THE NESTLÉ CANADA
CREATING SHARED VALUE REPORT
INTRODUCTION

Nestlé was founded in 1866, when a pharmacist, Henri Nestlé, developed an infant food to save the life of a neighbour’s child. Since that time, Nestlé’s fundamental strategy has been to create value for society, and in doing so create value for shareholders. This belief – which we call Creating Shared Value – is not merely philanthropy or an add-on, but a fundamental pillar of Nestlé’s long-term business strategy worldwide.

Nestlé brought this strategy to Canada in 1918, by purchasing its first Canadian milk factory. Since that time, the company has strived to be one of Canada’s leading nutrition, health and wellness companies, with 2007 sales totaling approximately $2.1 billion.

The intent of this report is to provide insight into some of the many ways Nestlé creates value for Canadian society in three key areas:

- As a responsible steward of environmental sustainability;
- As a leader in nutrition, health and wellness; and
- As an ethical business leader and employer.

We are proud to share these accomplishments, as part of our effort to communicate with consumers, customers, employees, shareholders and business partners, demonstrating some of our contributions to the communities in which we operate. At the same time, we are also focused on continual improvement, striving to be the most trusted and respected nutrition, health and wellness company in Canada.
HOW WE MEASURE UP

Our highly respected environmental performance, commitment to sustainability, and corporate social responsibility are recognized by consumers and independent sustainability scorecards the world over.

- Nestlé ranked first among the Consumer Products Industry, according to surveys conducted by Fortune Magazine and number 25 in the “Global Most Admired Companies” listing (2007).

- Nestlé has been awarded “Best in Class” status in the Dow Jones Sustainability Index, with the highest possible score for environmental policy, performance and reporting.

- We have been named one of the top 100 sustainable companies in the world by Innovest Strategic Value Advisors and Corporate Knights Inc., based on our effective management of environmental, social and governance risks and opportunities, relative to our industry peers.

- Nestlé has received the Sustainable Asset Management (SAM) Gold Class ranking, the highest in the SAM Sustainability Year Book 2008. Since 1999, SAM has assessed the sustainability performance of the world’s leading companies.

NESTLÉ CANADA AT A GLANCE

Nestlé in Canada represents Nestlé Canada Inc. and its sister companies, Nestlé Waters and Nestlé Purina PetCare.

- The three operating companies employ 3,500 people, in 21 manufacturing, sales and distribution sites across the country, with 2007 sales of approximately $2.2 billion.

- Nestlé Canada manufactures and markets some of the world’s most recognized foods and beverages, such as CARNATION, MINOR’S, NESCAFÉ, STOUFFER’S, LEAN CUISINE, GOOD START, NESTLÉ BABY CEREAL, POWERBAR, DRUMSTICK, KIT KAT AND SMARTIES.

- Nestlé Waters’ brands include PURE LIFE, MONTCLAIR, SAN PELLEGRINO, ACQUA PANNA and PERRIER.

- Nestlé Purina PetCare brands include PRO PLAN, PURINA ONE, BENEFUL, DOG CHOW, CAT CHOW, FRISKIES and FANCY FEAST.
THE CREATING SHARED VALUE CONCEPT

“While corporate social responsibility and sustainability represent a set of useful principles and practices, we believe that the true test of a business is whether it creates value for society over the long term.”

Peter Brabeck-Letmathe, Chairman, Nestlé S.A.

At Nestlé, we believe that our business can only bring long-term value to shareholders if it also brings value to society. The interdependence between business and society is, for us, an important aspect of competitiveness. It also demonstrates the unique capacity of business to create shared value.

We believe that creating social and environmental benefit will enhance the quality of our products, strengthening local communities and producers that act as our suppliers, improve efficiencies and reinforce employee satisfaction. It will also build a context for business growth through the creation of a wider market for healthy and nutritious food products. In short, Nestlé aims to strengthen and add value to every part of the supply chain: agriculture and sourcing; manufacturing and distribution; and to bring value to our products and, in particular, to our consumers.

To learn about Nestlé’s international activities and initiatives aimed at Creating Shared Value, please visit www.Nestlé.com and choose “Creating Shared Value.”
ENVIRONMENTAL SUSTAINABILITY

When it comes to environmental sustainability, *Creating Shared Value* means treating the environment in a way that preserves it for future generations.

At Nestlé, our actions demonstrate this commitment and approach – on a daily basis – respecting the environment, supporting sustainable development, and applying environmentally sound business practices in every area of our operations.

In Canada, we are committed to environmental stewardship and our initiatives include:

- Integrating robust environmental programs and environmental management/performance systems into all our businesses.
- Practicing waste and pollution prevention, reduction and control, initiating energy and resource conservation, and recycling and solid waste management practices.
- Ensuring every employee both understands the company’s commitment to the environment, and is prepared to deliver the environmental responsibilities and expectations that are part of their daily jobs and activities at Nestlé.
- Adhering to all applicable national, provincial and local regulations governing environmental activities at our facilities, or related to our products.
- Ongoing surveys and monitoring of facilities, not only for compliance with our corporate standards and procedures, or applicable environmental laws and regulations, but also for identifying and implementing environmental continuous performance improvement opportunities.
- At every factory in Canada, a Site Environmental officer is appointed, receiving funding and support from management to bring about environmental improvements.

Nestlé Canada, has achieved significant environmental progress by focusing on these key areas:

**WATER MANAGEMENT**

We are committed to reducing the amount of water used in our factories and offices, respecting local water resources, and ensuring that all the water used is returned clean to the environment. Through our efforts, we have reduced water consumption in our factories by 7.6% since 2001, and have reduced the amount of waste water generated by 31% during the same period. We are actively working to reduce water use in our operations by a further 5% in 2008.

**ENERGY AND EMISSIONS**

Nestlé Canada acknowledges its responsibility and leadership role in climate change by vigorously reducing energy use and emissions. Since 2002, we have reduced energy consumption in our operations by 10%. Carbon emission have been reduced by 19% since that time. We are committed to reducing our energy use by a further 3% in 2008.
OPTIMIZING PACKAGING

In 2008 we changed the packaging for our 1.62 litre and 1.89 litre ice cream tubs to packaging that is recyclable and resealable.

We continually evaluate our packaging, pursuing innovative designs that reduce the amount, use recycled materials, and improve recyclability. From 1998 to 2007, we achieved significant packaging source reductions for glass, metal, paperboard and plastic/laminate, totalling more than 2.2 million tonnes.

WASTE MINIMIZATION

We work constantly to reduce the amount of waste produced in our offices and factories through ongoing programs of source reduction, recycling and solid waste management, specifically tailored to the unique needs of each facility and product. We also support curbside recycling programs in Ontario and Quebec, by contributing towards 50% of the cost of municipal recycling.

TRANSPORTATION

We endeavour to reduce the environmental impact of transporting and distributing products from our factories and distribution centres to customers and consumers. We have introduced leading-edge methods to ensure that vehicles, containers, etc., are used in the most efficient way, improving load utilization and reducing both the number of vehicles and trips.

Our ultimate environmental goal is to ensure that our company is doing its part in leading responsibly, and setting the benchmark for others in helping to preserve Canada’s environment.

SUSTAINABLE SOURCING

Sustainable sourcing is fundamental to Nestlé’s long-term success. That’s because the key ingredients of so many of our products come from nature.

Although we own no agricultural land, Nestlé’s practice of sustainable agriculture addresses the environmental, social and economic dimensions of farming and sourcing. This includes providing technical assistance to help promote farming methods that preserve soil, water, air, energy and genetic diversity; minimizing the risk of contaminants in raw materials; improving productivity and yields; boosting farm income; and, improving labour conditions.

Nestlé actively participates in international initiatives, such as the Common Code for the Coffee Community, the World Cocoa Foundation, and the International Cocoa Initiative – organizations that provide assistance and education to farm-based communities in developing countries, in order to improve their livelihoods through a sustainable agriculture system.

Nestlé is a co-founder of the Sustainable Agriculture Initiative (SAI). Launched in 2002, SAI involves 22 major food trading and producing companies working together to improve sustainable agricultural practices and production systems and enhance their efficiency. For more information, please visit www.saiplatform.org.

For more information about Nestlé Canada’s commitment to environmental sustainability, visit www.nestle.ca/en/community/environment.
In Their Words

I tried LEAN CUISINE on a whim. The package picture looked so appetizing, so I took a chance and purchased it. I fell in love with this food, all of them are so good and filling. Within 4 months I’ve lost 15 pounds. The portions are great, just enough to fill me up and not stuff me. Even though I lost the weight, I plan to continue eating the LEAN CUISINE foods because they taste so fantastic.

Nestlé LEAN CUISINE consumer

I just wanted to tell you how happy I am with new NESQUIK 1/3 LESS SUGAR. Getting my kids to drink milk has always been a challenge, but you have changed all that. Now, making sure my kids get all the calcium they need each day is a breeze. Thank you, Nestlé!

NESQUIK consumer

I want to thank you for the information I receive in the Nestlé Baby Program. The information is very helpful in knowing what the next step is with my baby. Keep the newsletters coming.

Nestlé consumer

Since its early beginnings, Nestlé’s strategy has been based on nutritious products that contribute to the health and well-being of consumers. In recent years Nestlé has reinforced this strategy, becoming the world’s leading nutrition, health and wellness company, with worldwide sales of CHF 107.6 billion.

Nestlé continues to be a global leader in Research and Development, with approximately 5,000 people actively involved. In 2007, the company spent CHF 1.88 billion on R&D, this figure having more than doubled in the past eight years.

As part of our global nutrition efforts, Nestlé has implemented a formal product assessment process to identify products’ nutritional strengths, weaknesses, and opportunities for improving and enhancing nutritional quality.

Known as “60/40+”, this process involves the rigorous testing of our products to ensure that a minimum of 6 out of 10 consumers prefer the taste of the Nestlé product being tested to a competitor’s equivalent. It also means that we evaluate our products and our competitors’ products to ensure we have nutritional superiority. A nutritional plus means offering a nutritional benefit that our competitor isn’t offering. Ultimately, the consumer is the winner with a test process in place to continually benefit their overall health and wellness.
improve the taste and nutritional value of the foods they prefer.

In Canada, we test consumer preference on a selection of our top brands each year. Well-known products like LEAN CUISINE Meat Lasagna, COFFEE-MATE French Vanilla and Nestlé TURTLES have exceeded the 60/40+ assessment with high scores for consumer taste preference and nutritional benefit.

PRODUCT REFORMULATION

We know that healthy eating is a priority for our consumers and we continuously look for ways to improve our products. Issues such as Trans Fatty Acids, salt and sugar are of concern to consumers, and we have reformulated many of our products to improve their nutritional profile and satisfy consumers’ interest in making healthy choices. A few examples of such formulations are:

STOUFFER’S
Canada’s number one frozen meals brand has developed delicious new recipes, and has reformulated some of its most popular ones, to meet the Heart and Stroke Foundation’s Health Check™ criteria. These meals deliver an improved nutrition profile, with less salt and fat, as well as the great tasting, home-style, comfort food qualities that consumers love.

HÄAGEN-DAZS HALF THE FAT
Häagen-Dazs is now available in a lower fat format. Consumers can enjoy all the taste of Häagen-Dazs with only half the fat of the original. Flavours with half the fat are the Häagen-Dazs favourites Vanilla, Dulce de Leche and Coffee.

NESQUIK 1/3 LESS SUGAR
While sugar is a part of a regular diet, some kids can consume too much. And, since more than half of kids today don’t get enough calcium, encouraging them to drink their milk is critical to meeting their daily calcium requirement. Although even our regular NESQUIK has less sugar than a similar serving of fruit juice, Nestlé created vitamin- and iron-enriched NESQUIK 1/3 LESS SUGAR POWDER and NESQUIK 1/3 LESS SUGAR SYRUP. These new products let kids enjoy all the goodness of white milk with 1/3 less sugar than our original NESQUIK – helping them get the nutrition they need – every day.
TRANS FAT FREE CONFECTIONERY
At Nestlé we recognize that Canadians are concerned about the presence of Trans Fatty Acids (TFA’s) in food products and the implications for their health. We have had a policy on TFA reduction for a number of years, which is more strict than Canadian guidelines. For example, Nestlé Canada chocolate bars – KIT KAT, COFFEE CRISP, AERO AND SMARTIES – do not contain TFA’s from added fat sources. As these bars contain milk there will be naturally occurring TFA’s from added fat sources, however, we have eliminated all added TFA’s from the vegetable oils in these products.

NESTLÉ PROFESSIONAL
At Nestlé Professional we work closely with the foodservice industry to provide them with a wide variety of food and beverage products for out-of-home consumers. Nestlé Professional is committed to nutrition, health and wellness and addressing the needs and desires of today’s customers. We continuously look for opportunities to improve the nutritional profile of our products in areas such as trans fats and salt. For example our TRIO® cream soups have been reformulated to meet the Trans Fat free claim. We have also collaborated with our customers to provide Trans Fat free Alfredo Sauces in addition to sodium reduced soups. We realize that nutrition, health and wellness will continue to be top of mind with consumers, thus our continuous commitment to improve the wellness credentials across our Nestlé Professional product portfolio.
PORTION CONTROL

At Nestlé we believe all foods can fit within a healthy, balanced diet and active lifestyle. To assist Canadians in managing their calories and weight, we offer a variety of portion and calorie controlled products:

LEAN CUISINE –
Mouthwatering, simple, and above all, healthy. From deliciously wholesome Spa dishes to Sélections and now Panini that offer more of what consumers crave, LEAN CUISINE is all about offering consumers a wide range of tasty meals that recognize the desire to eat nutritiously, all portion controlled.

NESTEA SACHETS –
NESTEA sachets contain all natural flavours and 5 calories per 500 ml serving. A great way to keep hydrated and maintain a balanced diet.

NESTLÉ SINGLES –
Launched in 2007, for consumers who want just a bite of their favourite, mouthwatering chocolate, Nestlé offers COFFEE CRISP, KIT KAT, AERO and SMARTIES for just 40 to 80 calories per bar. These bars also have the added benefit of being made in a peanut-free facility.

NESTLÉ PEANUT FREE PROMISE

Nowhere is our commitment to Creating Shared Value more simply or more powerfully expressed than in our Peanut Free Promise. For years, Canadian consumers with life-threatening peanut allergies have counted on Nestlé to deliver the chocolate bars they love and trust that are suitable for people with peanut allergies. That’s why we continue to provide our snack-size range of AERO, KIT KAT, COFFEE CRISP and SMARTIES as peanut-free treats.

To ensure our products’ peanut-free status, we operate a dedicated facility with rigorous quality control processes. This includes extensive raw material, ingredient and finished product testing programs, supplier and employee protocols, as well as regular audits, employee training, dedicated and certified allergen control staff, and established Good Manufacturing Practices.

Clear labelling on all snack-size products made in our peanut-free facility assures Canadians that they can enjoy their favourite treats with confidence.
COMMUNICATION TO CONSUMERS

At Nestlé we communicate about the nutritional benefits of our products to consumers in a number of ways, through nutritional information on our websites, through our Consumer Services, and directly on-pack.

ON-PACK
Making healthy food choices can be confusing. That’s why we have created the Nestlé Nutritional Compass™ to provide consumers with quick, easy-to-understand information about the nutritional benefits of our products, to allow them to make informed choices. The Compass appears on our product packages, and includes the Nutrition Facts Table, as well as more in-depth information about a product’s specific nutrition benefits, tips on making healthier choices, and a 1-800 number to call for more nutrition details.

WEBSITES
Extensive nutrition information is available on our company website at www.Nestlé.ca, and on Nestlé’s global website at www.Nestlé.com. As well, many of our brands provide consumers with nutrition, health and wellness information.

Visit these sites for a wealth of health, wellness and nutrition information:
- www.Nestlébaby.ca
- www.purina.ca
- www.powerbar.ca
- www.Nestlé_waterna.com
- www.leancuisine.ca
- www.perrier.com
- www.Nestléprofessional.com

CONSUMER SATISFACTION
We are committed to listening to our consumers, and in 2007, we interacted with over 135,000 consumers through Consumer Services. By calling the 1-800 number, or e-mailing the address on the back of our products, consumers can speak with representatives who will inform them about all Nestlé’s products, how they are made, ingredients, nutrition facts and food safety. Consumer comments, complaints and suggestions are closely monitored to ensure that we are listening to what our consumers have to say, and providing information they need on our products to make healthy food choices.

In Their Words

Yes, I’d just like to thank your consumer care people for their understanding about allergies, how important they are to those some of us who have some sort. It’s really nice to talk with someone who takes it seriously and discusses it logically. Thank you.
Nestlé consumer

As a consumer, the response time to get back to me was very quick. It was listed on the email that it would be 2-3 days but actually somebody contacted me within two hours so I applaud you for that.
Nestlé consumer
ADVERTISING

Nestlé believes in empowering consumers to make healthier choices through transparent product information and responsible communications. All Nestlé companies follow detailed Consumer Communication Principles, which ensure all communications such as advertising, help consumers to exercise their right to informed choice with accurate, clear, responsible messages.

With respect to Canada’s youngest consumers, our policy is clear:
- Nestlé does not advertise directly to children under 12 years of age.
- Nestlé will not specifically target advertising to children under 6 years of age.
- When targeting advertising to children aged 6 to under 12, Nestlé will only advertise products with a nutritional profile which helps children achieve a healthy, balanced diet, including clear limits for such ingredients as sugar, salt and fat.

In 2007, Nestlé joined the Canadian Children’s Food and Beverage Advertising Initiative, a voluntary initiative by 16 of Canada’s leading food and beverage companies. Through this initiative, Nestlé and its colleagues will use our creativity and marketing activities to promote and support healthy dietary choices and healthy lifestyles to children under 12 years of age. Participants will also shift their advertising and marketing emphasis to foods and beverages that are consistent with the principles of sound nutrition guidance, including those that are lower in total calories, fats, salts and added sugars, and higher in nutrients that are significant to public health.

For information about this initiative, visit www.adstandards.com/childrensinitiative.
PRODUCT QUALITY AND SAFETY

Nestlé is committed to quality in all of our products. We ensure the food safety of our products by holding ourselves to the highest standards for their manufacturing and handling. We know how important trust is to our consumers as they choose products for themselves and their loved ones. We have strict quality procedures in place in all of our factories, for rigorous monitoring and evaluation of the foods which we make for our valued consumers.

SUPPORTING NUTRITION EDUCATION

Nestlé collaborates with healthcare professionals, local governments and associations to improve and promote the health and welfare of Canadian families.

- Nestlé’s Healthcare Professional website (www.nutrition.Nestlé.ca) provides a full overview of educational programs, resources and information for healthcare professionals.
- We provide unrestricted educational grants to healthcare institutions to deliver nutrition education programs to healthcare professionals across the country. We also provide grants to healthcare professionals in support of research that aims to improve the health of Canadians.
- Nestlé is an active member of industry associations such as the Food and Consumer Products of Canada, and Concerned Children’s Advertisers, and supports nutrition and healthcare associations such as Dietitians of Canada, the Canadian Foundation of Dietetic Research, the Canadian Society for Clinical Nutrition, and the Canadian Society for Nutritional Sciences, that work diligently to improve the health and wellness of Canadians.
CREATING VALUE IN OUR COMMUNITIES

In Their Words

With support from Nestlé Canada, our organization continues to promote Active Playgrounds, and increased participation in physical activity, through fun, cooperative play. Nestlé’s commitment to Active Playgrounds directly benefits children and youth across Canada, as they hop, skip and jump into active, healthier lifestyles.

**Canadian Intramural Recreation Association of Ontario**

As a Founding Sponsor of Kids Help Phone, Nestlé Canada has provided invaluable marketing and funding support for the service, and has become a wonderful example of what effective corporate social responsibility can achieve. Whether through committee involvement in the annual Nestlé Pro-Am Golf Tournament, or outstanding participation in the Bell Walk for Kids, Nestlé and its employees continue to be there for Kids Help Phone so that we can continue to Be There For Kids.

**Kids Help Phone**

Purina has been key to Lions Foundation of Canada dog guides since day one – 22 years ago, and Purina’s support just keeps making a bigger and bigger difference. It’s helping us grow to provide more and more guide dogs to Canadians with physical and medical disabilities.

**Lions Guide Dog Foundation of Canada**

At Nestlé we believe healthy communities are vital to the long-term stability of our society and economy. For this reason, we are committed to making a positive contribution to the communities in which we live and work through our *Good Food, Good Life* Community Program.

We are proud of our community involvements and partnerships, and we applaud the dedication of our partners as they improve these communities for us all.

**United Way**

Nestlé Canada supports the United Way and its member agencies through corporate support and internal campaigns. We are proud to partner with this organization that builds upon the strength of volunteers and voluntary action, helping to develop caring communities and responding to a broad range of human needs on a national scale.

**COMMUNITY PARTNERSHIPS**

**Kids Help Phone**

Nestlé Canada is a founding sponsor of Kids Help Phone (KHP), Canada’s only toll-free, national, bilingual, phone and web counseling, referral and information service for children and youth. KHP provides the immediate, anonymous and confidential support kids need and deserve, 24 hours a day, 365 days a year.
Canadian Association of Food Banks
Everyone needs food to live, learn and be happy. For that reason, Nestlé Canada donates regularly through the ShareGoods Program. ShareGoods is a partnership between the Food and Consumer Products of Canada – of which Nestlé Canada is a member – and the Canadian Association of Food Banks, to share food and consumer products with individuals and families in need across Canada.

Adopt-A-Family
Nestlé Waters’ employees have been making the holidays more enjoyable for less fortunate members of their community. Each year, Nestlé Waters of Guelph partners with their local Children’s Foundation to adopt several families.

Supporting Our Four-Legged Friends
Nestlé Purina PetCare is dedicated to improving the lives of dogs and cats through quality nutrition, care and education. At the company’s core is the phrase “Your Pet, Our Passion®”, a philosophy that inspires each and every employee. Nestlé Purina PetCare focuses on promoting responsible pet care as well as celebrating the special bond between people and their pets. Nestlé Purina PetCare is an active supporter of numerous organizations that support animals and their owners:
- Dog Guides and Service Dogs, sponsorship of walk-a-thons, and animal shelters.
- Purina Animal Hall of Fame, another popular and innovative program, honours animals that have demonstrated exceptional bravery, loyalty and intelligence in saving a human life.
- PawsWay, a new pet community and discovery centre opening June 2008 at Toronto’s Harbourfront Centre.

Disaster Support
Nestlé has long pitched in when people are struck by disaster and left in need. Working with the Red Cross, during Canadian disaster relief efforts, Nestlé provides the necessities of food and water, as well as pet food for animals impacted when a disaster strikes.

Anaphylaxis Canada
Nestlé is a proud supporter of Anaphylaxis Canada, an organization dedicated to informing, supporting, educating and advocating for the needs of individuals and families living with life-threatening allergic reactions, or anaphylaxis. The organization also conducts and supports research related to anaphylaxis.
PROMOTING ACTIVE HEALTHY LIFESTYLES

Active Playgrounds
Getting kids up, active and off the couch is the goal of Active Playgrounds. These workshops and resource guides – featuring over 100 playground games – are offered by the Canadian Intramural Recreation Association of Ontario, and are available across Canada with the support of Nestlé.

Dietitians and EATracker
The Eating and Activity Tracker (EA Tracker), from the Dietitians of Canada, is a web-based assessment tool, enabling Canadians to track their daily food and activity choices. The tool also provides personalized feedback on calories, essential nutrients, activity levels and body mass index (BMI). Available on the Dietitians of Canada website (www.dietitians.ca), EA Tracker received start-up funding through an unrestricted educational grant from Nestlé Canada.

Long Live Kids
Nestlé is proud to be one of the companies involved with Long Live Kids, a national, child-focused social marketing initiative created by Concerned Children’s Advertisers encouraging kids to eat smart move more and become media-wise. The messages for kids are delivered through a series of public service announcements, as well as an educational program delivered to educators, parents and community leaders across Canada.

POWERBAR Events and Programs
Nestlé POWERBAR brand supports athletes of all ages and levels, both on and off the field. This includes university stars, local up-and-comers, celebrated athletes and Olympians. From world-class marathons to grassroots events, POWERBAR salutes and supports the local and national sporting events, where participants at all levels are challenged to achieve their personal best.
Brand Initiatives
Our well-known brands are fully conscious of the special role they can play in supporting organizations that aid others. Here are a few examples of our brands in action in the community:

- LEAN CUISINE and REAL DAIRY support the Canadian Breast Cancer Foundation with donations from the sale of their products.
- Nestlé Nutrition also offers a comprehensive array of continuing medical education programs for healthcare professionals focusing on nutrition.
- NESTLÉ PURE LIFE Fruit Flavoured Water Beverage (sweetened with Splenda) supports a variety of diabetes organizations’ initiatives – including the Juvenile Diabetes Research Foundation – as well as the Canadian Diabetes Association by providing participants in their walks with beverages.
- PURINA PRO PLAN provides their product to service dogs in training.

Employee Volunteering
Nestlé Canada employees are active in their communities, extending the Good Food, Good Life philosophy to their neighbourhoods, and enhancing society through their personal volunteer efforts. To recognize their significant contributions, Nestlé Canada launched the “Nestlé Cares Employee Volunteering Program” in 2004, which provides a financial grant in the name of an employee, who volunteers his or her time, to a registered charity. These Good Food, Good Life ambassadors are making a difference, and Nestlé Canada is proud to have them on our team.
AN ETHICAL BUSINESS LEADER

Nestlé has a strong corporate culture, which unites people from widely different backgrounds in a single corporate culture built around basic human values and principles. Our day-to-day activities are guided by:

- Nestlé Corporate Business Principles;
- Nestlé Management and Leadership Principles; and
- Nestlé Code of Business Conduct.

Global policies on nutrition, marketing, environment, occupational health and safety, and human resources originate, as well as support these principles. Nestlé’s principles and policies are available as downloads from [www.Nestlé.com/csv/downloads](http://www.Nestlé.com/csv/downloads).

While these principles and policies continue to evolve and adapt to an ever-changing world, our basic fundamentals remain unchanged, and reflect the values of fairness, honesty, and a concern for people. Our compliance with these principles is regularly audited by internal and external experts.

THE CUSTOMER COMES FIRST

Nestlé is customer-focused, and values the strong relationships we have with a wide variety of customers across the country. They all have very different requirements, but every one expects excellent service, high quality products and timely delivery. Our task is to understand what customers want, and respond to their expectations rapidly and effectively. We are focused, each and every day, on meeting the high expectations of our customers, and on delivering the value and quality they have come to expect from Nestlé.

SUPPLIER RELATIONSHIPS

Nestlé aims to deal only with reputable suppliers who are willing to apply Nestlé’s quality standards. Key suppliers, with which Nestlé has a contractual relationship, are audited to ensure they comply with the Nestlé Corporate Business Principles, or that they are actively working to achieve compliance. Whenever instances of non-compliance are brought to the Company’s attention, Nestlé will demand corrective measures be promptly initiated.

MARKETING OF INFANT FORMULA

At Nestlé we believe that breastfeeding is optimal for babies. This message is incorporated into all of our communications to consumers.

Nestlé supports the position of the Canadian Paediatric Society, the Dietitians of Canada, and Health Canada, as outlined in the document entitled, The Nutrition for Healthy Term Infants, which promotes breast-feeding for as long as possible is best, and that iron-fortified formula is appropriate if mothers choose to supplement or discontinue breast-feeding. In addition, Nestlé complies with the Food and Drug
Act and the Competition Act, which regulate the infant formula industry here in Canada.

For more information on Nestlé’s position on breastfeeding, please visit www.babymilk.ca.

AGRICULTURE AND RURAL DEVELOPMENT

Nestlé spends approximately CHF 13 billion a year on agricultural materials such as milk, coffee and cocoa. So, although we do not own any agricultural land or operate commercial farms, our approach has been to improve the farming methods and living standards for millions of farmers, through technical assistance, support of trade liberalization, and active participation in discussions on pressing global issues such as water usage and governance.

Coffee

Nestlé has been working closely with coffee farmers for more than 30 years. Today, we are the world’s largest direct buyer of coffee; we source about 13% of our green coffee directly from farmers, helping to ensure they receive a better price for their coffee. Nestlé also offers coffees which are Fairtrade certified, where consumer or retail customer demand is sufficient.

As a responsible market player, Nestlé gets involved not only in helping the local economies, but also in promoting quality in coffee production, and diversification in agricultural activities.

Nestlé’s commitment to the Common Code for the Coffee Community (4C), illustrates this concern. The 4C builds on a voluntary code of conduct adopted by the coffee producers, traders, civil society and other stakeholder organizations, who are committed to good farming and management methods to improve efficiency, profitability, transparency and sustainability in the production, processing and trading of coffee.

Cocoa

Although Nestlé does not own any cocoa farms or plantations, we are committed to contributing to more sustainable cocoa growing through programs run with other industry members, governments in the producer countries of West Africa, and other partner organizations.

For example, Nestlé is a founding participant in the International Cocoa Initiative – a joint industry-labour union and civil society initiative which works to eliminate abusive labour practices. Nestlé is also a founding member of the World Cocoa Foundation, which supports cocoa farmers and their families worldwide.

For more information about Nestlé’s worldwide efforts to improve the lives of cocoa and coffee farmers, visit www.Nestle.com/sharedvaluecsr.
In Their Words

There is a reason that I have been with this company for over twenty years — it’s the passion that resonates among the people working here. You get caught up in it, you believe in it and when you get the letters and phone calls from satisfied customers telling you how happy and healthy their pets are eating or using our products, who wouldn’t want to work here? We are all contributing to the well-being of pets across Canada. We believe in this company and what it stands for — ‘Purina. Your Pet, Our Passion’.

Lauralee Camilleri, Nestlé Purina PetCare employee

We are not just average people, just doing an average job. We are special people, doing an extra special job. Our team of exceptional people provides millions upon millions of customers with the safest, cleanest, best-tasting water in North America. We should be very proud of ourselves, that we have the privilege to provide a much-needed product.

Jamie Martin, Nestlé Waters employee

At Nestlé, people are the difference. Our employees are our greatest source of pride as well as our strongest competitive advantage.

Nestlé Canada creates long-term value for society by providing meaningful job opportunities for more than 3,500 employees in 21 manufacturing, sales and distribution sites across the country. It is through their dedication and hard work that we are able to produce high quality, innovative and nutritious products for all Canadians to enjoy.

In return for their dedication and tireless efforts, we offer all members of the Nestlé Canada team superior working conditions. Our long-term investments give our employees better job opportunities and increased income. Our principle is that each employee should have the opportunity to develop his or her potential in a safe and fair workplace where they are listened to, respected and valued.

Julie Camilleri, Nestlé employee

The Nestlé Cares Employee Volunteer program contributes to my satisfaction as a volunteer, and my pride in the company. It is one more reason why I am proud to work for Nestlé. Firstly, it acknowledges that the work that I do as a Nestlé employee outside of my job is supported and valued by the company. My volunteer work with Girl Guides of Canada is important to me, my daughter and our community. I appreciate that Nestlé also believes in giving back to your community, and that the company actually takes action by making a donation. My fellow Guiders were impressed that I work for a company that would make such a tangible contribution.

Julie Camilleri, Nestlé employee
EMPLOYEE SATISFACTION

We strive to create a feeling of personal belonging among all Nestlé employees, wherever they are, in offices and factories all over the world. Nestlé offers competitive salaries, a safe workplace, and training programs to help employees improve their professional skills. Promotions are based entirely upon merit, skills and experience, without regard to race, religion, sex or nationality. Above all, we treat every employee with respect and dignity.

DEVELOPMENT

Nestlé Canada offers performance-based, results-oriented training for employees. They can benefit from one-on-one job training and traditional classroom sessions, as well as the opportunity for international experience. The number of our employees who have assumed responsibilities with other Nestlé markets totalled 30 in 2007.

WORK/LIFE BALANCE

We encourage our employees to live a balanced life, with work and family in harmony. Nestlé Canada has developed a set of family-friendly policies and flexible benefits, including confidential counselling and information services. In addition, employees on pregnancy leave receive topped-up salary coverage, a kit with parenting information, and a breast-milk pump. This is consistent with our belief that mother’s milk is best for babies.

HEALTH & SAFETY

We owe it to all employees to provide a healthy and safe working environment. In our manufacturing facilities, Nestlé has a safety record that is twice lower than the industry average. In these facilities, safety is a part of every employee’s performance incentive. Health and Safety programs across our sites involve continuous improvement of our processes, work practices and systems as a result of monitoring safety performance and analyzing accidents or occupational health problems.

DIVERSITY

Nestlé is committed to the principles of diversity, and our employee profile reflects a broad variety of backgrounds, beliefs and cultures. We are proud that 50% of our executive management team is female.

RECOGNITION PROGRAM

We established the Nestlé Recognition Program in 1994, to reward employee excellence. Since then, Nestlé Canada has given more than 3,000 awards to individuals and teams within the company. Our top-performing employees are also eligible for enriching cross-functional and international assignments.
POSITIVE UNION RELATIONSHIPS

Nestlé Canada has strong and constructive relationships with all 10 of the unions that we work with, representing 12 collective agreements. Through regular contact with the unions, we ensure our work relations are productive and transparent, based on principles of mutual respect and cooperation.

COMMUNICATION

Nestlé communicates regularly with employees about business strategy, company performance, industry initiatives, new products and company news, in general. This is done through Town Hall meetings at our sites, floor meetings at our Head Office, an internal newsletter, our Intranet or in Communications posted throughout the company. Our President regularly visits all sites and holds informal breakfast meetings with employees to gain their insights and ideas on the business.

HEALTH & WELLNESS

As part of our Good Food, Good Life philosophy, Nestlé promotes healthy, active living to employees through programs such as health and wellness days, walking and running programs, health professional guest speakers, and an extensive employee assistance program.

In 2007, Nestlé launched a global nutrition education initiative for all employees. Called “NQ (nutrition quotient) Nutrition Training,” employees in Canada – from the factory floor to senior executives – are trained on the fundamentals of nutrition, as well as key corporate nutrition initiatives, in order to boost overall nutrition knowledge throughout the company and reinforce Nestlé’s commitment to Nutrition, Health and Wellness.
In Closing

We trust this report has provided you with an overview of some of the ways Nestlé is Creating Shared Value in Canada. While we have made progress in many areas, we know there is still much more work to be done.

And, although the issues are many – and complex – we are confident that by maintaining a long-term approach to our business we will continue to make a positive contribution to the communities in which we live and work.

To learn more about how Nestlé is Creating Shared Value – both internationally and locally – please visit the websites below. As well, your feedback on this report is welcomed, and can be directed to www.corporateaffairs@ca.nestlé.com.

Please visit:
www.Nestlé.ca
www.Nestlé.com
www.Purina.ca
www.Nestlé-watersna.com
www.Nestléprofessional.com