill the Human Right to Water and, absent of a country's Human Right to Water Policy, we commit to operate within the principles of the Human Right to Water Policy as defined by the United Nations.

## Intel Water Policy

Intel recognizes that water is a critical natural resource that is of strategic importance to our business and the communities in which we operate. We acknowledge the importance of having guiding principles in terms of our responsible use and preservation of this vital resource.

Our commitment to environmental stewardship—including responsible water management—is embodied in both Intel's Environmental, Health & Safety Policy and in the Intel Code of Conduct, which asks employees to consider both the short and long-term impacts to the environment and the community when making business decisions.

The United Nations defines the Human Right to Water as all people's right to safe, sufficient, acceptable, physically accessible and affordable water for personal and domestic use. Consistent with our commitment to environmental responsibility and respect for the human right to water, Intel's water policy supports the following tenets in the communities in which we operate:

- *Safety:* Commit to preserve the quality of water resources we utilize in the communities where we operate.
- *Sufficiency:* Strive to operate in a manner that minimizes impact from our operations on the availability of community water resources.
- *Transparency:* Openly communicate and engage with our communities regarding our water usage and conservation initiatives in an ongoing manner.
- *Physical Accessibility:* Work to ensure that our operations do not adversely impact physical accessibility of community members to water resources.
- *Responsibility:* Consider the impact on water throughout all stages in our operations, including: reviewing access to sustainable water sources as a criterion when selecting a site for a new Intel facility, incorporating water conservation elements into the design of our facilities, and establishing specific water goals for new process technology changes in an effort to support a safe, consistent, adequate and affordable water supply in line with local practices.

Further, we commit to continuous improvement through research and partnerships with other companies and organizations on standards and activities to develop improved water footprint methodologies and best practices in responsible water management.

March 2010



**Connecticut Water Service, Inc. and Subsidiaries  
Corporate Responsibility Committee**

***Charter***

*Given its unique life-sustaining properties and innumerable roles, water incorporates many values – social, cultural and environmental, as well as economic. All of these must be considered in designing water-related policies and programmes if equitable, efficient and environmentally sustainable management of water resources is to be achieved.*

*United Nations Department of Economic and Social Affairs  
World Water Development Report 2*

***Findings:***

Connecticut Water Service, Inc. is a non-operating holding company that was incorporated in 1974, and its common stock trades on the NASDAQ Global Select Market under the ticker symbol CTWS. Connecticut Water Service and its subsidiaries are New England's largest locally based investor-owned water utility. Its largest subsidiary is the Connecticut Water Company, a regulated water utility company that was organized in 1956.

In addition to supplying water for commercial, industrial and public sector customers, approximately 300,000 Connecticut residents rely daily on the Company's piped water service for their drinking, cooking, bathing, sanitation and other essential domestic needs. To ensure we meet those needs, the Company maintains supplies having a capacity to provide some 50 million gallons of fresh water daily; we operate and maintain an extensive infrastructure system consisting of numerous pumping and treatment facilities and over 1,500 miles of water transmission and distribution piping; and we own and actively manage more than 6,000 acres of watershed and aquifer lands to preserve and protect the quality of our supplies. Water is an essential resource, susceptible to waste, contamination and inefficient use. A commitment to peoples' access to acceptable water, water's protection, preservation and efficiency of use is required to ensure its sustainability and availability for communities today and for future generations.

Connecticut Water and its employees are part of a tradition older and larger than the company itself. This tradition extends well beyond our corporate boundaries and existing service area. It is one of working to ensure that all peoples have access to the safe, clean drinking water supplies they need to sustain health and preserve life and dignity. We embrace that role and are committed to honoring the basic human right of access to a reliable supply of safe drinking water.

Water is essential to human life, and access to a reliable supply of safe, sufficient, affordable drinking water is a basic right of all individuals, regardless of race, gender, age, religious belief,

sexual orientation, wealth or social status. We seek to frame our business practices and decision-making strategies through a lens that recognizes the utmost importance of our role in providing sufficient, safe, acceptable, physically accessible and affordable water.

As an investor-owned water utility, the Company holds a particular responsibility to its shareholders – the owners of our business. We are committed to operating our business efficiently and in keeping our water rates at levels that are affordable, yet reflect the true cost of providing quality water service to our customers to ensure our shareholders, who provide the capital necessary to construct and maintain our infrastructure required to serve our customers, earn a fair return on their investment.

As a regulated water company, Connecticut Water is subject to state regulation regarding financial issues, rates, and operating issues, and to various other state and federal regulatory agencies concerning water quality and environmental standards. As a highly regulated business, the Company is committed to operating in compliance with all applicable laws and regulations. Our goal is not only to meet the letter of the law, but to do so in a manner that builds trust and respect within the regulated community, our customers, and our shareholders.

We recognize that maintaining regulatory compliance is fundamental to our responsibility to providing high quality drinking water to our consumers. Given water's uniqueness as an ingested product essential to human life and its other roles, we are conscious of the solemn obligation this imparts in ensuring we consistently maintain the purity and adequacy of our supply. Such an obligation requires vigilance and dedication on our part to all aspects of our operations that can affect water quality and accessibility – from the treatment and distribution processes we employ, to the management and protection of our lands, to rate structures that recognize the economic diversity within the communities we serve. It also requires that we continue to make the necessary investment in our infrastructure and supply to ensure its sustainability and maintain reliability.

Finally, we also recognize that our operations, by their very nature, can have an environmental impact. Water is a precious natural resource and we are committed to being good stewards of the environment and in managing our resources in a manner that promotes water conservation, source protection, and preservation of open space while meeting our customers' needs.

***Resolution:***

In light of the foregoing Findings, Connecticut Water Service, Inc. (the "Company") finds it in the best interest of the Company, its shareholders, employees, customers, and community to establish a Corporate Responsibility Committee, as follows:

***Committee Authority and Responsibilities:***

The Corporate Responsibility Committee shall periodically review the policies, practices and procedures of the Company and its subsidiaries in areas having broad social, community, or environmental significance. Specifically, the Corporate Responsibility Committee shall review the Company's and subsidiaries' commitment, success and leadership in:



1. Fostering socially responsible programs and policies, including promoting access to water on a non-discriminatory basis;
2. Enhancing environmental stewardship, sustainability, and asset management;
3. Conducting the Company's and subsidiaries' business affairs as a responsible corporate citizen by: (i) communicating our efforts to our various constituents – customers, employees, shareholders, public officials, and the general public; (ii) formalizing and focusing our charitable giving; (iii) considering and responding to all public policy inquiries; and (iv) regularly reviewing and recommending updates to the Company's mission statement to reflect evolving priorities and issues.
4. Reinforcing to our customers, employees, shareholders, public officials and the general public that water is essential to human life, and access to a reliable supply of sufficient, safe, acceptable and affordable drinking water is a basic right of all individuals.

The Corporate Responsibility Committee shall assess the Company's efforts in these areas, make recommendations and oversee the implementation of measures that further the Company's business practices as a responsible corporate citizen.

The Committee shall review any other matters that it reasonably deems to fall within its scope of responsibilities, or as may from time to time be assigned by the President / Chief Executive Officer or Board of Directors. The Corporate Responsibility Committee shall provide an annual report on its activities to the Board of Directors and shall annually review and assess the adequacy of its Charter and recommend any proposed changes to the President / Chief Executive Officer.

#### ***Committee Membership:***

The Corporate Responsibility Committee shall have no fewer than five members, at least two of whom shall be officers of the Company. Members shall be appointed by the President / Chief Executive Officer and serve at his or her discretion. One of the members of the Corporate Responsibility Committee shall be designated to be the Chair. The Committee may elect a Vice-Chair and Secretary, and may from time-to-time recommend to the President / Chief Executive Officer the appointment of additional members or substitution thereof.

#### ***Meetings:***

The Corporate Responsibility Committee shall meet as often as it determines, but no less frequently than four times per year. The Committee shall maintain minutes of its meetings and provide copies of its minutes to the President / Chief Executive Officer and other Officers of the Company.

*Adopted by Committee: August 12, 2008*

*Revised and accepted by Committee: March 2, 2010*