

*every drop  
counts...*



**Nestlé**

Water is essential to human life – for basic health and survival, as well as for food production and industry. We lived thousands of years without oil – but we can't live a day without water.

Today, water is a threatened resource, as increasing demands, particularly in agriculture, force deeper and deeper drilling to find water, and repeated threats from pollution and mismanagement persist. With future world food needs, the situation is disconcerting.

At the same time, many of our earth's people lack access to clean water. While it is estimated that over a billion people have gained access to clean water in the last decade, more than one billion people still lack access to a basic supply of clean water and over two billion do not have access to adequate sanitation.

Over the years, Nestlé has taken an aggressive stance on water conservation, and we have reduced our use of water in food manufacturing by over 40% in the last 5 years. Nestlé uses about 0.005% of the world's freshwater consumption, and our bottled water business uses 0.0009%.

However, preserving and expanding access to clean water is a challenge that no individual company, organisation, or government can solve in an isolated manner.

We need to look beyond ideologies, and focus on where each one of us can make a difference, whether as individuals, industry or the agricultural sector.

Governments have to take a leading role, as policy makers and through their fundamental duty to see that basic services are provided to their people. We need to look for ways and mechanisms, whether policy or market based, that protect the access to water but also ensure each and everyone's responsibilities as water users.

In this context, the current document lays out the Nestlé Commitments to responsible water usage. The case studies used in this report are not unique. Similar projects and processes can be found in our activities all over the world. Our different policies and procedures have been developed to help us be consistent in our work. Water is an area where continuous improvement must be the rule, and we are dedicated to further progress in our own activities as well as reaching out to others for collaboration and public policy dialogue.

Because, from whichever perspective one considers water, whether it be social, political, economical or environmental, it becomes clear that every drop counts.



Carlo M. Donati  
Executive Vice President Nestlé S.A.  
Chairman & CEO of Nestlé Waters

# The Nestlé Commitments on

w

ork to continue reducing the amount of water used per kilo of food and beverage produced

a

ssure that our activities respect local water resources

t

ake care that water we discharge into the environment is clean

e

ngage with agricultural suppliers to promote water conservation among farmers

r

each out to others to collaborate on water conservation and access, with a particular focus on women and children



## Work to continue reducing the amount of water used per kilo of food and beverage produced

Although our total water consumption is relatively small, water is absolutely essential to Nestlé. Farmers supplying our factories with raw materials need water to grow their crops, we need water in our operations, for our bottled water activities and to clean and cook, and consumers need water to prepare their meals.

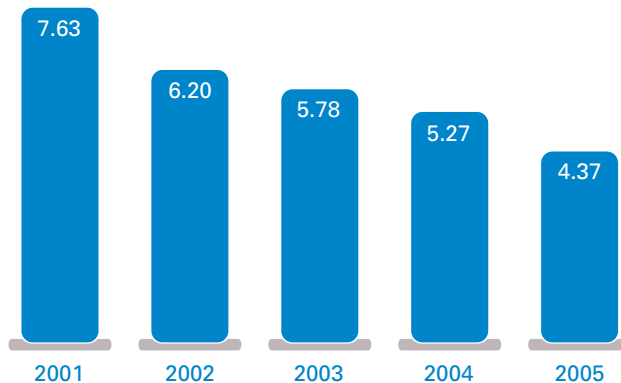
For a company like Nestlé, it is important to find manufacturing solutions that ensure sufficient supplies of quality food and beverages, while at the same time minimise the consumption of resources, including water.

Reducing our water consumption not only contributes to our economic bottom line, but improves our environmental performance too!

Every year, we strive to achieve quantifiable targets for our water consumption. In accordance with the Nestlé Environmental Management System (NEMS), all factories have to regularly monitor their water consumption and find ways to optimise water use. From 2001 to 2005 Nestlé's water consumption was reduced by 42.7%.

### Nestlé water use 2001-2005

(m<sup>3</sup> per tonne of product)



## South Africa: Water savings

The Nestlé factory in Estcourt, South Africa, is actively working to reduce its water consumption. In pursuit of this target, various programmes have been introduced, including the use of dry-cleaning whenever possible, reusing condensate, improving control of and repairing pipes where there is a risk of water leakage. The Estcourt factory also focuses on employee involvement by training staff on general environmental awareness and water conservation, and maintaining water metres. On the process side, the factory has improved the cleaning-in-place (CIP) process control and reduced the stand-by time of the coffee spray-dryer when it consumes water. The above programmes have been implemented with active employee involvement and management support. These programmes have been successful; from 2004 to 2005 the factory reduced its water consumption by 15.3% (per tonne of product).



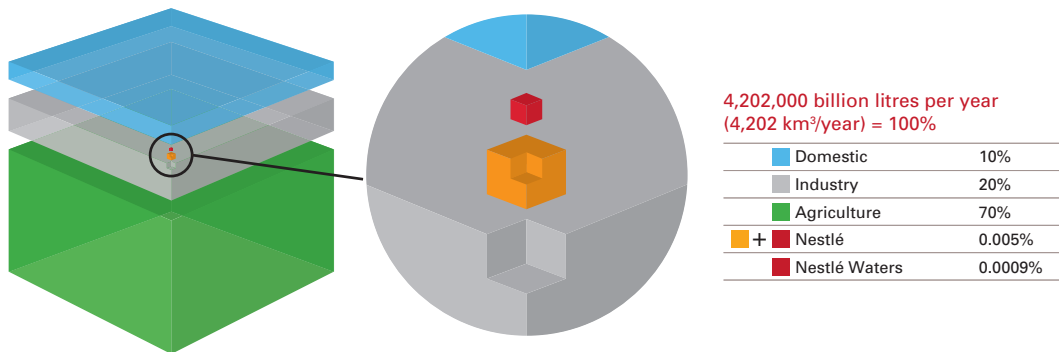


## Assure that our activities respect local water resources

Nestlé is continuously working to improve its water use. In terms of water withdrawal, we support authorities in their duty to set consumption limits for all water users in a given area in order to maintain sustainable water supplies for future generations. In cases where local legislation is considered insufficient, our own internal standards prevail. We need water for our activities and we strive to manage the water we use in such a manner that the sustainability of the local water resources is not jeopardised. After all, our company's future depends on good stewardship of water resources.

At Nestlé Waters, a dedicated Water Resources Department is in charge of the overall management of water resources. This includes the identification and selection of a water resource, installation and maintenance of equipment and material necessary to protect the water source, like the buildings on-site, and the frequent monitoring of the water resource. The monitoring includes hydro-geological assessments of the sites, as well as frequent testing of the source water quality and regular monitoring of environmental conditions and parameters, such as water levels in monitoring and production boreholes, spring flow and rain fall data.

### Nestlé and global freshwater consumption





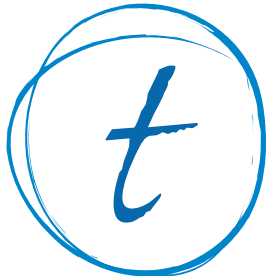


## France: Protecting water resources

In 1992, Nestlé Waters established the agricultural advisory firm Agrivair, based in Vittel, France. Agrivair's objective is to assist local farmers in "greening" their agricultural practices. Agrivair supports local farmers with targeted grants, research and technical assistance. The initiative promotes guidelines on environmental farming techniques, such as crop rotation, the elimination of pesticides and the compost of all animal waste. Agrivair also supports the sustainable management of forests, green parks, golf courses and has also developed a thermal weed control process for paths, parking lots and railroad tracks.

Today, the Agrivair guidelines have been implemented on 92% of the Vittel and 70% of the Contrex water resources land areas.





## Take care that water we discharge into the environment is clean

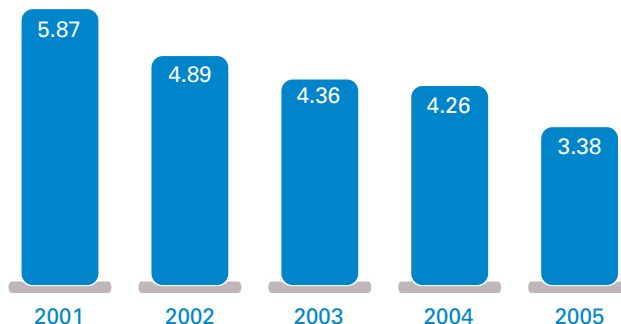
In our industrial operations, we seek to optimise our water use. All water consumption is strictly monitored and, wherever feasible, we emphasise water re-use and recycling. We return treated water to the environment according to local legislation and internal standards – whichever are more stringent.

How we deal with waste water is guided by the Nestlé Environmental Management System, and every year, our factories report on their generation of waste water, which makes it possible to actively manage our performance over the years. Our first biological waste water plant was built in Switzerland in 1932.

Today, Nestlé operates over 160 modern waste water treatment plants at factories where municipal treatment is unavailable or of insufficient capacity.

Between 2001 and 2005, the amount of waste water generated by our factories was reduced by 42.4%. This achievement was possible due to a number of innovative processes put in place, such as replacing freshwater intake with water that has been recovered during the production process, and recycling suitable water streams for irrigation purposes around factories. Nestlé annually invests an average of CHF 30 million to construct and expand waste water treatment facilities.

### Nestlé waste water generation 2001-2005 (m<sup>3</sup> per tonne of product)







## The Nestlé Environmental Management System (NEMS)

The NEMS is the Nestlé management tool which effectively translates The Nestlé Policy on the Environment into consistent and well co-ordinated actions. It is applied world-wide in our operations. The NEMS is aligned with the International Standard ISO 14001, and helps our managers at all levels to ensure that our activities comply with all relevant environmental regulations. In pursuit of best practice, internal Nestlé standards are applied when local legislation is insufficient or non-existent.

Each factory has designated a Site Environmental Officer, who is responsible for facilitating and executing NEMS.

Continuous improvement, as emphasised by NEMS, relies on clear objectives and action programmes at global and local levels. In the water area, both water conservation and waste water reduction are targeted by environmental programmes. Actual progress in meeting objectives is monitored through periodic environmental performance indicators covering water consumption and waste water generation. Appropriate training reinforces employees' awareness and skills, and contributes to their efficiency.





## Engage with agricultural suppliers to promote water conservation among farmers

Today, the agricultural sector represents on average 70% of global freshwater consumption. It is estimated that to halve the proportion of the world's population suffering from hunger would trigger some 50% increase in freshwater withdrawals for agricultural irrigation. As such, the way water is managed by the agricultural sector is crucial for the future state of the world's water resources.

Like all food companies, Nestlé relies on the long-term supply of agricultural raw material for our business. Although Nestlé is not involved in the direct production of raw materials, we support and encourage sustainable, environmentally-sound farming methods, including best practices for water use and conservation.

Our ability to work with farmers on this depends on how we source the raw materials, whether we are in direct contact with the farmer or procure the material via trade channels or the primary food processing industry.

On a global scale, Nestlé works with some 400,000 farmers.

To support the farmers producing quality raw materials in an efficient manner, a group of more than 800 Nestlé agronomists provide technical advice and know-how. The dissemination of sustainable farming methods is part of this support, with water issues, such as efficient and careful use of water and the minimisation of water contamination, being a key component.

Also as part of our effort to promote sustainable agriculture, Nestlé joined forces with Danone and Unilever in 2000, to form the Sustainable Agriculture Initiative Platform: an industry initiative now involving 20 major food trading or producing companies. The SAI Platform gathers and develops knowledge on sustainable agriculture, sharing the information with all stakeholders in the food chain to reach a common understanding of the concept and on its long-term implications. Each company is then responsible for implementing the Platform's recommendations. As one of the most critical inputs to agriculture production, water is high on the project's agenda.



## Mexico: Improving water use in coffee production

A key step in coffee production, following the harvesting of the coffee cherries, is the treatment process to extract the coffee beans. This can be done by drying the cherries in the sun, or by water treatment (wet processing). Often, in the case of wet processing, unnecessary amounts of water are consumed.

To improve water management in local coffee production, Nestlé Mexico launched in 1994 an “Ecological Milling” initiative (“Jornadas Internacionales Sobre el Beneficiado Económico y Ecológico de Café”) with the participation of government, exporters, mills, farmers and coffee equipment companies such as Penagos and Pinhalense. Working with the farmers that supply coffee to the company, Nestlé provides training and support for new technology to improve water use in coffee production processes. As a result of this work, water usage in coffee production was reduced from 40 litres to 3-5 litres of water per kilogram of coffee. Today this technology is used by Nestlé Coffee suppliers in Mexico, achieving savings of about 296,000 m<sup>3</sup> of water a year. The initiative is also being promoted by the Mexican government, reaching additional players in the coffee supply chain. As of today, an important portion of the coffee milling industry in Mexico has adopted this new technology.







## Reach out to others to collaborate on water conservation and access, with a particular focus on women and children

For Nestlé, Corporate Social Responsibility is first and foremost about the way we run our business – as defined in our Business Principles – this is where we can make the most important contribution to society, today and in the longer run.

Depending on the local situation, we also engage beyond our direct activities. To have the most significant and lasting impact it is important to carefully choose the type of engagement we commit to. In many cases we engage in projects where one company alone could not make a sufficient difference and the impact we can make is dependent on the committed collaboration of one or several local

partners. Our impact is further strengthened whenever we can deploy the core knowledge of our company; that is, our people, our expertise and our products. Our objective is to respond to local needs while harnessing local knowledge and capabilities, both from Nestlé and that of its partners, to reach positive, sustainable change.

In terms of water, our engagement centres around two main themes; water conservation and access. We have a particular contribution to make in terms of water education and sharing of expertise, and, in particular situations, supporting the local population's access to water.







## Project WET (Water Education for Teachers)

Project WET is an international water science and education programme. Project WET produces educational materials that are aimed at improving children (ages 5-18), teachers and communities' awareness of water resources and its management and protection. The programme works with a network of local partners to help design, develop and implement water education programmes through the dissemination of classroom-ready teaching materials and the organization of teacher-training workshops. Project WET began in 1984 and has since trained over 400,000 teachers, reaching several million children, and is present in 21 countries.

Nestlé Waters first partnered with Project WET in the USA in 1992 upon the initiative of a company employee. Nestlé Waters' employees have become increasingly engaged in the programme. As of today, in addition to the US, Nestlé Waters employees are working with the Project WET in Canada, the Philippines, Hungary, Lebanon, the United Arab Emirates and Vietnam.





## USA: Protection of water resources

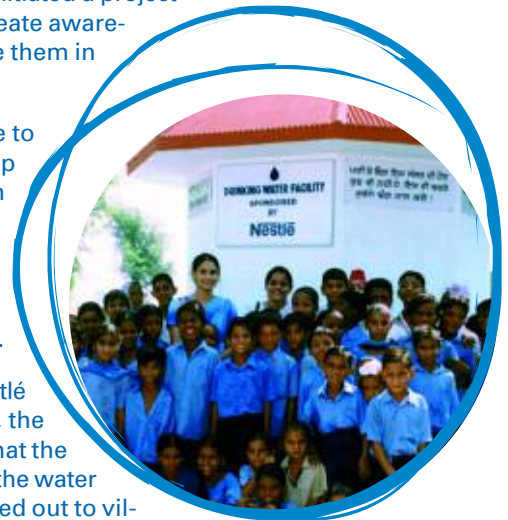
Nestlé Waters North America has been supporting efforts by The Nature Conservancy to protect fresh water resources since 1998. Nestlé Waters has contributed both financial support and employee time to raise funds for the Conservancy's original "Last Great Places" fundraising campaign. This campaign included the largest conservation project ever undertaken by the Conservancy to that date and resulted in the purchase of 185,000 acres along 40 miles of the Upper St. John River in Maine. This project ensures the river's important natural features and recreational lands are preserved for the people of Maine. Currently, Nestlé Waters is supporting the Conservancy's Sustainable Waters Programme. This global programme has the goal of keeping rivers healthy, flowing and able to sustain the plants, animals and people that depend on the rivers for clean water.

## India: Clean drinking water

In 1999, around its factory in the state of Punjab, Nestlé India initiated a project to provide clean drinking water facilities in village schools, create awareness amongst the community about water issues and involve them in improving the water situation.

After identifying schools where the village community is able to take joint ownership, Nestlé India invests in the drilling of deep bore wells and constructing water tanks that store the clean water, allowing the school children regular access to clean drinking water. The projects also include an education component, water education programmes teach students about the importance of clean water, the need for water conservation and the link between clean water, hygiene, health and wellness.

The "Clean Drinking Water" project is a joint initiative where Nestlé India and the local communities work together. For example, the Nestlé milk route officers and the village milk agents ensure that the water storage tanks are always clean and well maintained and the water is regularly tested for its quality. This project is also being rolled out to village schools around other factories of Nestlé India. As of today, 60 drinking water facilities have been completed, reaching around 22,000 school children.







© March 2006, Nestlé S.A.

Nestlé S.A.  
Avenue Nestlé 55  
1800 Vevey  
Switzerland

[www.nestle.com](http://www.nestle.com)

Layout & design: Pom Pom communications  
Photographs: Christian Vogt, Corbis, Jodi Bieber,  
Philippe Gontier, Nestlé and Nestlé Waters archives



**Nestlé**

Good Food, Good Life