



## **B Lab Statement on Compañía Salus' B Corp Certification**

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for bottled water companies:

*"Bottled water companies are eligible for B Corp Certification with additional review by the Standards Advisory Council and, at minimum, incremental disclosure on their public B Corp profile regarding material sensitive issues in the industry."*

Compañía Salus is required to disclose a summary of its practices in the areas of Sustainable Usage, Water Access, and Waste as a part of its B Corp Certification. For more information on the review process, please refer to B Lab's statement on the bottled water industry and B Corp Certification [here](#).

### **Summary of Company**

Compañía Salus (Salus) is a water company whose headquarters are based in Montevideo, the capital city of Uruguay. Its major brand is Salus, a mineral water brand, and the company also sells non-alcoholic beverages such as Frutté and Salus pomelo and tonic sparkling beverages. All the water sold by the company is pure spring mineral water. Salus owns the Salus Natural Reserve, which is a protected area in Minas, Lavalleja, Uruguay, where its one bottling plant is located. The company has a protected area management team with park rangers and biologists, protecting the watershed ecosystem in the Natural Reserve.

The company is responsible for water extraction, bottling, distribution, and sale. In the last fiscal year 86% of its annual revenue was derived from the sale of bottled water.

### **Compañía Salus' Industry Practices**

#### Water Access

Salus owns the protected Salus Natural Reserve, which is a 3,217 acres parcel that achieved natural protection area designation in 2015 through a partnership between the company and a local NGO called Vide Silvestre Uruguay, and from which it extracts water. Compañía Salus operates within the framework of different regulations related to the access and use of water resources in Uruguay and complies with current regulations applicable to its industry. In turn, it is covered by all the instruments and provisions that these regulations determine, some of them being unregulated as of today, such as the payment of fees. As such, Compañía Salus does not currently pay any fees or taxes directly relative to their water extraction.

The following agencies play a role in regulating and monitoring access to water:



- OSE (Obras Sanitarias del Estado) - <http://www.ose.com.uy/>
- Ministerio de Ambiente - DINAGUA - <https://www.gub.uy/ministerio-ambiente/agua>
- Ministerio de Salud Pública (MSP) - <https://www.gub.uy/ministerio-salud-publica/>

The company contributes through annual community investments to the ongoing land and water resource management of the Salus Natural Reserve. These investments support a broad array of activities related to the Reserve's mission to conserve and promote the valuation of biodiversity and cultural heritage of the area, including forest protection and biodiversity identification activities. In addition to these community investments, Compañía Salus participated in a water resource vulnerability study that was conducted by local stakeholders to investigate the potential impacts of water use on local communities. Compañía Salus has conducted a vulnerability study including local stakeholders in which critical areas to protect were defined. In addition, another multidisciplinary study was conducted including several universities and ANII (Agencia Nacional de Investigación y Desarrollo), in this new study all the acquired knowledge about the aquifer is put together to define a model (computer model) that will support a tool for predicting the aquifer evolution in several scenarios.

There are three direct stakeholders that operate within the Salus Reserve and utilize the same water resources as Compañía Salus. The company has regular meetings with Intendencia de Lavalleja and written agreements with each of the stakeholders stipulating both their right to access the water resources on the Reserve, as well as limitations to ensure sustainable usage following Compañía Salus' ongoing water management efforts.

Regarding policy advocacy activities, Compañía Salus has been very active in advocating for several health-related policies, such as a national policy to require nutritional information on the front of packaging and the inclusion of water in national nutrition guidelines. They also participated in a multi-stakeholder engagement process to develop a national waste bill along with NGO and government partners. The company has not been engaged in any lobbying activities related to water access or pricing.

### Sustainable Usage

Salus mineral water is located in the Salus Natural Reserve. Its water extraction rates are regulated by DINAGUA, the local water authority, which requires that each water source undergo an independent hydrogeological evaluation to establish a permitted extraction rate that will not deplete the water source. This includes an evaluation of the hydraulic characteristics of the catchments as well as a long-term pumping test (for boreholes).



Once the independent hydrogeological assessment is approved and a water permit is signed by the local authority, a water management plan is developed. The water management includes continuous monitoring of water extraction via flow meters to ensure that permitted levels are adhered to, and monitoring of other parameters that influence the aquifer recharge (for example, rainfall, evapotranspiration, etc.) to have a complete understanding of the water cycle. Water extraction rates are reported to the local authority in an annual report to ensure compliance with the permitted extraction rates.

Salus has implemented a management system based on continuous data monitoring. This management involves clear operational indications to ensure a safe management of each source and the sustainability of the whole aquifer.

The following agencies play a role in regulating and monitoring the company's water extraction practices:

- OSE (Obras Sanitarias del Estado) - <http://www.ose.com.uy/>
- Ministerio de Ambiente – DINAGUA - <https://www.gub.uy/ministerio-ambiente/agua>
- Ministerio de Salud Pública (MSP) - <https://www.gub.uy/ministerio-salud-publica/>

Additionally, Salus has an environmental management system certified by ISO 14001.

In response to the water crisis in Uruguay, Salus implemented the following measures:

1. Collaboration with the government,
2. Ensuring water availability at all points of sale in the country,
3. Donation of water to vulnerable populations, aligned with the prioritization defined by the government, such as children, the elderly, people with some type of disease, and homeless people,
4. Investment in water access programs such as:
  - The project conducted with the Administración Nacional de Educación Pública (ANEP) to schools located in Minas, Lavalleja,
  - The project with Cruz Roja Uruguay to educate in water access and care of the resource in rural schools in which Salus supported with technical and financial support.
5. In terms of the prices of the company's water, the company shared that it maintained the same prices during the water crisis. The company stated that the government implemented two actions that benefited the consumer by implying price reduction:
  - The reduction of the final price for vulnerable populations was reached by the Uruguay Social card according to the agreement reached with the Ministerio de



Desarrollo Social (MIDES). Based on this benefit more than 15 thousand people were able to acquire during the water crisis Salus water a 6.25-liter canister at a lower market price,

- The Government decreed in June a tax reduction for bottled water, eliminating VAT (value added tax) and IMESI (specific internal tax). For this reason, all water, not only Salus, could be sold at a lower price than usual.
- To ensure transparency for the consumer, Salus informed all consumers and published in its communication channels the prices of each product to be offered according to the government measure of tax reduction.

### Waste

Compañía Salus primarily sells its water products in PET bottles (92% of sales volume), and a small percentage is sold in reusable gallons and glass bottles (8% of sales volume).

Salus introduced the first rPET water bottle in Uruguay in 2015 and previously had a total rPET percentage of ~17%. However, in 2018 the primary supplier of rPET in Uruguay decided to close its operations in the country due to poor collection rates (PET supply) and a lack of sales volume in the market (rPET demand). The company currently utilizes less than 5% recycled PET in its packaging. This number varies depending on the amount of rPET available on the market in Uruguay and Salus has set a new target to transition to 20% rPET by 2026 for all formats of bottles of water.

The previous 100% target was revised in 2023 as the rate of rPET in the company's packaging is primarily constrained by the availability and quality of rPET in the Uruguay market. Over the past few years, availability has decreased while demand has been consistently growing.

To improve quality and increase quantity of rPET in Uruguay, Salus has worked with a historical partner to share its expertise and support projects to significantly improve collection rates in Uruguay, while the partner will progressively invest to transition to 100% rPET capabilities.

This project also supports the Government's ambitious collection goals to achieve 50% recovery in total weight of materials and 40% recycled material of water and non-alcoholic beverages by 2025. Those goals will require national and international manufacturers and importers to design and execute a new management plan for packaging and packaging materials, to increase the levels of recovery and recycling of materials in Uruguay; Salus' project will support such plans. Salus is committed to pursue leading collective action in the food and beverage industry to accelerate collection processes in Uruguay, as part of the Governmental Plan (Plan Vale - Chamber of Industries). Plan Vale is a global and holistic national collection plan lead by industries, regarding two different systems: selective waste containers and deposit refund systems for beverage packaging only. It has the support of the government and will be a key project to achieve government goals on waste.



To increase rPET availability on the market, Salus is also working with the only rPET supplier in Uruguay to develop new capabilities for rPET, especially food and beverage grade rPET; testing should start in 2024. Beyond rPET and PET collection, Salus is also actively implementing Research & Innovation projects to reduce the grammage of PET into its packaging (handle, lid, label, bottle, etc). Thanks to those projects, over the last 2 years, more than 250 tons of PET were not put on the Uruguayan market.

Salus is involved in several projects to improve the circular economy of PET in Uruguay, including financial contributions to waste picker programmes and partnering with an NGO to conduct a study on recycling infrastructure solutions to improve collection rates. Salus leads a program to track and help waste suppliers in Minas Lavalleja to improve conditions and achieve ISO certifications. The company has been sponsoring an NGO mobile Application “Donde Reciclo” that provides information for the population regarding where to dispose responsibly their waste and improves the way of domestic recycling. This project received the National Environmental Award for big companies in 2022, awarded by the Ministry of Environment.