

Good Health through Nutrition





Good Food, Good Life



NESTLÉ CANADA INC. Nutrition Health and Wellness Report

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Nestlé in Canada – Health and Nutrition

Message from Bob Leonidas President and CEO, Nestlé Canada

At Nestlé, our number one priority is to provide consumer value. That value is delivered in many forms including nutrition, health and wellness. Nutrition actually forms the core of our company history when Henri Nestlé invented the first milk and cereal food for babies in 1867.



Today, consumers' nutritional concerns have evolved. The issues are complex and the opportunities are endless. We make it our mission to understand consumers' interests and how we can help make the journey easier – and more enjoyable.

At Nestlé in Canada and around the world, we invest in continuous improvement of our brands to enhance their quality and nutritional value. These efforts form a pillar of our overall commitment to Creating. Shared Value – which means we strive to create value for shareholders and society at the same time.

At Nestlé Canada specifically, our vision is to be the leading nutrition, health and wellness company in Canada. This vision extends to our sister companies in Canada – Nestlé Nutrition, Nestlé Professional, Nestlé Waters and Nestlé Purina. Though the work towards this vision continues, we owe it to our consumers and stakeholders to outline a benchmark against that vision today.

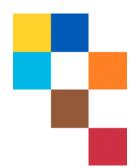
With our vision in mind, this report will highlight how we're bringing the vision to life. We combine our consumer research, our well-established nutrition credentials, our food solutions based on science with an unwavering passion for the consumer. We know that consumers' food choices represent physiological, societal and emotional needs. Our goal is to help find a place for all food within a healthy, balanced lifestyle.

We look forward to continuing this journey with Canadian consumers.

Nestlé in Canada Profile

Nestlé Canada headquarters: Toronto, ON
Total Nestlé in Canada sales: 2008 – \$2.3 billion
Factories, offices and distribution
warehouses in Canada: 21
Employees across Canada: 3,500





Nutrition in Canada

As part of our vision to be the leading nutrition, health and wellness company, we continually research the topic of Canadians' health and well-being – to ensure we meet evolving consumer needs. The following includes a simplified snapshot of the key areas of interest around health and nutrition in Canada today.

Top of Mind Health Concerns

A 2008, Health Focus study commissioned by Nestlé shows that almost half of Canadian shoppers consider themselves to be in excellent or very good health overall. Despite this optimism, cancer and heart disease top the list of health concerns – among both consumers and healthcare professionals.

It's no surprise that obesity remains top of mind. According to the Heart & Stroke Foundation of Canada, almost 60% of Canadians 18 years and older are overweight or obese. Overall, 26% of Canadian children ages two to 17 are overweight or obese – this percentage increases with age to 29% among those 12 to 17. Further, Healthy Active Kids Canada reports that 87% of children and youth are not meeting the recommended 90 minutes of physical activity a day. Along with obesity, diabetes is a major concern. According to the Canadian Community Health Survey (2004), about 1.3 million Canadians aged 12 and over, or 5% of the population, report they have been diagnosed with diabetes. The Canadian Diabetes Association estimates that approximately 90% of people with diabetes have Type 2 diabetes which is lifestyle related and can be managed through a healthy diet and physical activity.

Most recently, we've seen significant media profile around sodium levels in our food. Health Canada recommends an upper intake of 2300 mg of sodium per day for healthy adults. According to Statistics Canada, the average Canadian consumes in excess of 3,100 mg of sodium a day. Additionally, research shows that lowering sodium consumption could reduce the incidence of stroke and heart disease by as much as 30%.



Interest in Health Benefits of Food

So where does the food we eat fit? It seems that Canadians are quick studies! Canadians report being almost twice as knowledgeable about ingredients such as fibre, calcium and Omega-3 fatty acids relative to their global counterparts. We're seeing that knowledge, interest and usage of antioxidants and whole grains are on the rise. There is also a trend toward supplementation and fortification to augment foods that are naturally rich in vitamins and minerals.

Based on these highlights and the depth of other nutrition concerns on the minds of Canadians these days, the goal of this report is to tell you how Nestlé is responding to meet evolving consumer needs.

Nestlé Nutrition, Health and Wellness Values

At Nestlé, our nutrition, health and wellness commitment is underpinned by long-standing fundamental values:

Positive Nutrition

We're committed to increasing the nutritional value of our products while maintaining or improving the high quality and taste consumers expect from Nestlé brands.

We believe in a lifestyle that includes a balanced diet, proper nutrition and physical activity. Where possible, we actively promote this belief.

Moderation

We believe moderation and variety is key to achieving a healthy, balanced diet. We discourage over-consumption.

Authenticity and Transparency

We provide factual and transparent nutrition and health information in all our communication.

We continually encourage and empower consumers to make informed choices about their diet and lifestyle.

We believe that science and research form the foundation for us to satisfy consumer need for nutrition, variety, taste and convenience.

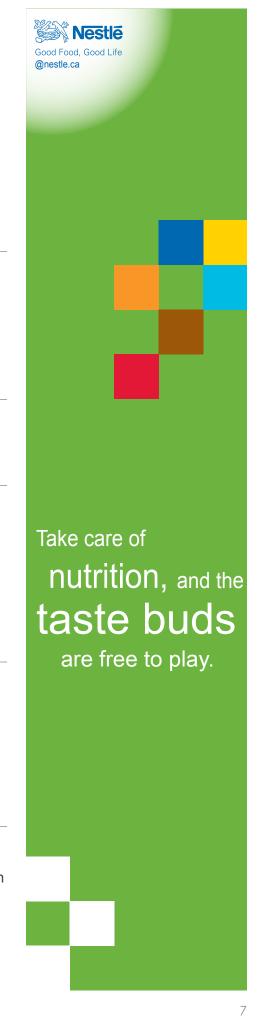
Commitment to Quality and Safety

Every day, millions of people all over the world show their confidence by choosing Nestlé products. This confidence is based on our reputation for the high standards that have been established over many years.

At Nestlé, our commitment to quality and safety is non-negotiable. We hold ourselves to the highest standards. Strict quality procedures are implemented consistently and rigorous monitoring systems are in place.

Commitment to Responsible Advertising

As a global company, Nestlé has a strong position on advertising to children that is consistent with the Canadian Advertising Initiative, an industry commitment to responsible advertising. Nestlé does not advertise to children under six years old and will only advertise products that have a nutritional benefit (such as *Nesquik with 1/3 Less Sugar*) to children between the ages of six and 12 years old.





Science-Based Solutions to Nutrition Needs



Beyond sound nutrition, the future of foods will increasingly be driven by science – and Nestlé scientists are already hard at work. As an example, Canadian consumers have only recently been hearing more about the benefit of probiotics in food. However, this topic has been a key area of research for Nestlé for more than 25 years, as we seek to pioneer new and innovative applications. In Canada, backed by this experience and science, we recently launched the first and only infant formula, as well as baby cereal, with probiotics.

Since developing the first milk-based food for infants more than 140 years ago, Nestlé has been a global leader in nutrition research and product development.

With 27 research, development and technology facilities worldwide, we have the largest R&D network of any food company. Nestlé's research, development and technology network, together with local markets, employs around 5,000 people. In 2008, Nestlé invested 1.98 billion Swiss Francs in R&D.

Bringing together all of its global R&D resources, Nestlé provides high quality, safe food and beverages for consumers worldwide.

In Canada, over 55 Registered Dietitians are employed by Nestlé across many functions from marketing to sales. Additionally, four full-time Nestlé Canada employees have PhDs specializing in Nutrition and Food Science.

Nestlé Research

5,000 people directly involved in R&D globally

1.98 billion Swiss Francs – 2008 spending on R&D

R&D pipeline is a long-term commitment – from ideas, to products across all Nestlé businesses globally

Improving Canadians' Food and Diets

t Nestlé in Canada, our Nutrition, Health and Wellness leadership comes to life in various ways – through our brands, in the way we interact with our consumers and our commitment to Nestlé employees.

Superior Taste and Nutritional "Plus"

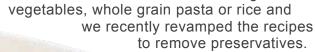
Combining taste and good nutrition is our passion. Using our unique testing process, we continually work to improve the taste and nutritional advantage of our products. We call it "60/40+":

- 1. In consumer research, our Nestlé products are tested versus our main competitor. The goal is to achieve a 60% taste preference. In other words, for every 10 consumers who taste our product, we want a minimum of six to prefer a Nestlé product.
- 2. In addition to taste preference, the product undergoes a nutritional assessment to outline nutritional strengths. We call this nutritional benefit the plus in the 60/40 advantage.

Most importantly, 60/40+ helps guide us to communicate both the great taste and nutritional advantages of our foods and beverages. As an example, we recently reduced sodium and removed preservatives in our Lean Cuisine Meat Lasagna to improve the nutritional profile. Consumers preferred our new recipe over the competitor on taste. Success!

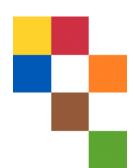
Balanced and Delicious Nutrition

As an example of 60/40+, the very essence of the Lean Cuisine line is about providing consumers with a trusted weight management solution. Lean Cuisine recipes taste delicious, offer balanced nutrition and the majority are under 300 calories. Each meal contains 1-2 servings of









Improving Canadians' Food and Diets



Making our great Nestlé food and beverages even better!

We continually look for ways to improve our existing brands through recipe reformulation and new product development – all to make a great Nestlé brand even better.

In some cases, we've removed or reduced sugar, salt, total fat, saturated fat and trans fat as well as preservatives, artificial flavours and colours. For example, we removed artificial colouring in *Smarties*, removed preservatives and reduced salt in many favourite *Stouffer's* recipes. Within our Nestlé Professional food service division, we removed trans fatty acids from our cream soup line and reduced sodium across a popular custom soup line.

Boosting Nutritional Benefits

We're also adding ingredients to our products to help boost the nutritional benefits. For example, we've fortified *Nesquik* syrup with iron and vitamins while reducing sugar without using artificial sweeteners. We've added

whole grains and vegetables to our *Lean Cuisine Spa* line. We've added prebiotics, to help maintain a healthy digestive system, to our *Nestlé Carnation Breakfast Anytime*. This delicious breakfast drink contains more essential nutrients and a balance of energy from protein, fat and carbohydrates in comparison to other items in the breakfast category.

Improving Good Health

Consumers tell us they are interested in products that will improve their overall good health. In fact, 78% of Canadians want to learn more about the benefits of antioxidants – so we're telling them which Nestlé products, such as *Nestea* and *Nescafé* offer that function. We've also launched *Nestlé Noir*, a delicious new line of premium dark chocolate, which contains cocoa, a natural source of polyphenol antioxidants. Green tea, coffee and dark chocolate contain different types of polyphenols, which perform antioxidant activities in our body. Antioxidants stop oxidation and free radical production, which can damage cells.

Within Nestlé Professional, our food service division, we renovated our entire *Stouffer's Right for You* line to ensure current nutrition needs for a balanced diet are met. This line is developed for healthcare operators in settings such as hospitals or long-term care facilities.

Nutrition, Health and Wellness Highlights

115 mio tsp sugar removed from Nesquik 1/3 Less Sugar Syrup*

2.5 mio tsp sodium citrate removed from Nestea Powder*

2.8 mio tsp of salt removed, 5 mio tsp of Trans fat, 7 mio tsp of saturated fat removed from Stouffer's and Lean Cuisine meals**

Over 100 recipe changes in 2008/2009 to reduce fat, sodium, sugar or Trans fat from Nestlé foods and beverages

1st in Canada – Smarties with No Artifical Colours, Nestlé Good Start and Nestlé Baby Cereal with Natural Cultures

60 portion-control options across consumers' favourite Nestlé brands

2375 or 95% Nestlé Canada employees have received nutrition training

*Calculated based on reductions in 2008-2009
**Calculated based on reductions between 2005-2009

Improving Canadians' Food and Diets



Nestlé Peanut Free Promise

Our commitment to the nutrition, health and wellness of consumers extends to a long-standing practice of providing a peanut-free promise on our snack-size range of Aero, Coffee Crisp, Kit Kat and Smarties treats. To ensure the peanut free status on this range of treats, we have a dedicated factory that implements rigorous quality control processes. Clear labeling on all these snack-size chocolates made in the peanut-free factory assures Canadians they can enjoy their



favourite treat with confidence.

In 2006, Nestlé acquired *Jenny Craig*, one of the world's largest weight loss management service companies. *Jenny Craig* offers a comprehensive weight management program that helps clients learn about portion control, develop a healthy relationship with food, increase their energy level through simple activity, and build more balance into their lives for optimal weight loss and well-being. Proven to be a reliable method to reduce and maintain weight loss, it serves Canadians with in-centre and online counselling. With

obesity and inactivity issues affecting Canadians, Jenny Craig is a trustworthy pathway for health improvement. To help Canadians meet their weight management goals, we provide a wide range of options that allow them to indulge in

their favourite brands without the guilt.

Indulge Without the Guilt

For example, in spring 2009, we launched a range of delicious *Nestlé Mini Crunch* and *Rolo* ice cream bars at 120 calories or less per bar. Also in Ice Cream, consumers can choose from a range of less fat or no sugar added options such as *Häagen-Dazs with Half the Fat* or *Real Dairy with*

No Sugar Added. And in Confectionery, our Nestlé Singles are portion-control versions of our most popular brands such as Kit Kat, Aero and Coffee Crisp. In Beverages, we recently launched Nescafé Cappuccino "Skinny" with 80% less fat than original Nescafé Cappuccino and only 40 calories.









Lenny Craig



Meeting the Nutrition Requirements of Groups with Specific Needs



Our Nutrition division represents the cornerstone of our commitment to nutrition, health and wellness at Nestlé in Canada. The team is driven by the nutritional needs of babies, toddlers, athletes, patients in the hospital and at home, and those with weight management challenges. Our business and R&D capability is particularly focused around meeting these specific nutrition needs. The result is precisely targeted, science-based products and services with functional benefits that help consumers live healthier and longer lives.

Providing a healthy start in life...

As an example, as a first in Canada, we recently launched Nestlé Good Start infant formula, as well as Nestlé Baby Cereal with Natural Cultures, or B lactis, a probiotic that contributes to a baby's healthy digestive tract flora. And with our recent acquisition of Gerber, we've extended our expertise in infant nutrition to include a wide range of nutritious and delicious toddler foods from convenient entrées to nutritious and developmentally appropriate finger food snacking. This union of Nestlé's extensive resources in nutritional sciences, and Gerber's 80-year emotional connection with Mom and her baby help solidify our leadership in early childhood nutrition.

Along life's busy journey...

We're proud of our well-established and trusted household name Nutrition brands including *Boost*, *Nestlé Carnation Breakfast Anytime* and

PowerBar. For example, PowerBar performance nutrition meets athletes' needs from world class champions and dedicated amateurs to beginners. The PowerBar range includes energy bars, gels and protein supplements – all backed by decades of sports nutrition science.

Specialized nutrition for specific needs

Additionally, our Healthcare range includes enteral and oral supplements for specific diseases and general malnutrition. Our goal is to transform the role nutrition plays in healthcare, providing specialized nutrition solutions with proven health benefits that enhance the quality of life for patients and consumers affected by specific medical conditions. For example, *Peptamen Junior* was scientifically formulated for children with gastro-intestinal problems. It can be more easily digested and absorbed and is easily delivered through a feeding tube, allowing children to grow and thrive.

We offer a nutrition solution to support cancer patients during treatment through high-protein, high energy oral supplements such as *Resource 2-0*. Our *Boost* line of products brings great taste to nutrition supplements for seniors who want to be mobile and independent for as long as possible.

And support overcoming nutritional challenges

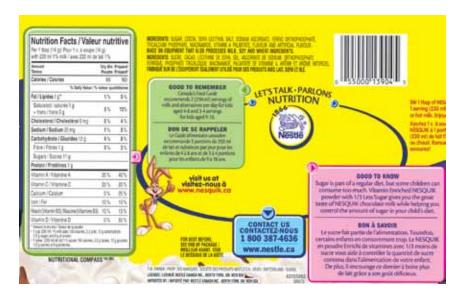
With the recent acquisition of *Jenny Craig*, we've further entrenched our commitment to helping consumers overcome nutritional challenges. Our comprehensive weight management program helps clients learn portion control, develop a healthy relationship with food and increase their energy level through simple activity and personalized counselling.

Empowering Consumers

Beyond the taste buds – empowering consumers to make informed choices

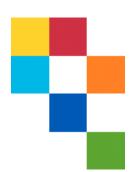
We believe that our responsibility to consumers goes beyond providing delicious products with nutritional benefits. It's also about providing transparent, trustworthy information based on science. It's how we talk with you, our consumers:

- All of our packaging includes information to help consumers make informed choices by highlighting a nutrient, such as calcium or salt or an ingredient such as whole grains, and how it works into an overall diet.
- Our highly trained consumer specialist team receives calls and emails from 120,000 consumers per year who have questions about our foods and beverages, 10% of which are related to Health & Wellness.



- And this consumer specialist team takes topics of consumer interest one step further. For example, we know that sodium is of interest to Stouffer's consumers. In addition to improving our recipes to reduce sodium, we also created an information booklet on sodium in the diet. We mailed it to over 300,000 Canadian households with Reader's Digest magazine and distributed it in waiting areas.
- In addition to online and phone support, through our Nestlé Baby program, we offer a wide range of information for families from breast feeding or introducing formula to caring for a newborn and development milestones. With our recent acquisition of Gerber, we're expanding the program to provide important information about growing toddlers. The Nestlé Baby program is the leading baby program in Canada among infant formula manufacturer programs.





Nutrition, Health and Wellness for Our Pets



Beyond the Bowl: Enriching the lives of pets and humans

Science is now confirming what pet lovers have known for years: pets make us feel better. At Nestlé Purina PetCare, we know that pets improve our lives and we seek to enrich their lives through advancing pet nutrition and responsible pet ownership. Our passionate commitment to the health and wellbeing of dogs and cats is reflected in our innovative products and services, supported by more than 85 years of leading research and development.

Nutrition and Well-Being

We offer a comprehensive range of quality and nutritious pet foods to meet the unique need of each pet. Whether young or mature, under or overweight, or requiring specialized or therapeutic dietary needs,

Nestlé Purina PetCare provides quality nutrition for most situations. Along with our wet and dry foods, we also offer tasty treats and cat box filler products.

Through our extensive research and development network, we are

constantly improving our products and leveraging the latest advances. Recent developments include *OptiStart* in *Pro Plan* puppy foods to help nourish a puppy's developing immune and digestive systems and *FortifFlora* from *Purina Veterinary Diets* that promotes intestinal health and balance and helps in dietary management of dogs with diarrhea.



Supporting Responsible Pet Care

Nestlé Purina PetCare is here to help people whether they are thinking of adopting a pet, are a new pet parent or an experienced pet enthusiast. Our *MyPuppy* and *MyKitten* program provides critical information on nutrition, training and socialization. Have a question about caring for a pet or nutrition? Visit Purina.ca to access valuable information or subscribe to our Pet Priority newsletter. And our in-house, specially-trained Pet Care Advisors are available to assist by phone and email.

In 2008, Nestlé Purina PetCare opened the doors of the PawsWay Pet Discovery Centre to the public and their pets. PawsWay offers events and exhibits to educate, entertain and celebrate the joy of responsible pet ownership, including the permanent home of the Purina Animal Hall of Fame and Toronto's only dog-friendly indoor café.

Nestlé Waters in Canada

Sixty percent of Canadians consume bottled water each and every day – and Nestlé Waters Canada is the largest manufacturer of these healthy beverages.

Most consumers drink bottled water for convenience and for good health. Health Canada recommends consuming water as a key component of a healthy lifestyle. And, given that the Government of Canada recently identified obesity as the most critical, emerging health issue facing Canadians, more water should be consumed – and access to both bottled water and potable municipal tap water should be improved.

Bottled water has the lightest environmental footprint of any bottled beverage. It is made of 100% recyclable PET plastic and, when recycled, becomes carpeting, fleece clothing and recycled food and beverage packaging. Currently, 93% of Canadians have access to plastics recycling programs but about 60% of plastic beverage containers, including plastic water bottles, were recycled last year. We believe recycling rates can be dramatically increased through public education and mass communications initiatives, recycling programs in high-rise residential buildings and

in high-rise residential buildings and commercial/industrial businesses,

and through public spaces recycling programs. Our objective is to divert from landfill each and every plastic beverage container we produce.

Nestlé Waters plays an important role in Canadian society, whether producing one of the healthiest beverage choices, educating consumers about the health and wellness benefits associated with bottled water or working with the general public and government to improve recycling rates.

For information about Nestlé Waters products and its ongoing commitments to health and wellness as well as environmental sustainability, please visit www.nestle-waters.ca.







Nutrition, Health and Wellness in Our Community

We support the community

Nutrition is only one component to overall well-being. So, our commitment to health and wellness goes beyond our brands. Our efforts extend to our employees and to the community in which we work and play.

We support a number of non-profit groups – all in the area of Nutrition, Health and Wellness. For example, we have long-stranding relationships with the United Way, Foodbanks Canada, Active Playgrounds and Anaphylaxis Canada and we're proud to be a founding member of Kids Help Phone. Our brands also provide support through social marketing programs such as Earth Rangers and the Canadian Breast Cancer Foundation to name a few.

1 800 668 6868 **Kids Help Phone** kidshelpphone.ca



As part of our involvement with Concerned Children's Advertisers, we support social media campaigns aimed at improving the health of Canadian children by encouraging kids to eat healthy and be active. The outreach is carried out through Public Service Announcements (PSAs) and education programs delivered across the country.

We support our people

For the commitment to Nutrition, Health and Wellness to grow and nurture, there must be a fundamental belief and action from within the company. It must also live within our employees.

At Nestlé, it begins with education. So from Africa to Switzerland, all 280,000 Nestlé employees are learning the fundamentals of Nutrition, Health and Wellness. From factory workers to CEOs, it's all about having the

tools and knowledge to serve themselves and consumers better. In addition to basic nutrition science, employees learn the components of a healthy, balanced diet based on Canada's Food Guide.

Beyond education, our employee programs are easily accessible and support a healthy lifestyle. For example, we offer free flu shot clinics, a corporate discount for popular fitness clubs, subsidies for company-sponsored team sports, as well as discounted rates for *Jenny Craig*, our Nestlé weight management program. Additionally, we support employees with a comprehensive employee assistance program to effectively manage work and life issues.



The Future of Food

Conclusion

At Nestlé in Canada, and around the world, we believe that improved health and wellness will increasingly drive consumer choice. Likewise, our focus will continue to be around linking our deep research capabilities to creating exciting new health benefits and nutritional value across our most popular products. We'll also continue to expand our commitment to open, honest communication with consumers – by offering trustworthy information not only about our products, but on topics of interest to Canadians.

We look forward to taking this journey with you!







Good Food, Good Life



NESTLÉ CANADA INC. Nutrition Health and Wellness Report



Report produced by Nestlé Canada Corporate Affairs Available online at <u>www.nestle.ca</u>

We want to hear from you! Share your comments: <u>corporate.affairs@ca.nestle.com</u>