



Bristol Water Holdings UK Ltd

Ingrid Olsen
Ofwat,
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

17 March 2014

Dear Ingrid,

Ofwat consultation; Board leadership, transparency and governance – holding company principles

Introduction

This response is sent on behalf of the three shareholders in Bristol Water plc, namely:

1. Capstone Infrastructure Corporation (“Capstone”);
2. Aguas de Barcelona SA (“Agbar”); and
3. Itochu Corporation (“Itochu”).

As you may know Capstone and Itochu are listed on the stock exchanges in Canada and Japan respectively whilst Agbar is part of the listed group Suez Environnement, with its main listing in France. As a result all these shareholders are very familiar with the corporate governance arena, and its importance. All are fully committed to best practice in corporate governance which helps ensure their respective businesses’ transparency to the general public and the shareholder community. Accordingly we confirm our support of this proposal.

Compliance

For all practical purposes the proposed holding company principles are being complied with currently by the ultimate holding company, Capstone, by virtue of its stock market listing in Toronto. However, making sure the appropriate disclosure is also made on Bristol Water's website and its annual accounts is something which we would naturally follow up to ensure full compliance with the proposed principles.

Clarity point

One point of concern is to ensure the holding company is fully defined for the purposes of these principles. When reviewing the principles and the degree of compliance we have looked at both the ultimate holding company, Capstone, and then tried to take into account the UK group holding structure which includes the different shareholders and their respective interests. Defining exactly which companies must make which disclosures for the purposes of the principles might simplify matters for customers.

Yours sincerely,

Stephen Robson, Company Secretary

Bristol Water Holdings UK Limited

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