



The truth about bottled water

Quick Q&A

Don't bottled water companies use a great deal of water?

The bottled water industry in the United States uses only 0.019% of the total fresh ground water withdrawals (Eshleman, K., Drinking Water Research Foundation study summary). This bottled water serves 67% of U.S. households, an estimated 100 million Americans (AC Nielsen; U.S. Census).

Does bottled water make any important contribution to society?

Definitely. Bottled water is often the only clean, safe water source available after hurricanes, tornados and other natural emergencies that compromise a public water supply. During such emergencies, Nestlé Waters North America donates water to AmeriCares, the Federal Emergency Management Agency (FEMA) and the Salvation Army, as well as to state emergency agencies. It is also a Silver-level sponsor of the American Red Cross.



AMOUNT OF WATER TO MAKE/PROCESS:

Product	Water to Produce
1 gallon NWNA spring water	1.3 gallons
1 gallon of soda	3 gallons
1 pound of hamburger	4 gallons
1 board foot of lumber	5.4 gallons
1 can of fruit or vegetables	9.3 gallons
1 gallon of beer	42 gallons
1 gallon of crude oil	44 gallons
1 pound of cotton	101 gallons
4 new tires	2,072 gallons
1 car	39,090 gallons
1 ton of steel	62,600 gallons

Sources: Eshleman, K., Drinking Water Research Foundation study summary
Coca-Cola Company
Environmental Protection Agency (EPA)
International Bottled Water Association

How much bottled water do people drink?

Consumers are increasingly choosing bottled water, making it the number two selling beverage; however, on a per capita basis, Americans are still drinking more than twice as much soda as they are bottled water.

At Nestlé Waters North America, we know that every drop counts and we are proud of our efficient water use. For example, to produce 1 gallon of Nestlé Waters North America bottled water brands, only 1.3 gallons of water are required. This includes water used by equipment and in-line sanitation.

AMERICA'S THIRST FOR BOTTLED WATER

In 2003, per capita bottled water consumption reached 22.6 gallons, growing from only 11.5 gallons a decade ago.

Beverage	Gallons per capita
Soda	53.6
Bottled Water	22.6
Beer	22.4
Coffee	21.7
Milk	18.8

Source: Beverage Marketing Corporation

Is bottled water a healthy choice for consumers?

In their 2004 report, the National Academy of Science concluded that Americans should drink 70-100 ounces of fluid per day. That's 8-12 eight-ounce servings. Water is the only beverage choice that provides hydration without adding sugar, caffeine or chemicals. In light of the obesity epidemic facing Americans, bottled water provides a convenient, calorie-free, great-tasting way to meet our hydration needs.

Does bottled water cost consumers more than gasoline?

There are major differences in the economic model for the production and packaging of bottled water and that of gasoline at the pump. The most significant difference is the cost to bottle water in individual, hygienic containers.

A more relevant price comparison to bottled water is motor oil. Like gasoline, motor oil is refined from crude oil. However, like bottled water, motor oil is a consumer packaged good as compared to gasoline, a bulk delivery product. As an example, in grocery stores a gallon of our Poland Spring® brand bottled water averages \$1.20–1.65 and a gallon of motor oil averages \$6.77! (AC Nielsen, October 2004)

Do bottled water companies get their water for free?

No. The costs for Nestlé Waters North America to find, develop and manage our water sources are significant. In fact, Nestlé Waters

pays more for its water than most other businesses, farms and households. Other users who rely on municipal water pay only the costs of delivering the water for their use; typically the development and infrastructure costs are paid by public tax dollars.

In our case, we shoulder all the costs and we manage our spring water use for sustainability of the resource. To support a typical Nestlé Waters North America plant site costs about \$25 million in just acquiring and developing the springs for that operation. To maintain, operate, monitor and protect those springs is an ongoing \$6 million per year.

I bought a 16.9-ounce single-serve bottle of water for \$2.00 at a local event. Do bottled water companies make all that profit?

No. What consumers pay for single-serve bottled water depends upon what the retailer charges. What accounts for the greatest variance in price is the quantity of bottled water that is purchased and where it is sold.

At a grocery store, where consumers buy in larger quantities, for Nestlé Waters North America brands they pay an average of \$5.00 for a case of 24 16.9-ounce bottles, or 21 cents per bottle (AC Nielsen, October 2004). This price includes revenue for the retailer, wholesaler and the bottled water company. Bottled water companies earn a fraction of the total price paid by the consumer.



Why doesn't Nestlé Waters North America rely on municipal water instead of spring water?

Most of our bottled water comes from springs to satisfy our consumers' preference for the taste and qualities of this water.

We meet consumers' high expectations through our spring selection, development and monitoring process. We select abundant springs that have the capacity to meet consumer demand while avoiding any harmful environmental impact. Spring sources must satisfy strict quality and regulatory criteria, as well as the superior taste profiles characteristic of Nestlé Waters North America brands. Finally, we monitor our use to ensure quality and sustainability of our sources.

Does collecting water for bottling harm the environment?

Our spring water operations are managed with concern for the environment. We typically lease or purchase large tracts of land around our spring sources and leave most of the land undeveloped, providing good habitat for local plant and animal life. In addition, we design and build our facilities to qualify for the United States Green Building Council's "Leadership in Energy and Environmental Design" (LEED) certification. Our Stanwood, Michigan, facility was one of the first industrial plants in America to receive full LEED certification and our Cabazon, California, and Hawkins, Texas, plants have received the higher Silver rating.

All our operations follow the Nestlé Environmental Management Program, which focuses on reducing use of all raw materials and energy. Our retail business uses light-weighted, recyclable bottles (among the lightest of all our major competitors) and our Home & Office Delivery business is the country's largest bottle reuse operation. These initiatives, together with our careful water management practices, demonstrate Nestlé Waters North America's commitment to the environment.

Will you use up the water and leave?

Our springs are vital to our business, so it only makes sense for us to do everything we can to protect them. Many of our springs have been in use for the many decades that we have been in business. Properly managed, these springs are renewable indefinitely. Protecting these resources is not only the fiscally responsible way to operate, but also the right thing to do.

Is the bottled water industry using water that belongs to the public?

While different states have different rules about water ownership and usage, in all cases, Nestlé Waters North America obtains the legal rights to all the water we use. We typically buy or lease private property with the water rights that go along with it. We complete extensive environmental studies, often far exceeding the scientific requirements

for permitting, and if science demonstrates that the site can be managed for sustainable water use, we secure all the permits necessary to use the water.

Is Nestlé Waters North America turning public water supplies private?

No. Our use is not related to "privatizing public supplies." This issue involves owners and/or operators of public or municipal supplies. We do not own or operate any municipal supplies and we never compete with public water agencies for water supplies. Most often, we buy or lease private property and the water rights that come with it.

Is it true the bottled water industry is not well regulated?

No. In fact, bottled water is one of the most extensively regulated packaged food products marketed today. The industry receives government oversight from federal and state agencies across the country, providing consumers with multiple layers of safety assurance — from the finished product all the way back to the source.

The U.S. Food and Drug Administration (FDA) assures the safety and proper labeling of bottled water in the same way it protects consumers of all packaged food products. Bottled water companies are subject to FDA inspections, and strict regulations apply to make sure that bottled water is packaged, sealed and distributed in a manner that protects the safety and purity of its contents.

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But the process goes further. The FDA mandates that bottled water must meet or exceed all standards that the EPA sets for municipal water.

State governments provide yet another layer of safety assurance by inspecting and certifying the "sources" of spring water. State certification means that water from the spring has been sampled, analyzed and found to be of a safe and sanitary quality. Federal regulations require that all bottled spring water come from an "approved" water source.

Does bottled water require a great deal of plastic?

Plastic bottles are used for most consumer beverages. But bottled water requires less plastic than most, including carbonated soft drinks, hot-fill products (juices and teas) and beer.

Nestlé Waters North America continues to look for ways to reduce the amount of plastic used in its processes. For example, since 1989 we have continually decreased our gram weight for the 1/2 liter (our most popular size) and it is now almost 40% less than the original weight.

Is bottling water and selling it across regions a diversion of water resources?

Water resource experts refer to diversions of water to describe large-scale transfers of water by canal, pipeline, channel modification, or other similar means from the basin of origin into another drainage basin. Often cited as one of the largest diversion examples is the deepening and widening of the Chicago River a century ago to change the direction of flow and carry Lake Michigan water into and through the Chicago and Illinois Rivers to the Mississippi, supplying water to the Chicago region and communities west.

Bottling of water, however, is classified by water resource experts as a consumptive use of water. This classification applies not only to bottled water, but also to other products that incorporate water into them, such as soft drinks, beer, and canned fruit and vegetables. And, like other beverages and foods containing water as a principle ingredient, bottled water is regulated by the U.S. Food & Drug Administration as a packaged food product.

Generally, consumptive uses of water provide economic benefits, such as job creation, capital investment

and tax revenues, in the regions where the water is withdrawn and used.

The bottled water industry alone is a small user of water. For example, Nestlé Waters North America uses just 0.001% of the freshwater withdrawn in the United States. Further, our operations employ about 7,500 workers in the United States and our capital investment in the last five years is \$1.3 billion.



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