

Nestlé sharpens water focus on international, premium mineral and functional brands while exploring strategic options for parts of North American business



PUBLISHED JUN 11, 2020
BY NESTLÉ

Pledges to make entire water portfolio carbon neutral by 2025

Nestlé S.A.'s Board of Directors today approved a new strategic direction for its Waters business. The company will sharpen its focus on its iconic international brands, its leading premium mineral water brands, and invest in differentiated healthy hydration, such as functional water products. The Board also confirmed its intent to explore strategic acquisitions to grow in this category, while pledging to make its entire global water portfolio carbon neutral and replenish associated watersheds by 2025.

At the same time, the Board concluded that its regional spring water brands, purified water business and beverage delivery service at its Nestlé Waters North America unit lie outside this focus. As a result, the company has decided to explore strategic options, including a potential sale, for the majority of the Nestlé Waters business in North America (U.S. and Canada), excluding its International brands. This review is expected to be completed by early-2021.

Encompassing all brands, products and geographies of Nestlé Waters, the company's new sustainability commitments build on existing efforts to reach ambitious milestones across the category. With the aim to achieve all goals by 2025, Nestlé is driving action to:

- Achieve Carbon Neutrality: Nestlé Waters will pursue high-quality offsets in addition to investing in projects that reduce or capture carbon across its portfolio. Further, the company is prioritizing International brands Perrier®, S.Pellegrino® and Acqua Panna® to

achieve carbon neutrality by 2022.

- Enhance Water Stewardship: As part of the new strategy, Nestlé Waters will support the environmental sustainability of watersheds by replenishing 100% of the water it uses. The company is already committed to certifying all of its water sites globally to the internationally respected Alliance for Water Stewardship (AWS) standard.
- Tackle Plastic Waste: Nestlé Waters' packaging is already 100% recyclable or reusable. As part of its broader efforts to drive a circular economy, Nestlé Waters is committing to halve its use of virgin plastic by using more recycled PET and supporting the roll out of alternative delivery systems.

Mark Schneider, Nestlé CEO, said, "The creation of a more focused business enables us to more aggressively pursue emerging consumer trends, such as functional water, while doubling down on our sustainability agenda. This strategy offers the best opportunity for long-term profitable growth in the category, while appealing to environmentally and health-conscious consumers. Nestlé is one of the pioneers in the global water business and remains committed to healthy hydration. We are working tirelessly to ensure that consumers can enjoy our beverages in an environmentally responsible way."

The Nestlé Waters business in North America, excluding International brands, had sales of around CHF 3.4 billion in 2019. Apart from the retained International brands it includes popular regional U.S. spring water brands such as Poland Spring® Brand 100% Natural Spring Water, Deer Park® Brand 100% Natural Spring Water, Ozarka® Brand 100% Natural Spring Water, Ice Mountain® Brand 100% Natural Spring Water, Zephyrhills® Brand 100% Natural Spring Water, and Arrowhead® Brand Mountain Spring Water. It also comprises the direct-to-consumer and office beverage delivery service ReadyRefresh® by Nestlé®, and the Nestlé® Pure Life® brand.

Nestlé remains fully committed to growing its iconic International brands in the U.S. and globally, including Perrier, S.Pellegrino and Acqua Panna. Celebrated the world over for exceptional sophistication and taste, these brands have been timeless performers in the Waters portfolio. Additionally, the company will further build its leading premium mineral water brands around the world and invest in differentiated products under the Nestlé Pure Life brand, such as

functional water with health-enhancing ingredients.

Nestlé's global Waters sales amounted to CHF 7.8 billion in 2019. The portfolio encompasses 48 water brands and one tea brand on five continents, including internationally renowned brands such as Perrier, S.Pellegrino and Acqua Panna, as well as regional premium brands like Erikli® in Turkey, Sohat® in Lebanon and Buxton® in the UK.

Christoph Meier Tel.: +41 21 924 2200

Luca Borlini Tel.: +41 21 924 3509

Press release distributed by Wire Association on behalf of Nestlé, on Jun 11, 2020. For more information subscribe and [follow us](#).

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