



**A Summary:  
Kim Jeffery Keynote Speech to Beverage Forum  
New York, May 21, 2008**

“It was over 30 years ago that I took my first position in the bottled water industry...at that time, bottled water was a tiny market segment.

...But we had a different idea for bottled water: as an alternative to soft drinks and other beverages...Many of us began to think about living a healthier lifestyle, and we knew nothing was healthier for people than the product we sell.

Even though this Company is very successful financially, we are not running it to earn a profit...We earn a profit to be able to run our Company well. We are proud of the benefits we deliver, and the way we deliver them.

To be sure [environment and health] are important issues and they are not going away nor should they. Some people in America have decided to tell you what to drink – namely, anything but bottled water.

I believe there are a number of myths about our industry making the rounds...

**Myth #1**

**The bottled water industry is a new phenomenon developed by companies spending massive marketing money to create an industry where none has existed.**

**Fact**

“Bottled water is not a recent phenomenon...Spring water consumption has a long history in our country and four of our six regional spring waters are over 100 years old.”

“Our industry is ½ the size of the soft drink industry and we spend about 20% of what the soft drink industry spends on advertising. We are the same size as the beer industry, and our spending is 13% of theirs.”

**Myth #2**

**Bottled water is environmentally wasteful.**

**Fact:**

Compared to other packaged beverages...this couldn't be further from the truth... At Nestlé Waters, we are focused on water, energy and packaging.”



**Water:** “We own almost 15,000 acres of land which house our 50 or so spring locations. Eighty percent of that land is held as open space to protect those sources from contamination.

Our 11 dedicated geologists conduct extensive scientific research and on-going monitoring on those sources to insure quality and sustainability.

The hydrologic cycle replaces what we use making our spring water operations, which represent 80% of our volume, sustainable for the long-term. The other 20% comes from municipal or groundwater sources for our Nestlé Pure Life Purified Water brand.

We use 1.3 gallons of water per gallon of finished product making us by far the most efficient user of water in the beverage industry...Soft drinks and other beverages use up to three gallons and beer uses four gallons, without ingredients which use much more water.

**Energy:** We built the first Green Building Council LEED certified food or beverage plant in America in 2002. We now have 5 of them with 4 more in the application phase...They involve constructed wetlands, storm water run off ponds, natural lighting, water efficient landscaping, use of recycled materials, etc.

We recently finished mapping our carbon footprint and discovered that the bottle is 55 percent of our greenhouse gas emissions.

We've reduced the plastic content of our packaging by 40% over the last 10 years, which has had the impact of reducing energy used by over 30% and our greenhouse gas emissions by 22% per liter produced.

Our Eco-Shape ½ liter bottle will reduce our bottles' lifecycle CO<sub>2</sub>e emissions by eight percent over our previous ½ liter bottle; 25 percent over our ½ liter bottle ten years ago; and 30 percent over a typical, like-size soft drink bottle in 2007.

We expect to convert all PET packaging to Eco-Shape in the next 12 months.

We make all of our own PET packaging in our plants, which we began in 1994...saving the energy required to ship 160,000 truckloads of empty bottles into our plants.

#### **Packaging- Primary**

Our new Eco-Shape bottle, which we launched last year...at 12.5 grams is the lightest branded half liter package in the beverage industry...will save 65 million pounds of resin this year and reduces our greenhouse gas emissions by 8%.

#### **Packaging- Secondary**

We've reduced corrugate use by 88,000 tons in the last 5 years which is equivalent to saving 528,000 trees.

We're planning another 15% reduction in our half liter bottle which will happen next year.



Our direct to Home & Office business returnable bottles...get used 35 times and when their useful life is up, we recycle them to make new ones.

### **Myth #3**

**No one in our industry cares or is doing enough to prevent plastic from going into landfills.**

#### **Fact:**

We, like every business and every person, have a carbon footprint.

It requires all of us, consumer product companies, local and state governments and citizen alike to come to the realization that we need to stop burying things of value. This is especially true as almost everything is in plastic today whether it's bottled water, mayonnaise, laundry detergent, bleach or shampoo.

I am outspoken in my opposition to old-style beverage container laws. They were about litter, not recycling. I am equally outspoken in my support of comprehensive recycling initiatives to recover all recyclable containers in our society.

We only have about a 25% plastic recycle rate in America today because we only have 50% curbside recycling availability for Americans. If we move to 80 – 100% curbside, we can quickly move to a 50% recycle rate.

Most of the gap is about education and changing the habits of our society.

Bill McDonough, one of the brightest environmental thinkers in America and author of Cradle to Cradle says one of the worst things you can do with oil is burn it. Once it's burned, it's gone. One of the smartest (things we can do with oil) is to turn oil into a polymer like PET because, if it is recaptured, it can be reused an infinite number of times.

We are committed to getting recycling rates up to 60% by 2013. Failure to recycle plastic is the poster child for environment waste in America.

### **Myth #4**

**Bottled water is an unnecessary luxury, and we don't need it.**

#### **Fact:**

In all of the discussion around environmental sustainability, we can lose sight on the individual sustainability of humans.

32% of American adults are considered obese according to a 2003-04 study by the Centers of Disease Control (CDC).



Caloric consumption of sugared beverages by Americans has doubled in the last 40 years to 450 calories per day, according to Dr. Barry Popkin of the University of North Carolina.

A CDC study estimates that one out of every three children born after the year 2000 will be diagnosed with diabetes.

We are looking at a declining life expectancy for Americans in 50 years if we don't change our diets. We believe Americans need to drink more water. How you do it is up to you, but why shouldn't you have a choice?

### **Myth #5**

**Bottled water is interchangeable with and competes with tap water.**

#### **Fact:**

Seventy percent of our growth in the last 10 years has come from sugared and other packaged beverages.

Seventy percent of the beverages we drink today come in packages.

Seventy percent of households in America drink bottled water.

We are a 24/7 on-the-go society who wants convenience in our beverage choices. The fact is: soft drinks displaced tap water as the No. 1 beverage in 1986.

Bottled water is simply reclaiming that volume from all packaged beverages.

### **Myth #6**

**Bottled water is less regulated than tap water.**

#### **Fact:**

Our detractors point to more frequent testing by tap water, which in our case is not true as we test our product more than 6,000 times per day across our plants.

And, frankly there is no comparison between the two products – tap water and bottled water. While the regulatory standards are almost identical to be protective of public health, bottled water has more control over the quality of the groundwater sources used (in the case of spring water), much more highly specialized treatment, and does not need to add chlorine as a disinfectant. The bottle itself locks in the quality so the consumer gets quality assurance in every bottle.

Conversely, tap water largely comes from surface water, which is more vulnerable to contamination from hazards such as E coli bacteria, giardia or cryptosporidium. It is treated by disinfectants like chlorine, and then travels in an open, piped distribution system.



There are other issues, as well. The EPA allows municipal systems to average their maximum contaminant levels for chlorine by-products called trihalomethanes which are carcinogenic compounds. They can and do exceed the maximum as long as they average below this maximum. This means that on some days the water from the tap can have high levels of these chemicals. Additionally, there are 180 potentially dangerous compounds which have no regulations at all that can be found in tap water.

If a public system has a violation, they are required to notify you within 24 hours of discovering the violation only if it is determined to be an acute health concern. They are also required to implement corrective treatment of the water with the intent to reduce or remove the harmful substance in violation, but nothing else is required.

You will not find harmful levels of chlorine, chlorine-by-products, cryptosporidium, volatile organic compounds or pharmaceuticals in FDA regulated bottled water. That would be justification for a recall – complete removal of the product from store shelves and distribution network.

Filtering your water with a pour over filter or many faucet mount filters will not remove cryptosporidium or pharmaceuticals. The good news is that filters remove the chlorine. The bad news is they remove the chlorine leaving the water with little or no residual disinfectant in one's refillable sport bottle.

Most tap water in America is safe to drink. But, let's not think that tap or filtered water is the same product as bottled water. For bottled spring water, its water sources, processing steps and packaging provide quality and surety.

### **Myth #7**

**The backlash against bottled water is purely an environmental debate.**

### **Fact:**

The real issue is the crumbling municipal infrastructure around the processing and delivery of tap water in America. The American Society of Civil Engineers in their report for 2005 downgraded the municipal infrastructure in this country from a D grade to a D-.

NGO's have been trying to convince people that bottled water is no better than tap water for fear that if Americans get too hooked on bottled water, we will lose our will to invest the necessary money to fix the system.

Like all Americans, I believe we need a healthy and sustainable municipal water system for every person and for the security of our Country.

The bill, however, to get started on fixing the delivery system is \$250 billion. The problem has been neglected for so long because the price paid for tap water in America has no correlation to the cost to deliver it. This has created a lack of funds to improve the infrastructure and little incentive for Americans to conserve an increasingly precious resource.



Until we price water at the appropriate level for all water users, it will not improve the quality nor will it be renewable resource in a sustainable sense.

Taxing, banning or otherwise handicapping this industry will do nothing to solve municipal water problems nor will it help with the very real problem of recycling in America.

If bottled water went away tomorrow, there would be no less plastic used, no less water used, no improvement in recycling rates and no reduction of our collective carbon footprint. I'm pretty sure we'd be fatter though, and I know Americans would have less access to healthy beverage options."

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