Creating Shared Value

The Nestlé Waters North America 2012 Corporate Citizenship Report is our third to document our sustainability journey in North America. It highlights our approach to Creating Shared Value – a fundamental approach to the way we work that focuses on specific areas of business activity where value can best be created for both society and shareholders. To accomplish this, we seek ways to effectively impact key issues within our company walls and create value beyond our company doors.

Consistent with previous reports, the 2012 report describes our commitment to corporate citizenship and sustainability, and highlights our many accomplishments in these areas during the past two years. We hope that its contents will further engage our employees and other stakeholders in this important effort to create shared value.

Nestlé Waters North America (NWNA) is the largest bottled water company in North America by volume, with 10 North American leading bottled water brands. As part of the Nestlé S.A. family of companies, Nestlé Waters North America embraces the tenets of Creating Shared Value. Globally, these focus areas are nutrition, water and rural development. We align with these areas through our focus areas in North America: water as healthy hydration, water responsibility, building community vitality and packaging responsibility. For more information, please go to www.nestle.com/csv.
Table of Contents

Creating Shared Value .......................................................... 2
Letter from Our CEO and Our Chairman ........................................... 4
Company Profile ...................................................................... 5
About This Report ..................................................................... 7
Stakeholder Engagement ............................................................. 9
Goals and Targets Overview 2012 .................................................. 11

Water as Healthy Hydration ......................................................... 12
Consumers can rely on Nestlé Waters for convenient water choices and the assurance of our rigorous quality standards in everyday life, as well as in times of crisis.

  Vital Backup to Community Drinking Water Supplies ....................... 16
  Supporting Access to Water ...................................................... 16
  Our Commitment to Quality and Transparent Reporting ................... 17

Water Responsibility .................................................................. 18
Water efficiency and sustainable water management practices are key to our long-term success; and we work with partners to improve water resources.

  Key Components of Our Water Management Approach ...................... 19
  Water Stewardship .................................................................. 21
  Advocating for the Importance of Water ........................................ 28

Building Community Vitality with Our Employees ......................... 32
Intrinsic to our long-term success is creating a positive work environment for our employees and, with them, engaging with local communities to create shared value.

  Commitment to Employees ...................................................... 33
  Commitment to Communities .................................................... 35

Packaging Responsibility and Operational Sustainability .................. 39
Inside our facility walls we are continuously improving our operational and packaging environmental footprint. At the same time, we are going beyond internal improvements and creating shared value for society by improving recycling rates through Extended Producer Responsibility for packaging and printed paper, among other ways.

  Energy Efficiency and Renewable Energy ...................................... 40
  Packaging Innovation and Recycling .......................................... 43
  Creating Shared Value by Extending Packaging Responsibility .......... 47

Progress on Goals .................................................................... 51
Progress on 2008 Goals .............................................................. 51
Progress on 2010 Goals and Targets .............................................. 55
Letter from Our CEO and Our Chairman

Dear Stakeholders,

Today, with 10 North American leading bottled water brands, NWNA is the largest bottled water company in North America by volume. We’re proud that we provide a product that helps people live healthier lifestyles. Our company’s growth and evolution have been guided by the tenets of our corporate citizenship, which is exemplified by our commitment to Creating Shared Value. We believe that we can help solve pressing social and environmental issues by taking responsibility for our operations, but also working outside our facility walls. This report also reflects the key learnings from a dialogue between our leadership and citizenship teams, with experts in climate change and emissions reduction, environmental and water issues, land conservation and community engagement, sustainable development, and shareholder interests.

Our focus on sustainable packaging began more than 20 years ago, when we started to lightweight our bottles. Since that time, we have reduced the PET plastic content in our most popular half-liter size bottle by 60 percent. We are beginning to incorporate rPET into some of our brands. In the future, we hope all bottles are recycled and captured for reuse, but for that to happen we need better recycling systems.

Current recycling systems are often antiquated, inefficient and unable to meet the growing marketplace demand for recycled materials. As a result, valuable resources go to waste. Right now, we believe that the best solution is a concept we’ve been promoting for some time: Extended Producer Responsibility (EPR) for packaging and printed paper. EPR is a model for recycling that shifts the responsibility for recycling to industry and helps to increase access to curbside recycling and recycling away from home – not just for bottles, but for all product packaging. We are fostering ways to more efficiently collect and transport used product packaging to recyclers, thereby increasing the supply of rPET for our containers.

We recognize that we have to minimize our operational footprint – and we are continuously working to do this. However, society is facing large-scale sustainability challenges that require all sectors to work together to create positive solutions for water and energy. We hope this report encourages more participation in collaborative problem solving, the continued development of environmentally sensitive packaging and support for convenient, universally available recycling.

Kim Jeffery, Chairman

Tim Brown, CEO
Company Profile

Nestlé Waters North America (NWNA) is the largest bottled water and third-largest nonalcoholic beverage company in North America by volume. Our product portfolio includes spring, purified, sparkling, drinking, distilled, mineral and flavored bottled waters sold through retail outlets and distributed directly to home and office delivery customers. We have the nation's largest refillable beverage delivery system, serving more than 1 million customers. Ready-to-drink tea, including naturally brewed and organic iced teas, joined our product line in 2011.

Headquartered in Stamford, Connecticut, NWNA has grown during the last three decades to include 7,500 employees and 29 production facilities throughout the U.S. and Canada.

NWNA manages more than 40 spring sites on more than 14,000 acres – all with regional heritages that we treasure and protect. NWNA was the first beverage manufacturer in the country to build a plant certified by the U.S. Green Building Council for Leadership in Environmental Efficiency and Design (LEED). Today, we have 10 LEED-certified facilities, encompassing 3.7 million efficient square feet.

NWNA is a subsidiary of Paris-based Nestlé Waters S.A.S., the leading global bottled water company, which is a global business unit of the world’s largest food company, Nestlé S.A., based in Vevey, Switzerland. Nestlé S.A. strives to be the world’s best nutrition, health and wellness company and is the largest private funder of health and nutrition research globally. As a subsidiary, NWNA is not publicly traded. Its parent company, Nestlé S.A., is listed on the SWX Swiss Exchange under the symbol NESN.

Retail Production Facilities
Guelph, ON, Canada
Hope, BC, Canada
Cabazon, CA
Ontario, CA
Sacramento, CA
Denver, CO
Zephyrhills, FL
Madison, FL
Greenwood, IN
Hollis Center, ME
Kingfield, ME
Poland Spring, ME
Stanwood, MI
Carlisle, OH
Breinigsville, PA
Allentown, PA
Red Boiling Springs, TN
Dallas, TX
Hawkins, TX
Pasadena, TX

Administrative Offices
Stamford, CT, Headquarters
Guelph, ON, Canada
Raynham, MA
Coppell, TX
Brea, CA

*Size is measured here by volume. **Teas were added to Nestlé’s product line in 2011.
Brand portfolio*  

*Brand portfolio as of December 31, 2012  
**Acquired in 2012. Not reflected in this report.
About This Report

This third corporate citizenship report reflects Nestlé Waters North America’s commitment to improving performance and maximizing the creation of shared value for stakeholders and society. It builds on goals set and reported on in our 2008 and 2010 Corporate Citizenship Reports.

Our goals and related targets are evolutionary, and here we report on the progress meeting them and updates to them. We established 28 goals in 2008 to advance our citizenship initiatives and drive sustainability performance. These goals and targets were updated and new ones set in 2010. We’ve made good progress on these goals, achieving the majority of them. Our next report, including progress on our 2012 goals and targets, will be published in two years.
The data and case studies contained in this report pertain to fiscal years 2011 and 2012 (January 1 through December 31). Data are collected from each NWNA company-owned and operated facility and aggregated to represent performance for the entire enterprise against goals, targets and key performance indicators. Internal subject matter experts verify the statements and data contained in this report, and NWNA’s key leadership reviews the full report. All references to currency are in U.S. dollars, unless otherwise noted. While we make every effort to capture all information as accurately as possible, it is neither feasible nor practical to measure all data with absolute certainty. Where we have made estimates or exercised judgment, we have endeavored to highlight that within this report.

The boundaries of this report cover the entire enterprise of Nestlé Waters North America in both the United States and Canada, including spring sourcing sites and operations, manufacturing plants, administrative offices and distribution facilities. In June 2011, NWNA acquired Sweet Leaf Tea Company, which includes bottled tea brands Sweet Leaf® and Tradewinds®. The acquisition represents less than 1 percent of NWNA’s total portfolio. In this report, we focus on our water portfolio.

We used the Global Reporting Initiative’s (GRI) G3 Guidelines as a source for best practices in reporting and for conducting a materiality assessment. Defining what is material and worthy of inclusion in the 2012 Corporate Citizenship Report involved examining NWNA’s mission and strategic business objectives, defining the broader sustainability context, identifying issues that are critical to society and intersect with our business, as well as engaging stakeholders and collecting their feedback.

Engagement with our stakeholders is fundamental to the evolution of our sustainability and corporate citizenship strategy. A cross-functional citizenship team comprised of individuals representing every department in the company drives this reporting process. This team is co-chaired by two members of the executive team – the head of corporate affairs and the head of operations.

More information on the corporate citizenship and sustainability practices of our parent company, Nestlé S.A., can be found in the Nestlé Creating Shared Value Report 2012, which is also aligned with the Global Reporting Initiative’s (GRI) G3 Guidelines and is independently assured by Bureau Veritas. As a subsidiary of Nestlé S.A., our report is not independently audited.

We’d like your feedback and comments on the Nestlé Waters North America 2012 Corporate Citizenship Report. Please contact Citizenship@waters.nestle.com.
Stakeholder Engagement

Our stakeholders include our employees, shareholders, retail customers, our home/office direct delivery customers, the consumers who purchase our products, the local communities in which we operate or have a presence, a range of non-governmental organizations (NGOs) relevant to our business, and the Socially Responsible Investing community, which promotes sustainable business practices throughout the corporate community. It’s mutually important to have ongoing communication and engagement between NWNA and our stakeholders, and to collaborate and partner to develop solutions to pressing issues.

Direct Dialogue on Citizenship: North American Stakeholders’ Citizenship 360 Forum

Experts in climate change and emissions reduction, environmental and water issues, land conservation and community engagement, sustainable development and shareholder interests met with members of the company’s leadership and citizenship teams in July 2012. The Chatham House Rule, which promotes open exchange of information, was in effect to foster a robust, candid dialogue.
Focus on Water Management and Increased Recycling

Water is NWNA’s core product and this reality puts the company in the broader debate about how water resources are managed. NWNA has comprehensive water management practices, including the stewardship of our spring sources and our operational water usage. Beyond our own environmental footprint, the company and stakeholders agree water resources need greater attention, especially in areas where water is scarce and/or where aquatic habitats are altered by poor water management practices.

Packaging waste, especially plastic bottles, was the other focus of the forum. Specifically, the group discussed how to reclaim more recyclable PET plastic from the solid waste stream and increase collection of this valuable material through better recycling options. As an advocate for reinventing recycling, NWNA will continue to lead efforts aimed at increasing recycling rates. Participants agreed NWNA’s leadership helps to advance the policy discussion.

Local Feedback: Community Stakeholder Interviews

In 2012, we also met with local citizens in the towns of Hollis, Fryeburg and Kingfield, Maine, homes to some of our bottling plants and spring sources, to invite their feedback on the effect of our local operations, our management of spring sources and our support of local communities.

The feedback has generally been positive about Poland Spring, which is how NWNA is known in Maine. Stakeholders tend to view Poland Spring more like a local employer and less like a big company. They credit Poland Spring for bringing well-paying jobs with good benefits to their communities. They also recognize the support Poland Spring has provided for schools and water education programs. And they expressed confidence in how Poland Spring manages its spring sources and maintains acres of surrounding open space lands.

Several stakeholders said our trucks pose the main concern for residents and community life, which is feedback we take seriously. We are in the process of addressing this issue, for example, by modifying trucking routes.
# Goals and Targets Overview 2012

<table>
<thead>
<tr>
<th>GOAL</th>
<th>TARGET</th>
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<tbody>
<tr>
<td><strong>WATER AS HEALTHY HYDRATION</strong></td>
<td>Water is essential to human health and wellness. Consumers can rely on NWNA for convenient water choices and the assurance of our rigorous quality standards in everyday life, as well as in times of crisis.</td>
</tr>
<tr>
<td>• Advocate for water as essential to human health and wellness.</td>
<td>• Continue educating and encouraging North Americans to lower their caloric intake from beverages.</td>
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<td>• Help provide safe drinking water in times of need.</td>
<td>• Partner with AmeriCares, the American Red Cross, Canadian Red Cross and others to effectively distribute backup bottled water.</td>
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<td>• Exceed regulatory requirements for quality and transparent reporting.</td>
<td>• Continue to advocate for federal standards on public disclosure of bottled water product quality information.</td>
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<td><strong>WATER RESPONSIBILITY</strong></td>
<td>Water efficiency and sustainable water management practices are key to our long-term success, and we strive with our partners to improve water resources.</td>
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<tr>
<td>• Communicate, advocate and lead sustainable water stewardship practices.</td>
<td>• Compile, review and share water availability research at potential new spring sources with stakeholders.</td>
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<td></td>
<td>• By 2015, better understand potential climate change scenarios in source regions based on reputable research and share findings with stakeholders.</td>
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<td></td>
<td>• Partner with communities and stakeholders to support two watershed improvement projects per year through 2015.</td>
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<td></td>
<td>• Reach more than 100,000 youth, educators and community members about the importance of water through our support of leading water education entities by 2014.</td>
</tr>
<tr>
<td><strong>COMMUNITY RESPONSIBILITY</strong></td>
<td>Intrinsic to our long-term success is creating a positive work environment for our employees and with them, engaging with local communities to create shared value.</td>
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<tr>
<td>• Be a preferred local employer and actively contribute to local economic vitality.</td>
<td>• Create an enriching work environment that fosters employee engagement, safety, health and wellness, diversity, career development, community involvement and volunteerism, as well as by providing competitive compensation and benefits.</td>
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<td>• Operate with transparency and engage with our local communities.</td>
<td>• Respond to local community concerns and increase community understanding of our operations by actively engaging with community members.</td>
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<td>• Increase volunteer hours by 20 percent by 2014.</td>
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<td>• Hold an open house at facilities in each of our brand regions by 2015.</td>
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<tr>
<td><strong>PACKAGING RESPONSIBILITY AND OPERATIONAL SUSTAINABILITY</strong></td>
<td>Inside our facility walls we are continuously improving our operational and packaging footprint. At the same time, we are going beyond internal improvements by creating shared value for society by seeking to improve recycling rates through Extended Producer Responsibility (EPR) programs for packaging and printed paper.</td>
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<tr>
<td>• Continuously reduce our carbon intensity, aiming for 100 percent renewable energy.</td>
<td>• Implement aspects of our renewable energy plan.</td>
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<tr>
<td>• Support the market for recycled materials by continuing to increase the use of recycled content in our packaging, as feasible.</td>
<td>• Reduce carbon intensity by 20 percent across the NWNA value chain by 2013.</td>
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<tr>
<td>• Advance policies expanding all packaging recycling to capture every beverage container produced.</td>
<td>• By 2020, develop the next generation of our recyclable bottles, with a lighter environmental footprint, made from post-consumer recycled or renewable materials.</td>
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<td>• By 2015, recycle 97 percent of the solid waste generated in our administrative offices, Direct delivery branches and plant facilities.</td>
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<td></td>
<td>• Collaborate and lead our industry in a shared commitment to increase U.S. recycling rates to 60 percent for PET beverage bottles by 2018. In Canada, recycle 85 percent of the bottles we produce.</td>
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<td>• Work with partners to have EPR legislation introduced and considered for passage in at least two states by 2014.</td>
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<td>• Throughout Canada, complete one EPR pilot project each year through 2014 to encourage the establishment of EPR as a policy.</td>
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<td>• Define economic benefits of EPR through research studies by 2013.</td>
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Water as Healthy Hydration

Water is essential to human health and wellness. Consumers can rely on NWNA for convenient water choices and the assurance of our rigorous quality standards in everyday life, as well as in times of crisis.

Our mission is to provide consumers with one of the healthiest beverage options among the 1 billion packaged beverages purchased daily: bottled water. But, providing healthy options is not enough. Calories from sugared drinks have more than doubled in the past 40 years. More than 65 percent of adults and 33 percent of children in the U.S., and more than 30 percent of Canadians are overweight or obese. Much of the increase in calories consumed during the last 30 years comes from beverages.

Much more needs to be done to arm people with the information they need to make healthy, balanced choices about the beverages in their diets.

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1 Beverage Marketing Corporation.
3 The Future Costs of Obesity, National and State Estimates of the Impact of Obesity on Direct Health Care Expenses.” November 2009. United Health Foundation, the American Public Health Association and Partnership for Prevention, based on research by Kenneth E. Thorpe, Ph.D., Emory University.
**GOAL** – A key element in our sustainability journey is to advocate for water as essential to human health and wellness.

**TARGET** – To continue educating and encouraging North Americans to lower their caloric intake from beverages.

NWNA helps educate North American consumers about healthy hydration and making balanced beverage choices by partnering with leading health organizations to get the word out to consumers, educators, practitioners and policymakers.

**Advocating with Leading Health Organizations**

In 2012, we partnered with the U.S. Department of Agriculture and the U.S. Department of Health and Human Services to promote the 2010 Dietary Guidelines for Americans with the recommendation to “drink water instead of sugary drinks.”

We also partnered with the Academy of Nutrition and Dietetics to sponsor the Optimal Hydration Symposium at the Academy’s Food & Nutrition Conference & Expo. The symposium featured physicians and nutritionists, including the well-known researcher Adam Drewnowski, who made the case for hydration to help combat obesity.

Limit calories from beverages to 10-15% of daily caloric intake. This means no more than 200-300 beverage calories for adults consuming 2,000 total calories each day.\(^6\)

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Today’s consumers drink more soda and less water than recommended*

The Beverage Pyramid*
The cornerstone of our communications on healthy hydration continues to be the Beverage Pyramid, which provides nutritional science from leading health experts to guide consumers on the recommended amount of calories consumed from beverages.

WATER
- **Water**
  - Up to 6 cups, 0 cal/cup
  - Essential for life; helps the body to function properly

- **Unsweetened Coffee/Tea**
  - Coffee: Up to 4 cups, 0 cal/cup
  -茶: Up to 8 cups, 0 cal/cup
  - Antioxidants in tea and coffee may protect the body from the damaging effects of free radicals

- **Lowfat Milk/Soy**
  - Up to 2 cups, 100** cal/cup
  - Key sources of vitamin D, calcium and other important nutrients

- **Diet Drinks**
  - Up to 4 cups, 0 cal/cup
  - Calorie-free beverages with a sweet taste

- **100% Juice/Sport**
  - Juice: Up to 1 cup, 115** cal/cup
  - Sport: Based on duration and intensity of exercise
  - Juices provide some vitamins and nutrients. Sports drinks help hydrate endurance athletes.

SODA
- **Soda/Juice Drinks**
  - Up to 1 cup, 110** cal/cup
  - Calorie-rich sweetened beverages

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*Beverage recommendations developed by panel of national health experts.

Reaching Consumers through Our Brands
Our highly regarded bottled water brands can be powerful platforms for healthy hydration. Starting in 2010, the Hydration Movement challenged Americans to swap one 12 oz. sugary beverage a day for water, and thereby eliminate the initial target of about 50,000 calories a year. So far, more than 120,000 families have participated in the movement launched by the Nestlé® Pure Life® brand.

In 2012, Allentown, Pennsylvania, Mayor Ed Pawlowski launched his “Fruits and Veggies on the Move” truck – an Allentown Health Bureau initiative supporting first lady Michelle Obama’s Let’s Move! campaign. Nestlé Pure Life contributed to this effort with Nestlé Pure Life Purified Water for children to enjoy with healthy snacks on the playgrounds. Allentown was one of six cities from around the world to receive the 2012 Childhood Obesity Prevention Award from the U.S. Conference of Mayors for the initiative.

People say they would choose sugared beverages if bottled water was not available 63 percent of the time, according to market research. Armed with this data, NWNA produced two youth-oriented videos visualizing the helpful role water can play in a healthy lifestyle. Posted on YouTube in 2012, the “Hidden Calories from Beverages” videos illustrate the amount kids can consume daily, and point out that by avoiding them, kids can save 50,000 unnecessary calories a year. To date, the videos have received more than 500,000 views.

Vital Backup to Community Drinking Water Supplies
The tap water system – a marvel of infrastructure and community value – can have vulnerabilities given its complexities and can be disrupted by accidents from a pipe breach to natural disasters. In times like these, bottled water provides a reliable source of safe drinking water.

**GOAL** – Help provide safe drinking water in times of need.

Producing and delivering ample quantities of water during major water outages requires a robust industry operating across North America that can provide the instant large quantities of water often needed.

NWNA's products offer easy and convenient ways to safely store a gallon of water per person per day as recommended by emergency preparedness and relief organizations like the Red Cross and Federal Emergency Management Agency (FEMA).

**TARGET** – Partner with AmeriCares, the American Red Cross, Canadian Red Cross and others to effectively distribute backup bottled water.

Since 2010, we have donated millions of bottles of water to disaster relief agencies to support people impacted by emergencies, including major natural disasters. (Click here to learn more about our response in times of need.)

**Superstorm Sandy Support**

In late October 2012, Superstorm Sandy devastated shoreline communities in Connecticut, New York and New Jersey. Municipalities, guided by FEMA and other agencies, led preparedness efforts in likely impact areas by encouraging citizens and agencies to have bottled water on hand as reliable water backup in case their municipal supplies were affected.

Responding to Superstorm Sandy’s devastation, more than 100 trucks converged on the region from NWNA’s plants in Pennsylvania, Michigan, Texas and Maine, delivering more than 5 million bottles of water to hard-hit communities. Approximately 1,500 employees worked tirelessly to meet the acute needs of storm victims. As a company headquartered in New England, we were honored to offer helping hands.

**Supporting Access to Water**

We support long-term, sustainable investments in public water infrastructure improvements here in the United States through mechanisms such as those envisioned in the Water Infrastructure Finance and Innovation Act, which was introduced in the U.S. Congress in early 2013. The program – modeled after the successful Transportation Infrastructure Finance and Innovation Act – would provide low-cost financing assistance for large water infrastructure projects through secured loans and loan guarantees to help rebuild the nation’s tap water backbone with minimum impact on the federal budget.
Our Commitment to Quality and Transparent Reporting

We believe that access to adequate, safe fresh water and sanitation are basic human rights, and whatever option they choose – tap, filtered or in a bottle – people should have access to quality reports, as well as water source disclosure.

**GOAL** – Meet or exceed regulatory requirements for quality and transparent reporting.

To ensure we are delivering our consumers the high-quality products they expect and deserve, we employ and continuously update state-of-the-art technology in our quality control processes.

Quality Control

While municipal tap water provides safe water for numerous purposes – from industrial and domestic use to drinking – our bottled water is intended only for drinking and on-the-go convenience. Although the end use of bottled water and tap water is often different, bottled water quality is regulated to at least the same safety standards as tap. When it comes to concerns like lead and coliform bacteria, federal regulations are more rigorous for bottled water than for tap.

Our sourcing and bottling processes begin with either spring water or tap water and go through multistage processes to benefit quality, taste and safety. Safety and quality protocols are overseen by quality managers at our manufacturing facilities, which maintain the highest certification – ISO 22001. All of our facilities undergo independent inspections, and our suppliers are required to provide certificates of compliance confirming that the goods they provide meet regulatory standards, as well as our internal quality standards.

Quality Reporting

We believe that access to adequate, safe fresh water and its finished product quality should be publicly available. Sharing this information and making it easily accessible to consumers reinforces the confidence people have in all of our bottled water products. That’s why information for all our bottled water products also is available on our website.

**TARGET** – Continue to advocate for federal standards on public disclosure of bottled water product quality information.

We support U.S. Senator Frank Lautenberg’s call for a federal standard for bottled water quality reporting and continue to work with partners to help advance this legislation. In 2011, we met our commitment to lead the industry by adding messages to our water product labels that direct consumers to either our website or a phone number to call for quality information. Storage and “best by” information also is available on our corporate and brand websites for all of our products. (Click here for more about our quality reporting and disclosure goals.)
Water Responsibility

Many regions around the world face significant challenges related to water, including some in North America. The 2030 Water Resources Group (WRG), of which Nestlé S.A. is a founding member, engages in fact-based approaches to help countries achieve sustainable comprehensive solutions to water challenges. According to their new report, collective global water withdrawals are projected to exceed natural renewals by 60 percent by 2030. Water availability, quality and efficiency issues are affecting many areas.

Sustainable water management practices are essential to protecting resources and ensuring the long-term supply of fresh water. Globally, Nestlé S.A.’s W.A.T.E.R. commitments are focused on using less water, improving water efficiency, controlling the quality of discharged water, actively promoting better water practices at Nestlé and in our supply chains, and raising awareness of water conservation.

In North America, as a company that relies on the continued availability of high-quality water, we are committed to being leaders in sustainable water stewardship practices and the most efficient user of water within our industry.

WORK TO ACHIEVE WATER EFFICIENCY ACROSS OUR OPERATIONS
Leading in water resource management and excelling in the reduction of direct water use in all our facilities.

ADVOCATE FOR EFFECTIVE WATER POLICIES AND STEWARDSHIP
Promoting public policies that place value on water at every level.

RET EFFECTIVELY THE WATER WE DISCHARGE
Setting strict targets for returning clean water to the environment.

ENGAGE WITH SUPPLIERS, ESPECIALLY THOSE IN AGRICULTURE
Helping to improve their water management with a focus on impacts at watershed level.

RAISE AWARENESS OF WATER ACCESS AND CONSERVATION
Engaging employees, communities and consumers in the water imperative.
GOAL – Communicate, advocate and lead in the area of sustainable water stewardship practices.

TARGETS – Compile, review and share water availability research at potential new spring sources with stakeholders.
• By 2015, better understand potential climate change scenarios in source regions based on reputable research and share findings with stakeholders.
• Partner with communities and stakeholders to support two watershed improvement projects per year through 2015.
• Reach more than 100,000 youth, educators and community members about the importance of water through our support of leading water education entities by 2014.

Key Components of Our Water Management Approach

Understanding Our Water Footprint
Our Global Environmental Footprint (GEF) assessment tool, which measures the total volume of fresh water used to produce our products from source to bottle, is helping us identify new opportunities to reduce our water use. The GEF measures water use at every step in a product’s life cycle, allowing for benchmark comparisons between products and processes that inform our water reduction priorities and new initiatives at our plants.

In 2012, we conducted a pilot program to map our water use at our Dallas, Texas, facility to pinpoint where water may be lost during the manufacturing process. The preliminary findings revealed opportunities for further improvement. Since then, we have mapped the water use in all of our facilities to help us focus on potential areas of future water savings to further reduce our operational water footprint.

Managing and Monitoring Our Springs
Guided by a field staff of 10 natural resource managers (NRMs), we carefully select and monitor our springs so they remain sustainable sources of high-quality water – now and for future generations. Many of our spring sources have been in operation as water sources for a long time. Today, we manage 40 spring sites and spend millions of dollars each year maintaining them and more than 14,000 acres of watershed land as open space, helping to safeguard the local ecosystems.

Our NRMs, who are professionally trained geologists, hydrogeologists and engineers, follow a rigorous monitoring process that includes four key elements: water recharge, water levels, water flows and water use. We have met our commitment to make publicly available our process for managing and monitoring our spring sites. Each spring requires a tailored approach because of their differing geologic and climatic conditions. The sites are visited and observed regularly, and local environmental surveys are conducted at least every five years to monitor the long-term health of the habitats around our springs, as well as to ensure our withdrawals do not exceed natural renewal levels over the long term.
Increasing Water Use Efficiency
While we are an obvious user of water, we are extremely efficient with our water use and one of the most efficient producers in the industry. While our production volume continues to rise, our optimization efforts have led to a 3.2 percent reduction of water per unit produced from 2008-2012.

Water Use and Efficiency

Among the vast category of packaged beverages, bottled water has one of the lightest water footprints in general; and, in particular, bottled spring water requires minimal water for processing.

On average, we use 1.35 gallons of water to produce 1 gallon of water. In comparison, it takes 2 gallons of water to produce 1 gallon of soda and 4 gallons of water to produce 1 gallon of beer.

Managing Wastewater
We continue to minimize our wastewater generation by increasing efficiencies in our bottle filling process and developing ways to use less water for cleaning. We actively seek new ways to repurpose water, such as using reclaimed water in our cooling towers. As we use less water, we create less wastewater. Some plants also have adopted wastewater practices that benefit our neighbors and the environment by employing tertiary treatment and spray irrigation.
Our Water Resource Review Process
From source to bottle, we examine all aspects of our water use for efficiency, quality, sustainability and taste. Our Water Resource Review (WRR) program is an internal audit process designed to evaluate compliance with regulatory and internal standards. Focused on the key components of our water operations – water resources, transportation, treatment and wastewater – NWNA’s hydrologic experts examine our water use as it relates to quantity, quality, regulatory compliance, site protection and stakeholder relations. The WRR helps to raise awareness of the importance of these issues at a local operational level and share best practices.

Water Stewardship

Creating Shared Value by Sharing Our Research
Beyond what we do in our own operations, we seek opportunities to create shared value with the communities where we source our water. Through our stakeholder discussions, we learned that the information we collect during our siting process could be useful to local partners and benefit the communities where we source water.
TARGET – Compile, review and share water availability research at potential new spring sources with stakeholders.

Before we use a spring source for our business, we must fully understand the water availability of that spring. To do this, our natural resource managers carefully study the watersheds of potential sites, examining spring and other surface flows, groundwater levels and recharge quantity. We only select springs that meet our high quality standards and have the capacity to supply our bottling needs without exceeding natural renewal levels over the long term.

Science-based information generated through research and constructive collaboration is critical to sustainable natural resource management, and we believe this approach is the best model for water resource management.
Target – By 2015, better understand potential climate change scenarios in source regions based on reputable research and share findings with stakeholders.

We recognize today’s changing climate could impact our spring sources and surrounding lands. As a result, we commissioned a third-party review of climate research in 2011 to learn more about the regional effects of climate change on water resources. While the study is still underway, preliminary results indicate that climate change models are predicting modified rainfall patterns and increased incidences of extreme weather events. Such changes could affect our spring sources and the communities in which we operate. Equipped with sound scientific information, we will be able to better manage our risks related to climate change. We also believe others could benefit from this knowledge, so we are committed to sharing this research about the effects of climate change with interested local communities and stakeholders.
Partnering for Water: Watershed Improvement and Water Education

Leadership in water stewardship practices means going beyond at our own sources and facilities to promote sustainable practices in the local communities where we work and live through partnership, education and advocacy.

**TARGET –** Partner with communities and stakeholders to support two watershed improvement projects per year through 2015.

Watersheds are critical to supporting human, animal and aquatic life, maintaining biodiversity and contributing to the well-being of our communities. Transcending county, state and national borders, if one watershed is compromised, many people can be affected. Conversely, when even one watershed is well-managed, many can benefit.

For many years, we have partnered with leading not-for-profit organizations and local community stakeholders to conduct watershed improvement projects that create shared value in communities across the country. Our efforts as stewards of these critical lands – often with partners – help to bring back healthy habitats for fish, waterfowl and wildlife, which also improves water quality and aesthetics for people living nearby. Through our partners, we help educate about water resources and make improvements on the ground.

*Not associated with an NWNA source.*
Collaborating for Healthy Watersheds through Fisheries and Wetland Restoration Projects

Each year, we support several ongoing watershed improvement initiatives, in addition to our 2015 watershed target. From Maine, home to our Poland Spring® brand, and Florida, where we source spring water for our Zephyrhills® Natural Spring Water brand, to the springs that support our Montclair® brand in Canada, our ongoing watershed initiatives are concentrated near our spring sites and their surrounding watersheds, and range from annual environmental education festivals, grants and cleanup events, to a decade-long reforesting initiative.

For example, since 2003 Nestlé Waters Canada has partnered with Friends of Mill Creek to support restoration projects in the Mill Creek watershed in Ontario. We annually support their Stewardship Ranger program, which hires four local high school students and a crew leader to undertake fisheries and stream rehabilitation works each summer, exposing students to real work experience, including stream bed regrading, tree planting and culvert replacement.

See the map on page 30 to learn more about our involvement in specific projects since 2010, and where we focused our efforts.

In 2011, we worked in California with The Nature Conservancy to restore a damaged in-stream salmon habitat. We partnered with Ducks Unlimited to improve the wetland areas around the spring sources for our Ozarka® Natural Spring Water brand in Hawkins, Texas. In 2012, we undertook the restoration of a fish hatchery to more natural conditions at Ruby Mountain Springs in Chaffee County, Colorado. And, we partnered with the Mill River Collaborative to develop a flood plain meadow along the river corridor to protect water quality in Stamford, Connecticut, our headquarters community.

Through our watershed projects, we work to return fish to our waterways and provide healthy habitats for waterfowl and wildlife, which depend on healthy aquatic systems for survival. Our efforts also restore natural beauty for the enjoyment of surrounding communities and improve access to outdoor recreational activities like fishing and hunting. Beautifying watersheds and wetland environments also can improve local property values, as in the case of Stamford’s Mill River Collaborative.
Promoting Wetland Conservation with Ducks Unlimited

Through our Ozarka® Natural Spring Water brand, we partnered with Ducks Unlimited, a global leader in wetlands conservation. This effort improved water resources and wetlands around the springs that support our facility in Hawkins, Texas, as well as wetland restoration along the entire Texas Gulf Coast. Conserving wetlands provides critical habitat for waterfowl and other wildlife, and improves overall watershed health. With our investment, Ducks Unlimited is conducting local science-based research, allowing the organization to continue to monitor and evaluate habitat programs in the region and improve overall wetland health.

Creating Shared Value in Our Own Backyard:
Restoring Stamford, Connecticut’s Mill River Basin

In 1641, Stamford, Connecticut’s Mill River was dammed for milling. Over the years, the altered habitat destroyed much of the river’s aquatic life and native plant life. At NVNA, we saw the damage firsthand, as the river flows below our new headquarters. To return fish to the river and restore the local ecosystem, we entered a partnership with the Mill River Collaborative in 2012 to help fund the development of a flood plain meadow, which filters surface water, cleansing it before it enters the river. This is part of a massive renewal project to create a natural park environment at the center of an urban landscape. It also demonstrates how to sustainably use native plants to create a buffer along the river to protect water quality, support local ecology and minimize damage from floods. Reintroduced to the river, river herring – a keystone fish and the river’s once predominant inhabitant – are bringing with them other fish, migratory birds and small aquatic mammals.

On World Water Day, the Mill River Collaborative came to our headquarters to educate our employees about the importance of watersheds. NVNA employees have since been active participants in the project, volunteering hundreds of hours planting native seedlings, removing invasive brush and removing trash from the river, gaining firsthand appreciation for watershed restoration. Through this project, we hope local homeowners and other businesses along the Mill River and its tributaries will adopt a similar approach, and that visitors will learn the importance of riparian buffers, the vegetated areas along the stream that protect water quality.

Watch a time-lapse video of the Mill River Collaborative restoration project here.

The Nature Conservancy’s “Wood for Salmon” Project

Today, many salmon populations, which play a vital role in stream ecosystems and the local economy, are threatened because of rising water temperatures, among other factors. A decline in salmon populations is one of the first indicators of diminished ecosystem health. In California, The Nature Conservancy (TNC) is spearheading a multiyear effort to restore damaged in-stream habitat for salmon. For example, only 1 percent of the historic population of California coho salmon exists. Through applied research, TNC scientists demonstrated how felling trees in streams restores cooler water temperatures and restricts flow in the winter, providing sheltered conditions for salmon to spawn and fingerlings to survive.

In 2011, we supported TNC’s efforts with a contribution to enable more scientific research and environmental advocacy for priority salmon streams throughout the state of California, including restoration demonstration projects to educate about the project’s benefits and collaboration with state agencies. In 2012, legislation that supports TNC’s “Wood for Salmon” approach was signed into law. It supports the restoration of 72 threatened salmon populations of coho salmon, as well as Chinook and steelhead salmon, in 3,000 miles of waterways from Santa Cruz, California, to the Oregon border.

“Salmon are the ‘canary in the coal mine’ of watershed health, and restoring their populations is critical to improving ecosystem health and water quality. We thank Nestlé Waters for recognizing the importance of restoring salmon in California.”

– Brian Stranko, Regional Director, The Nature Conservancy

Watch a video on how The Nature Conservancy is working to restore salmon populations, one log at a time.
Ruby Mountain Springs Hatchery Reclamation Project in Chaffee County, Colorado

In 2012, we worked with local ecologists from Colorado Mountain College (CMC) to restore a fish hatchery at Ruby Mountain Springs to more natural conditions by enhancing the wetland and riparian habitat of the spring site. Wetlands protect water quality, regulate water quantity and provide an excellent wildlife habitat. By late summer, wildlife had begun returning to the area, including ducks, geese and muskrat, and numerous trout fingerlings had populated the pond. We continue to work with the students at CMC to monitor the success of the project.

To develop the restoration plan for the hatchery site, we engaged a stakeholder committee of regulatory, scientific and educational experts with a diverse knowledge base to develop a comprehensive and feasible plan. This committee includes fishery biologists, wildlife biologists and amphibian specialists from Colorado Division of Wildlife, representatives from Trout Unlimited, Ducks Unlimited, Chaffee County, Chaffee County High School, NWNA and Apex Development Services, CMC natural resource managers and adjacent landowners. Through this data-driven and multistakeholder collaborative approach, we were able to best understand and meet local water concerns, ultimately creating shared value for the hatchery’s surrounding communities, ecosystem and our business.
Advocating for the Importance of Water
Addressing water challenges, including today’s daily consumption habits, requires an increased awareness of the importance of water.

**An Average U.S. Water Footprint – One Person, Every Day**

**AMOUNT OF WATER –**

- embedded in the foods we eat
- taken to support our energy consumption – both at home**
  and on the road
- used to provide material goods and services
- consumed by American household activities, including residential irrigation, showers, faucets and toilets
- lost through U.S. water infrastructure
- amount of bottled water consumed

*Figures calculated from the latest data available (2005) from the U.S. Geological Survey and correlating data from Beverage Marketing Corporation.
For more information on these numbers, see the National Geographic “Water Footprint Calculator Methodology and Tips.”
**Water footprint only includes electricity used at home and does not factor in oil or other heating fuels.*
**TARGET –** Reach more than 100,000 youth, educators and community members about the importance of water through our support of leading water education entities by 2014.

This target, established in 2010, helps us advance these efforts, with good progress continually being made.

We are actively involved with water education efforts, locally and nationally, to help ensure that future generations are poised to carefully manage – and value the importance of – our planet’s most precious resource.

For many years, we have supported a variety of water-related programs, educating children on the importance of water and watersheds. Since the beginning of this program in 1996, we have reached more than 25 million North American students.

Bream Fishermen Association
Florida Panhandle

Brookie Buddies
Maine

Crystal Springs Invasive Species Removal
Zephyrhills, Florida

Cypress Springshed
Stormwater Management Ponds
Florida

Ducks Unlimited Partnership
Hawkins, Texas

Ferry Beach Ecology School
Southern Maine

Friends of Mill Creek
Aberfoyle, Canada

Great Suwannee River Cleanup
Madison Blue Spring, Florida

Gulf of Maine Research Institute
Portland, Maine

Hollis Pine Tree Reforesting Project
Hollis and York, Maine

Hope Mountain Centre for Outdoor Living
Hope, British Columbia, Canada

HydroMania
Allentown, Pennsylvania

Ice Mountain Stewardship Fund
Little Muskegon River, Michigan

Keep America Beautiful Cleanup
Zephyrhills, Florida

Lovewell Pond Association Plant Survey
Fryeburg, Maine

Madison Blue Spring State Park Clean-Up
Madison Blue Spring, Florida

Maine Volunteer Lake Monitoring Program
Auburn, Maine

Make a Splash with Project WET
Crystal Springs Preserve, Florida

Make a Splash with Project WET
Lee, Florida

Make a Splash with Project WET
Mecosta, Michigan

Make a Splash with Project WET
Red Boiling Springs, Tennessee

Mineola Nature Preserve
Mineola, Texas

Mousam Lake Watershed Grant
Acton/Shapleigh, Maine

North Florida Springs Alliance
North Florida

Seedling Planting at Erin Spring
Wellington, Canada

Planting 20,000 Pine Seedlings in the Big Cypress Watershed
South Florida

Project WET, Southern Maine
Children’s Water Festival, Envirothon
Maine

Ruby Mountain Springs Restoration
Chaffee County, Colorado

Saco River Clean Up
Fryeburg, Maine

Salt Lick Creek Basin Clean-Up
Red Boiling Springs, Tennessee

“Wood for Salmon” Project with The Nature Conservancy
Northern California

Wekepeke Watershed Project
Sterling, Massachusetts

Ward Brook Watershed Conservation Grant
Fryeburg, Maine
Educational Partnerships Inspire and Inform Millions

Crystal Springs Preserve, Florida
Crystal Springs, in rural Florida, is the primary source spring for our Zephyrhills® Natural Spring Water brand. Through our unique partnership, the spring also serves as a world-class environmental education center that teaches thousands of students about the ecology of springs and the importance of conservation. With 525 acres of nearly pristine wilderness and learning facilities built with our contribution, Crystal Springs Preserve offers free field trips and inspiring learning activities for students of all ages, from all over the world.

Mineola Nature Preserve, Texas
The state-of-the-art Mineola Nature Preserve alongside East Texas' Sabine River boasts 193 species of birds, wildlife, buffalo, longhorn cattle, a natural wetlands environment and numerous hiking trails. In 2011, our Ozarka® Natural Spring Water brand provided funds for a Pullen Pond – a constructed 2-acre pond – and comprehensive educational aquatic loop features, bringing even more life and educational opportunities to the Preserve.

Gulf of Maine Research Institute, Maine
In 2006, our Poland Spring® brand formed a partnership with the Gulf of Maine Research Institute (GMRI) that supports LabVenture!, an immersive marine science program offering students the opportunity to act as scientists for a day at a marine research facility. Through our continued support, nearly 50,000 Maine students have benefited from GMRI's LabVenture! program, which promotes science literacy and inspires Maine's future workforce.

Project WET Educates Millions of Children about Water
We continue to be the largest corporate sponsor of Project WET (Water Education for Teachers) in the U.S., Canada and around the world. Through our decade-long partnership, we have helped educate more than 25 million students and 200,000 teachers on water resource management, hydration and health, and environmental stewardship in the U.S. For example, in 2011 we helped Project WET launch DiscoverWater.org, an online teaching tool that brings important water lessons to life and encourages today's children to be tomorrow's responsible stewards of water resources. This innovative tool is aligned with National Science Education Standards and has been successfully field-tested with educators and children.
More Partnerships: Raising Trout, Connecting to Wetlands and Science Literacy

Other educational ventures include Brookie Buddies – inspired by Trout Unlimited’s Trout in the Classroom model – which allows students to raise trout from eggs to fingerlings while learning about water quality and ecosystem connectivity. In Canada, we partner with Hope Mountain Center for Outdoor Learning’s Young Stewards Program, which uses a hands-on approach to help grade-school students develop a personal connection to the wetlands surrounding the largest watershed in British Columbia. We are also exploring a partnership with a Canadian-based educational organization that supports science literacy, which would touch 60,000-75,000 children each year.
Building Community Vitality with Our Employees

Our commitment to building community vitality starts with a positive work environment for our employees, which includes being a good employer that operates in an open and transparent manner. We create shared value in our communities through engagement with our employees and our communities to help address local needs and concerns.
Commitment to Employees

**GOAL** – Be a preferred local employer and contribute to local economic vitality.

**TARGET** – Create an enriching work environment that fosters employee engagement, safety, health and wellness, diversity, career development, community involvement and volunteerism, as well as providing competitive compensation and benefits.

Creating a Culture of Safety: Our Journey to Zero

Our goal includes providing a safe and healthy work environment for each of our employees. This includes infusing our culture with the importance of safety. Since 2006 we have made continuous improvements in our safety performance and strive to be among the top performers in the food and beverage industry.

All of our factories are third-party certified to the OHSAS (Occupational Health and Safety Management Systems) standard 18001:2007. Compliance with regulatory standards comprises the foundation of the OHSAS standard, along with proper incident investigation, determination of incident root cause and appropriate corrective actions to prevent future recurrence.

We focus on the prevention of injury using a problem identification system we call Leading Indicators. This is an effective risk management approach, which helps to solve problems before they occur.

Safe Behavior Observations

Our ultimate goal is for our employees to go home in the same condition in which they came to work. To make this goal a reality, regular safety observations are conducted as employees go about their work. Feedback is given and received in a spirit of mutual cooperation and a desire to focus on continuous improvement of safety by adhering to established safe work practices. People have a tendency to drift from desired safety practices. Feedback sessions help employees understand why this drift can be dangerous and allow open dialogue about recommended safety practices.

CASE STUDY

**Driver Safety**

Driver safety is critical. Driver selection, training and supervision are carefully monitored, and we now use technology to enhance our driver safety efforts. Some of this technology also will improve environmental performance.

Telematics technology is similar to the black boxes used on airplanes, remotely collecting data on how vehicles are being driven and their engine performance. In 2012, NWNA conducted a yearlong pilot on 115 delivery trucks. The tests showed that telematics encourages safer driving behaviors.

We plan to install telematics systems across our whole fleet of 1,600 delivery trucks in 2013.
Health and Wellness
Health and wellness is a major priority in our workplace today. During the past two years we’ve launched HealthWorks, an initiative to encourage employees to make healthy choices at work and at home. We continue to see participation in the program grow – employees are walking at lunch, joining in exercise classes on-site and taking advantage of discounts for preventative screenings, among many other healthy behaviors.

Compensation and Benefits
At NWNA, we maintain a strong focus on ensuring that our pay and benefits programs are competitive with local employment standards and meet the needs of our workforce. This is especially important for many of the rural communities in which we operate, where we’ve heard from our employees that our compensation and benefits are better than most other local employers, and thus bolster local economic stability. We have fulfilled our 2010 target in this area, and we will continue to regularly monitor and benchmark our pay and benefits programs to ensure this goal continues to be met.

Diversity and Inclusion
During the past two years, we have placed an even higher priority on building a formal diversity and inclusion strategy and structure. Our Aspirations and Beliefs state that every employee should feel valued and understand how his or her contributions impact our business goals. In addition, we believe that the company must uphold employment standards and practices that ensure equal opportunity and achieve a diverse workforce that represents both our consumers and the communities where we work and live.

In 2011, we created the Women’s Leadership Steering Committee, a cross-functional group that brings women together to identify the barriers to gender equity in the workplace. This group acts as an important advisory group to senior leaders as we examine ways to promote the advancement of women to key positions within the organization and remove potential barriers to employment satisfaction and career growth.

Employee Engagement
Our commitment to our communities begins with our employees because they are the key to our success and their engagement is essential. We are rolling out Nestlé Continuous Excellence (NCE), a global improvement initiative that enhances employee engagement by involving employees in problem solving at all levels of the business. Supporting practices that empower our employees increases operating efficiency and reduces waste through greater innovation. We survey employees to gather feedback, assess engagement and identify areas for improvement. Where NCE is underway, employees at all levels feel empowered to contribute to make a difference.
Commitment to Communities

Transparency and Community Engagement
Our work takes place in communities, and it depends on them. Through our plants, offices, distribution branches and spring source sites, we are connected to more than 130 communities across North America. We know that two-way communication is at the heart of productive community relationships: listening to stakeholders and responding to feedback by sharing the intentions of and information about our company.

GOAL – Operate transparently and engage with our local communities.

We set this goal to foster strong relationships with our community stakeholders. By listening to and understanding their needs, we discover opportunities to partner and create shared value.

TARGET – Respond to local community concerns and increase understanding of our operations by engaging with members of local communities.

Siting and Community Commitment Framework
In 2011, we launched our community siting framework, which outlines how we work with communities where we seek to source spring water.

The framework codifies the best practices learned over time by engaging with community stakeholders. It is a checklist of sorts meant to ensure that we approach all siting projects by listening to and communicating with stakeholders, as well as sharing with new communities what we commit to do throughout the siting process and thereafter.

For example, this two-way approach is proving helpful in Cascade Locks, Oregon, where the siting process is underway for a potential new bottling facility. Following this framework, we engaged local academic and nonprofit stakeholders who provided feedback that led to a scientific study, which helped address concerns about water temperature. The results concluded that slight changes in water temperature would not adversely impact coldwater trout and salmon habitats along the Columbia River. This data enabled us to respond reassuringly to questions from the community and ease the initial concerns of local stakeholders.

In Cascade Locks, Oregon, our engagement with local academic and nonprofit stakeholders led to a scientific study. The results of the study concluded that slight changes in water temperature would not adversely impact coldwater trout and salmon habitats along the Columbia River.
Local Stakeholder Engagement
Sometimes there are questions about what we do and how we do it. To ensure that we are operating transparently and local needs are being met, we encourage employees to get involved in the community. Their involvement increases our understanding of community needs and concerns, and helps answer questions about our operations. Of course, many of our employees do this naturally, since they are linked to the community through neighbors, friends and family. Because much of our operations are technical, we’ve developed training for our employee spokespersons that provides the most up-to-date information, boosts their business operations knowledge and prepares them for reaching out to the community.

Opening Our Facilities to the Community
We have invited community members to tour our facilities and participate in our events so they understand the nature of our business, how we operate and our effect on the community – from the number of people we employ, to the water we use, and how we manage water sources. We’ve formalized this engagement by hosting regional open houses at our facilities.
**TARGET** – Hold an open house at facilities in each of our brand regions by 2015.

In 2012, we hosted a community open house at our facility in Hope, British Columbia, that enabled local community members to meet employees, tour the plant, ask questions, provide feedback and enjoy a community barbeque. The Hope open house attracted nearly 500 community members.

On the other side of the continent, more than 2,000 community members attended a similar open house in Hollis, Maine. Click [here](#) to watch a video of the Hollis open house.

We are expanding this initiative to encourage dialogue around our work and contributions.
Creating Shared Value through Volunteerism

NWNA has a rich tradition of supporting employee involvement in the community through an active volunteer program to link employee interests to the needs of the community. Volunteers can participate in company-sponsored events or can help build mutually beneficial relationships with local organizations.

One example of creating shared value for our communities is our 20-year community partnership with the Southern California Mountains Foundation (SCMF). A highlight of our partnership is our work with the SCMF Urban Conservation Corps – a workforce development program that helps young people build skills by participating in stewardship projects. This partnership was launched by our employee experts in natural resource management who saw a natural fit between the skills promoted by this program and the needs of our workforce. NWNA supports this program through our volunteers who serve as mentors and by assisting with project development.

**TARGET** – Increase the number of volunteer hours 20 percent by 2014.

In 2011, we aligned our giving and volunteerism with our key focus areas – sustainability, water and health. We launched our volunteer program, Water Works, in June 2011 powered by a team of volunteer coordinators from our plants and branches, who plan events and organize employees. We added an online volunteer registration site in 2012, which enables employees to find local volunteer opportunities.

To further raise awareness of volunteering, we launched the first-ever companywide volunteer month in September 2012. More than 250 employees from 20 locations got involved, volunteering 1,492 hours and forging relationships with new community partners across the country.
Packaging Responsibility and Operational Sustainability

At Nestlé Waters North America, our focus on sustainability is at the heart of our commitment to Creating Shared Value.

We continuously strive to optimize our environmental footprint through time-tested methods and by researching and piloting innovative approaches to energy and waste reduction that eventually can be applied on a larger scale. We have enjoyed many successes over the years in improving our own performance, but realize our reductions alone will not solve our shared sustainability challenges. So, we are sharing our learning, engaging constructively in public policy and empowering our employees and partners to actively magnify our contribution.
Energy Efficiency and Renewable Energy

GOAL – Continuously reduce our carbon intensity, aiming for 100 percent renewable energy.

We work hard to reduce the energy we use and are continuously raising the bar with new targets for improvement. Since 2007, we have reduced our emissions per liter produced by 19.2 percent across our value chain based on our life cycle analysis.

Reducing Our Carbon Intensity

TARGET – Reduce carbon intensity by 20 percent across the NWNA value chain by 2013.

Since first conducting our inventory of greenhouse gas emissions, we have taken numerous steps to reduce our carbon intensity – the amount of CO₂ emissions relative to production volume.

In 2011, we nearly met our 2013 target due to our reduction efforts, including:

- Lightweighting our bottles and all plastic packaging, including our sparkling water brands in 2012.
- Operating 10 U.S. Green Building Council LEED-certified facilities, covering 3.7 million square feet, and diverting 22,000 tons of waste material from landfills annually. This includes nine production facilities and our headquarters building in Stamford, Connecticut, which was awarded LEED Gold certification in 2011. Click here for more information about NWNA LEED-certified facilities.
- Using hydrogen fuel cell forklifts and ENERGY STAR® coolers at our manufacturing facilities.
- Producing 98 percent of our single-serve PET bottles on-site at our bottling facilities and saving 6.6 million gallons of fuel per year.
- Piloting an energy-efficient lighting program in 2012 at one of our Direct delivery facilities located in North Haven, Connecticut. Plans for expanding the pilot are underway.
- Using light-saving measures and heat energy recovery in our plants.

Although our production volume continues to rise, our energy consumption has decreased since 2008.
Improving Energy Performance One Facility at a Time

One example of how we are retrofitting facilities to help shrink our energy footprint is our Direct delivery facility in North Haven, Connecticut. In the fall of 2011, we upgraded lighting fixtures to reduce our GHG emissions, save on electricity costs and reduce air pollution. The pilot project was successful, avoiding more than 70,000 pounds of CO₂ emissions and saving approximately 100,000 kWh of electricity each year. This is equivalent to saving 51,603 pounds of coal and 6,637 gallons of oil, and providing nearly 13 homes with electricity for a year. While the impacts may seem small, we hope to expand the lighting retrofit program, beginning with our Somerset, New Jersey facility, and later to some of our other 60 Direct delivery facilities.

Reducing Our Fleet Emissions

We have an environmental and financial incentive to make our fleet as efficient as possible. The fewer miles we drive, the less fuel we use, which cuts our carbon emissions and operational costs. In operations, we are continually working to optimize our delivery routes by using the latest technology to reduce shipping distances. Through the installation of a telematics system, reduction in truck engine idle time could save as much as $1 million in fuel costs and approximately 295 tons of CO₂ emissions. We plan to install telematics across our fleet of 1,600 delivery trucks in 2013.

By implementing a regional distribution approach for our domestic retail bottled water brands, we now transport our water an average of just 350 miles. Going forward, we will focus on ways we can further reduce our shipping miles and emissions.

As we aim for 100 percent renewable energy in our operations, we continue to seek more ways to reduce our transportation emissions. In 2008, we set a goal to upgrade 25 percent of our Direct delivery fleet to zero emission vehicles by 2020. While current technology doesn’t allow us to feasibly incorporate a large number of zero emission electric vehicles into our fleet, we have been testing and piloting alternative vehicles that have a lower carbon footprint. In 2012, we purchased 18 advanced diesel vehicles that are specially designed to deliver very low emissions. Also in 2012, we purchased two additional hybrid vehicles, which are demonstrating a 25 to 30 percent increase in fuel economy. Our intention is to push for fleet emissions reductions, and we will work to develop a comprehensive strategy to do this and develop a new goal for our 2014 report.
Advancing Our Shift to Renewable Energy

In 2010, we set a target to identify short- and long-term opportunities for deploying renewable energy sources in our operations. Based on our findings, we will develop a renewable energy plan to advance our shift to renewables, where feasible.

TARGET – Implement aspects of our renewable energy plan.

In the fourth quarter of 2012, we completed the installation of two wind turbines at our Cabazon, California plant. Once the turbines – which produce an average of 12,900,000 kWh annually – reach full capacity, we expect they will generate up to 30 percent of the plant’s total energy – enough to power 1,100 U.S. homes.

In 2012, we also began working with the Rocky Mountain Institute to develop a renewable energy road map for our company. It will help us identify opportunities to use renewable energy – such as wind, solar and biomass – at each of our facilities across the country. In addition, the road map will help us overcome the financial hurdles that limit the incorporation of renewable energy today.

Two recently installed wind turbines will provide up to 30 percent of the energy for our Cabazon, California plant. See the wind turbines in action here.
Packaging Innovation and Recycling

We constantly evaluate our products and packaging designs to improve their environmental performance and use closed-loop processes. Innovating around our packaging improves our efficiency from an operational standpoint, saves virgin material and helps safeguard against volatile commodity prices.

We approach packaging innovation in two ways. The first is to continuously explore ways to lightweight our bottles and reduce packaging. Second, we incorporate more recycled PET plastic – or rPET – into our bottles while reducing our dependence on virgin PET. Critical to using more rPET in our bottles is ensuring adequate availability, as demand for rPET currently exceeds supply.

While we believe PET and rPET are the most sustainable and viable materials of choice, we continue to explore other packaging materials produced from renewable resources. As we research alternatives, our main focus is ensuring sustainability throughout our supply chain and identifying materials that will help us continue to reduce our environmental footprint.

Reuse also plays a critical role in our sustainable packaging efforts. Our 5-gallon bottle is the leading returnable bottle in the industry, and approximately 90 percent are now made with PET. We clean and refill our 3- and 5-gallon bottles 20 to 25 times, after which they are recycled.
Lightweighting Our Packaging
During the past 18 years, we have reduced the PET plastic content of our half-liter water bottles by 60 percent, saving more than 3 billion pounds of plastic. We are currently working on plans to lightweight our bottles again.

We are also in the initial stages of lightweighting our regional sparkling water brand bottles by converting to a new finish, beginning with our Poland Spring® brand. We estimate the conversion will result in a 6 percent weight reduction for our half-liter bottles and a 15 percent reduction in the weight of our caps, resulting in a 4 to 6 percent reduction in energy use. Our sparkling water bottles will have a slightly heavier finish than our Eco-Shape® bottles to withstand the pressure created by carbonation.

Additional Packaging Innovation Efforts
We continue to streamline our packaging corrugate, labels, cardboard and shrink wrap, while maintaining structural safety and quality. We also are packaging our most popular sizes using pads – corrugated trays without sides – and using 21 lb. paper, down from the industry standard of 26 lbs. In select facilities, we’ve even moved to offset-stack cases packaged without any corrugated cardboard – case wrap only. These efforts are producing tremendous reductions and savings: Since 2010, we have reduced our use of corrugated material by nearly 25,000 tons or 25 percent. Moving forward, we plan to reduce the case height of all non-half-liter bottles, shorten our case wrap and eliminate corrugate in case packages wherever practicable. We also plan to reduce the size of our 8 oz. label, which will cut our material use and allow for greater operational efficiency in our factories.

Since 2010, we have reduced our use of corrugated material by nearly 25,000 tons or 25%.

Since 2007, we’ve reduced our packaging by nearly a million tons.
**TARGET** – By 2020, develop the next generation of our recyclable bottles made from post-consumer recycled or renewable materials with a lighter footprint.

Since 2010, we have made good progress toward reaching our target of developing the next generation of lighter, 100 percent post-consumer or renewable bottles. However, the demand for rPET material is greater today than the current available supply. There simply isn’t enough rPET out there – or available at an affordable price – to use it solely as material for our bottles. Instead, we have focused recent efforts on key product launches of new rPET water brands, incorporating 50 percent rPET into the bottles. Each rPET brand raises awareness about the benefits of recycled plastic and encourages more recycling.

### Our rPET Bottled Water Brands: Supporting the Market for Recycled Materials

<table>
<thead>
<tr>
<th>rPET Bottled Water Brand</th>
<th>Campaign</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.5 L Deer Park® 50% rPET</td>
<td>Recycling Works! Mobile Tour (2011)</td>
<td>Washington, D.C.</td>
</tr>
<tr>
<td>700 ml resource® 50% rPET</td>
<td>Electrolytenment (2012)</td>
<td>Select U.S. markets</td>
</tr>
<tr>
<td>0.5 L Arrowhead® 50% rPET</td>
<td>Recycling is a Beautiful Thing (2012)</td>
<td>California</td>
</tr>
<tr>
<td>0.5 L Montclair® 100% rPET</td>
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<td>Canada</td>
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A Win for the Environment, a Win for Business: Creating Demand for Recycled Materials

**GOAL** – Support the market for recycled materials by continuing to increase the use of recycled content in our packaging, as feasible.

Recapturing packaging makes environmental sense and makes business sense. The global competition for virgin commodities is increasing steadily. A greater supply of domestic high-quality recycled materials protects us from the volatility of global markets.
Improving Recycling: Our Path to Zero Waste

Part of our companywide approach to the Nestlé Continuous Excellence (NCE) program is to achieve a zero-waste future. Increasing recycling in our operations and throughout our supply chain is one of the best ways to accomplish this.

**TARGET** – By 2015, recycle 97 percent of the solid waste generated in our administrative offices, Direct delivery branches and plant facilities.

**Recycling Initiatives**

To work toward meeting this target, we have continued to improve our in-house recycling process and introduce new initiatives since 2010, focusing on:

- Recycling plastic, boxes, cardboard, shrink wrap and pallet strapping at our operational facilities.
- Recycling our 3- and 5-gallon containers and repurposing them into new products once they reach end of life, typically after 20-25 uses.
- Becoming an e-Stewards® Certified Recycler through the e-Stewards Initiative and recycling e-waste at our administrative offices.
- Employing the Nestlé certified green IT program at our headquarters to reduce our footprint.
- Participating in the EPA’s Safety-Kleen Program in our HOD fleet shops.

Our Direct delivery facilities have many streams of waste that we recycle, including truck/auto parts, used engine oil, light bulbs, shrink wrap, cardboard, plastics, glass and other packaging materials. We are in the process of compiling and streamlining the data from our 60 facilities to look for best practices and make further improvements.

**Results**

As an e-Stewards Certified Recycler, which we achieved through a Basel Action Network e-waste project that prevents human and environmental harm from toxic materials in electronics, we recycle our computer hardware, toner cartridges and other supplies. In 2012, we recycled more than 7,500 pounds of e-waste, diverting the equivalent of 28 refrigerators of toxic waste from landfills.

**Recycling Rate and Total Waste at Our Manufacturing Facilities**

In 2012, we recycled more than 7,500 pounds of e-waste, diverting the equivalent of 28 refrigerators of toxic waste from landfills.
Creating Shared Value by Extending Packaging Responsibility

At NWNA, we believe recycling is the foundation of a sustainable society. When done right, it reduces litter in our communities, helps protect the planet by conserving natural resources and reducing greenhouse gas emissions, and saves businesses and organizations money by reducing energy and raw material costs. We can create shared value by advancing policies that expand recycling for all packaging to help capture every beverage container produced.

Today, the recycling systems in North America are failing to keep pace with supply and demand and struggling to meet the needs of the marketplace. In the U.S., some states are doing a better job than others, but too often, outdated collection methods discourage consumer participation, pose risks to collection workers, cost too much and send too many valuable materials to landfills. According to the Environmental Protection Agency, only 34 percent of municipal solid waste (MSW) is currently being recycled, and recycling rates for polyethylene terephthalate (PET) beverage containers have stalled at a paltry 29 percent. As You Sow, a shareholder advocacy organization, estimated the value of discarded post-consumer packaging being buried in U.S. landfills – valuable material like aluminum, cardboard and PET – at $11.4 billion in 2010.

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**GOAL** – Advance policies expanding all packaging recycling to capture every beverage container produced.

**Beyond the Bottle**
What started as a way to increase recycling rates for our bottles has made us realize that we have an opportunity to collaborate on solutions that address the broader waste stream through better collection systems for all packaging – laundry detergent bottles, pet food cans, peanut butter jars, magazines, plastic beverage containers and more. We need a low-cost, efficient recycling system that Extended Producer Responsibility (EPR) for packaging and printed paper can deliver. Any container that is recyclable, collectible and has value can be covered under an omnibus EPR system for packaging.

**TARGET** – Collaborate and lead our industry in a shared commitment to increase U.S. recycling rates to 60 percent for PET beverage bottles by 2018. In Canada, recycle 85 percent of the bottles we produce.

With a solid foundation for EPR in the U.S. and key learnings from other countries, we have never been better positioned to devise a uniquely North American model that meets the needs of our marketplace. At the same time, we continue to seek other recycling system possibilities that may prove as or more effective than EPR over time.

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**CASE STUDY**

**Direct Producer Responsibility**
In 2011, our Poland Spring® Direct home and office delivery business piloted a recycling program on Long Island, New York, where we not only dropped off products for customers, but also picked up our single-serve, post-consumer containers for recycling, filling the otherwise empty trucks. The program has been very successful – and is key to our goal of capturing and reusing every beverage container produced so we can include more recycled plastic in our bottles. Each month, we collect thousands of containers from our customers, which we then deliver to a partner recycler to be processed into rPET and eventually incorporated back into our bottles. Moving forward, we plan to expand the program to the rest of New York and to adjacent Connecticut, impacting nearly 135,000 residential customers and generating an estimated 210,000 pounds of rPET for use in our bottles.

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“... What we’re realizing is that EPR shouldn’t just be applied to one particular type of product. It needs to be applied to the entire waste stream.”

– Matt Prindiville, Associate Director, Product Policy Institute and Founder, CRADLE2 Coalition

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11 How Corporate America Might Just Save Recycling,” Amy Westervelt, 4/27/12, Forbes
Reinventing Recycling

The most significant effort we’ve undertaken in our journey to advance recycling in the U.S. is to deepen our commitment to Extended Producer Responsibility (EPR) for packaging and printed paper, a model that would bring the financial responsibility of recycling to the industry, as well as increase access to curbside recycling and recycling away from home – not just for bottles, but for all product packaging.

In the past 10 years, more than 70 EPR laws have been passed in 32 states, covering products such as mercury lamps, thermostats, mobile phones, batteries, paint, carpet, pesticide containers, electronics, fluorescent lamps and automobile switches. EPR models for packaging are already in place in many countries like Germany, France, the Netherlands and certain parts of Canada, where they have successfully increased recovery rates for packaging.

Under an EPR system, brand owners of packaging and printed paper pay for the cost of recycling their products, instead of local taxpayers. Brand owners – usually through an industry-run stewardship organization – contract with haulers or cities to collect and process packaging and paper. EPR would increase recycling rates, reduce government spending and use private sector efficiencies to reduce the costs of recycling.

“Recycling stands at the nexus point of several critical issues of our time, including business competition for increasingly scarce resources, shrinking municipal and state budgets, climate change and unemployment.”

– Michael Washburn, Vice President, Sustainability

Current System for Packaging

Under the current system, the consumer pays twice – once for the product and once for disposal/recycling.

$11.4 BILLION wasted due to disposal of recyclable materials.

EPR System for Packaging

Under EPR, the cost of recycling and disposal services are built into product cost, with ultimate responsibility shifted to the producer.
Expanding EPR in Canada

**TARGET** – Throughout Canada, complete one EPR pilot project each year through 2014 to encourage establishment of EPR as a policy in each province.

In 2010, we supported the launch of an EPR program in Manitoba. Known as the “hybrid recycling model,” it features four key elements: curbside recycling, public spaces recycling, commercial/institutional recycling and continuous public education.

The early results of this program are encouraging. After just one year, the province’s diversion program in Portage la Prairie experienced a 95 percent diversion rate – the rate of beverage containers getting out of the waste stream and into the recycling stream – in parks, arenas and streetscapes. NWNA is hoping to use learnings from this program to inform EPR efforts in the U.S. Building on its success, we will strive to complete one EPR pilot project per year in Canada through 2014 to encourage the establishment of EPR as provincial policy.

**Working with Partners**
In 2011, we took part in a dialogue, which convened more than 30 organizations to determine a common vision for an EPR program that could work in U.S. states.

As a result, we now are engaging with a broad range of stakeholder groups, including consumer product companies, beverage companies, various trade associations, commodity groups, private haulers, municipalities, state legislatures, environmental NGOs, grocery retailers, the forest product industry, packaging manufacturers and others. Our goal is to build on this broad coalition of partners to support the introduction of EPR legislation.

**TARGET** – Work with partners to have EPR legislation introduced and considered for passage in at least two states by 2014.

We have become deeply involved with Recycling Reinvented, a U.S.-based nonprofit organization committed to advancing recycling rates through an EPR model that would require brand owners to develop and fund effective recycling programs. We are directly supporting Recycling Reinvented’s efforts, both through funding and the leadership of our chairman, Kim Jeffery, as a member of the organization’s board. Recycling Reinvented is striving to introduce EPR legislation in six U.S. states in 2013. Targets include several states without deposit laws that have robust curbside recycling in their cities now and reasonable distribution of recycling systems in rural areas.

In preparation for this legislative effort – and to help dispel misconceptions about EPR – we plan to support Recycling Reinvented and our other partners in 2013 with research studies to help us define and demonstrate the tangible economic benefits of EPR. These studies will examine how EPR, led by industry, will impact household expenditures for recycling, affect municipal tax burdens and change the amount of material captured in curbside and public space recycling programs in several representative states.

**TARGET** – Define economic benefits of EPR through research studies by 2013.

Recycling Reinvented, in partnership with NWNA, issued a request for proposals to qualified consulting firms and research companies in December 2012. A third-party research entity was selected and the work was commissioned in the first quarter of 2013, with results due by the end of the year.
Progress on 2008 Goals

In 2008, we established 28 goals to advance our citizenship initiatives and drive performance. We’ve made good progress on these goals, achieving the majority of them. Our goals are evolutionary, and thus we also report in this section on the updates to them, progress in meeting them and their related targets. For more background on all 28 goals, please see the Progress on 2008 Goals section of our website.
**GOAL** – Refine process for managing and monitoring our spring sites; make it publicly available by 2011.

We’ve refined our long-term monitoring processes used by our Natural Resource Managers, focusing on four key elements: water recharge, water levels, water flows and water use. The sites are also visited and observed regularly, and studies monitor the long-term health of the habitats around our springs. For more information, please see the Building Community Vitality with Our Employees and Water Responsibility sections.
*GOAL* – Convert remainder of our virgin PET bottles to antimony-free resin by 2011.

Consumer health and product safety are non-negotiable at Nestlé Waters North America. NWNA rigorously tests PET resins before they are used in the manufacture of our bottles. We are committed to ensuring that our products meet or exceed all FDA and EPA regulations for bottled and drinking water at the local and federal level. Our products and packaging are rigorously controlled and regularly tested to ensure the highest quality standards.

We began the shift to antimony-free PET resin prior to 2010 and reported progress in our last Corporate Citizenship Report. Though we’ve made progress – 31 percent of our contracted supply of virgin resin was antimony-free at the end of 2012 – we have further to go to achieve this goal. This is because of the limited availability of antimony-free resin and because NWNA alone doesn’t create enough demand for suppliers to produce more of this resin. We continue to pursue virgin antimony-free resin and advance strict quality guidelines for our suppliers.

Antimony is an element found in the Earth’s crust. It is used in trace amounts as a catalyst in the production of plastic PET (polyethylene terephthalate). Antimony is stable and safe in this form, but in extreme conditions, a minimal amount of antimony may leach from PET bottles into water. These levels are well below safe limits set by regulatory authorities and do not pose a health risk to consumers.

*GOAL* – Collaborate with partners to reduce average caloric intake to levels recommended by Beverage Guidance Panel by 2018.

In 2010, we reframed this goal to be an ongoing target focused on consumer education about making informed beverage choices. As currently restated, we plan to **continue educating and encouraging North Americans to lower their caloric intake from beverages.** Our progress is discussed in *Water as Healthy Hydration.*
GOAL – Introduce a zero-emissions HOD (Home, Office, Direct) and service center delivery vehicle by 2015; upgrade 25 percent of these vehicles to zero emissions by 2020.

To date, we have achieved our 2015 goal with our purchase of a small, limited-capacity, zero-emissions electric vehicle, operating from our Mercado del Agua store in the Bronx, New York. We have been working to identify other technologies that can help us move 25 percent of our Direct fleet to zero emissions by 2020, but currently the feasibility of this technology advancing to meet our needs seems unlikely. Therefore, we are exploring alternative fuel technology to reduce our carbon footprint and we will be investigating a future goal for our fleet for the 2014 report. For more information, please see Energy Efficiency and Renewable Energy.

GOAL – Reduce HOD fleet particulate matter emissions by 36 percent and nitrous oxide emissions by 40 percent by 2013.

Since 2008, we have achieved a 27 percent decrease in particulate matter and a 37.5 percent decrease in nitrous oxide. We are on track to reach our goals and continue to reduce our emissions by reducing miles driven and retiring our older vehicles every year.

GOAL – Reduce plastic in half-liter bottles by an additional 15 percent and reduce plastic in all other PET bottles by 20 percent combined weight by 2010.

In late 2009, we launched our next-generation Eco-Shape® half-liter bottle, which weighs 9.3 grams on average and contains 60 percent less plastic than our original half-liter PET bottle introduced in the mid-1990s. This next-generation bottle contains an average of 25 percent less plastic than our first Eco-Shape bottle introduced in 2007.

Since 2008, we have also reduced the amount of plastic in our 1.5-liter and 1-liter Eco-Shape bottles, and reduced their weight from 31 grams to 26 grams and from 23 grams to 19.6 grams, respectively, achieving a 15.4 percent combined weight average reduction. We further lightweighted these bottles in 2011 and 2012, converting our 1.5-liter Eco-Shape bottle to 24.1 grams and our 1-liter Eco-Shape bottles to 17.6 grams. These incremental reductions helped us surpass our goal, achieving a significant combined weight average reduction of 22.9 percent.

GOAL – Advance goal of 60 percent recycling rate for PET beverage bottles by 2018.

In 2010, we expanded this goal to include recycling at our operations in Canada. As it reads in our 2010 Goals and Targets, we plan to “lead our industry in a shared commitment to increase U.S. recycling rates to 60 percent for PET beverage bottles by 2018. In Canada, recycle 85 percent of the bottles we produce.” We are on track to achieving this target. For more information, please see Packaging Responsibility and Operational Sustainability.
Progress on 2010 Goals and Targets

In 2010, we set long-term goals with short-term targets to help us achieve our objectives. This section reports on the targets that have been met and explains any changes to our long-term goals. Goals and targets that we continue to work on are detailed in the report.
**GOAL** – Be a leader in sustainable water stewardship practices.

During the past two years, we’ve made good progress against our targets and have recently expanded the goal to include water stewardship, education and advocacy. For more information about the new goal and associated targets, please see Water Stewardship.

**TARGET** – Optimize water use ratios by product type over 2009 levels.

Through our program of continuous excellence, we have optimized water use ratios for all of our products. As we grow our product line, we will continue to monitor, report and improve our water usage through our Global Environmental Footprint (GEF) assessment tool. For more information about water usage practices and the new target, please see Key Components of Our Water Management Approach.

**TARGET** – Add language to labels about how to access our water quality reports (2011).

We have met this goal. Currently, the majority of NWNA labels, including most 3- and 5-gallon products, have both a toll-free phone number and a website address to access quality testing results. The remaining 3- and 5-gallon product labels that have just one – a website or a phone number – are currently being revised to provide both. We plan to continue to label every new and existing bottled product with this information.

**GOAL** – Advocate for water as essential to human and environmental health.

We established this goal in 2010 to advance our leadership on these issues. We have divided this goal to emphasize the importance of water to human health and hydration. We separately focus on water and environmental health in the Water Responsibility section of this report.
GOAL – Ensure the materials we use are designed for recyclability.

Today, all of our bottles and packaging materials are recyclable. Yet, recycling rates in North America are still too low. Because of this, we refined our 2010 goal to focus more on the use of recycled content in our bottles, to raise awareness of the value of recycled materials and to encourage higher recycling rates.

For more information, please see Packaging Innovation and Recycling.

TARGET – Complete a comprehensive assessment of our materials and packaging footprint by 2011; use findings to make future waste reductions and promote second-life use.

Using our Global Environmental Footprint (GEF) assessment tool, we comprehensively assessed our packaging to better understand the specific materials that, beyond PET, contribute most to our overall packaging footprint. We conducted the initial assessment of our various products in 2009 and confirmed that we are reducing all of our packaging materials, including our cardboard, film, labels and shrink wrap.

Through our continuous excellence approach and our innovative assessment tools, such as the GEF, we continue to analyze our materials and packaging footprint, using the lessons to make ongoing reductions.

TARGET – Continue to provide total compensation and benefits for our employees in the 50th-75th percentile compared to other local consumer product manufacturing companies.

At NWNA, we maintain a strong focus on ensuring that our pay and benefits programs are not only competitive with local employment standards, but also meet the needs of our workforce. This is especially important for many of the rural communities in which we operate, where we’ve learned from internal stakeholders that our compensation and benefits are better than most other local employers and a critical component of the local economic stability.

We have fulfilled our 2010 target in this area, but will continue to regularly monitor and benchmark our pay and benefits programs to ensure we continue to meet this goal.
We always have stressed the value of a diverse and inclusive culture, and have placed an even higher priority on improving our diversity and inclusion strategy and structure during the past two years. To do this, we rallied senior leadership support and embedded more formal training and education into our leadership development program to equip leaders with the skills necessary to lead and motivate diverse teams. We also have launched mentoring initiatives aimed at women, conducted executive round-table discussions to understand and address potential barriers to an inclusive work environment, and implemented changes to our talent succession process to identify and support diverse employees with development earlier in their careers.

We will continue to monitor our progress against this target going forward.

**TARGET** – Use our new community siting framework developed with BSR, train relevant teams and develop mechanisms for ongoing review of the framework.

After two years of planning – including assistance from BSR, a global organization dedicated to accelerating sustainability, to help guide us through the process – we launched the framework in the second quarter of 2011. It is now being used to guide engagement with every new community where we seek to source spring water.

The framework target established in 2010 remains similar, but with the launch behind us, we’ll now focus on ensuring the framework’s sustainability as a business practice via training and ongoing review. This explains why “Use our new community siting framework developed with BSR” has been removed from the target. For more information, please see the Commitment to Communities section.

**TARGET** – Roll out our new community support and volunteering guidelines by the end of 2011.

The new guidelines were developed and rolled out last year. The first step, which was completed in 2011, was to launch the companywide volunteer program and develop a team of volunteer coordinators across the country to help rally and organize employees. The continuation of these efforts was the launch of an online registration site, Water Works, in early 2012. This online portal helps match employees with local volunteer opportunities and allows them to log NWNA and/or independent volunteer hours.

In addition, we launched the first volunteer month in September 2012, a time we used to educate employees about volunteer opportunities and get them involved in different volunteer activities throughout the month. For more on our volunteer efforts, please see Creating Shared Value through Volunteerism.

**TARGET** – Track volunteering hours by 2012 and set a target for improvement in 2013.

Our employees logged 7,200+ hours in 2012, more than double their achievement in 2011. We have set a target for a 20 percent improvement by 2014.