

Good Practices: Getting Corporations to Respect the Human Right to Water

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The background of the slide is a solid blue color. In the bottom right corner, there are several faint, concentric white circles that resemble ripples on water, adding a decorative touch to the design.

NorthStar Asset Management, Inc

- Socially responsible investment firm
- Established in 1990
- Focused on Shareholder Activism

Shareholder Engagement in US

- Owning \$2,000 in company stock = bringing issues to the Board of Directors through a *shareholder proposal*.
- NorthStar submits proposals to companies in client portfolios in an effort to pursue *shareholder activism* on our clients' behalf

NorthStar & the Human Right to Water

- Concerned about dwindling water supplies and overuse by corporations
- NorthStar began asking companies to create HRW policy *before* UN had concretely designated water as a human right
- Focused on **safe, sufficient, acceptable, physically accessible, and affordable** water.

Why Companies Need a Human Right to Water Policy

- Reputational risks
- Operational shutdown
- Poorly planned solutions end up causing more problems
 - Pipeline in India that technically created accessibility, but created the opportunity for the local government to start charging higher prices for water.

Our Approach: Ethical Commitment

- The HRW policy is an ***ethical commitment*** by the corporation
- Intended to be an internal ethical guideline
- Should be used to evaluate current and future decisions on growth, acquisition, siting, etc.

Our Approach: Using Flexible Yet Demanding Stipulations

- Why not simply a request to report on water use or to adhere to concrete standards?
 - Set standards won't change; needs of communities do.
 - HRW policy is multi-faceted and dynamic; can evolve to meet new needs.
 - Universal framework of morality can be adapted to any and all situations that might arise

Our Approach: Negotiation Strategy

- Crucial to reiterate moral & ethical nature of the policy to executives
- Use real-life situations to illustrate the need for a policy, e.g.:
 - Water utility shutoff in Detroit
 - PepsiCo's struggles in India

Struggle #1: Helping Corporations Understand

- Corporations are used to receiving requests to make reports, not take on moral obligations
- Corporate staff are unclear that NorthStar is requesting adoption of an *ethical framework*
- Solutions:
 - More emphasis on hard facts, UN reports on corporate obligations, and risks faced by corporations without human rights policies
 - Extensive negotiations, clarifications, and discussions

Struggle #2: Making a Separate Human Right to Water Policy

- Companies frequently ask to *simply add* the HRW to their existing human rights policies
- Insistence that the HRW is a pressing worldwide concern, deserving of its own separate policy

Struggle #3: Vagueness

- First negotiation at Connecticut Water Services yielded a slightly vague charter
- Solution: Resolutions now require specific language and goals covered:
 - **Safety**
 - **Sufficiency**
 - **Acceptability**
 - **Physical accessibility**
 - **Affordability**

Basics of the Policies

- Tailored to the company practices, industry, and community needs
- **Conceptual framework** to help the company consider how a proposed solution might affect the community in a negative way
- Overall policy is bigger than any individual component
- Always come back to main points:
 - **Safety**
 - **Sufficiency**
 - **Acceptability**
 - **Physical accessibility**
 - **Affordability**

Similarities in Adopted Policies: Safety

CTWS:

"...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."

PepsiCo:

"Ensure that our operations preserve the quality of the water resources in the communities in which we do business."

Intel:

"Commit to preserve the quality of water resources we utilize in the communities where we operate."

P&G:

"The Company will meet or exceed all applicable legislative and regulatory requirements with respect to water quality and consumption."

Similarities in Adopted Policies: Sufficiency

CTWS:

"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."

PepsiCo:

"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."

Intel:

"Strive to operate in a manner that minimizes impact from our operations on the availability of community water resources."

P&G:

"The Company will make available relevant and appropriate factual information about our water use. The Company is also committed to raising the awareness of water-related issues with our consumers, stakeholders, and business partners with the aim of sustainable water use."

Similarities in Adopted Policies: Acceptability

CTWS: “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.”

PepsiCo: “We will involve communities in plans to develop water resources, and assure transparency of any risks or challenges to the local governments and community members in an ongoing manner.”

Intel: “Openly communicate and engage with our communities regarding our water usage and conservation initiatives in an ongoing manner.”

P&G: “The Company will continually improve our operations to preserve the quality of water in the communities in which we operate.”

Similarities in Adopted Policies: Physical Accessibility

CTWS: "Access to a reliable supply of sufficient, safe, acceptable and affordable drinking water is a basic right of all individuals."

PepsiCo: "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;"

Intel: "Work to ensure that our operations do not adversely impact physical accessibility of community members to water resources;"

P&G: "The Company is committed to sustainable water management by both our operations and consumer use of our products. This commitment includes water reductions goals, use of new technologies, production innovation using a life cycle approach, and siting decisions using a watershed approach."

Similarities in Adopted Policies: Affordability

CTWS:

"As a regulated water company, Connecticut Water is subject to state regulation regarding financial issues, rates, and operating issues...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."

PepsiCo:

"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."

Intel:

"Considering the impact on water throughout all stages in our operations...including water conservation elements into the design of our facilities, and establishing specific water goals...in an effort to support a safe, consistent, adequate and affordable water supply in line with local practices."

P&G:

"The Company understands that water use may affect affordability. Thus we are committed to water efficiency and sustainable use of water by our operations. We will also seek innovative ways to reduce water use by our consumers as well educate them about the opportunity to save water. This will positively impact the cost of water to the Company, our consumers and the communities in which we operate."

NorthStar's Commitment to Avoid **BLUEWASHING**

- Partner with NGOs to ensure companies comply with their adopted HRW policy statements
- Request feedback from NGOs for future proposals and negotiations
- File future shareholder resolutions asking for companies to illustrate how they've attended to their obligations

NorthStar's Human Right to Water Timeline

2007: NorthStar
learns of UN
General Comment 15

Partners with experts
at the Unitarian
Universalist Service
Committee (UUSC) in
Boston, MA

2007: NorthStar and
the UUSC craft
resolution; NorthStar
files at PepsiCo, AIG,
and Connecticut
Water Services

2008: PepsiCo and
AIG resolutions goes
to shareholder vote;
NorthStar negotiates
Corporate
Responsibility Charter
at Connecticut Water

2008: NorthStar files
resolution again at
PepsiCo

2009: PepsiCo adopts
first true Human
Right to Water Policy

2010: NorthStar
negotiates HRW
policies at Intel
Corporation, P&G