

Nestlé in Canada 

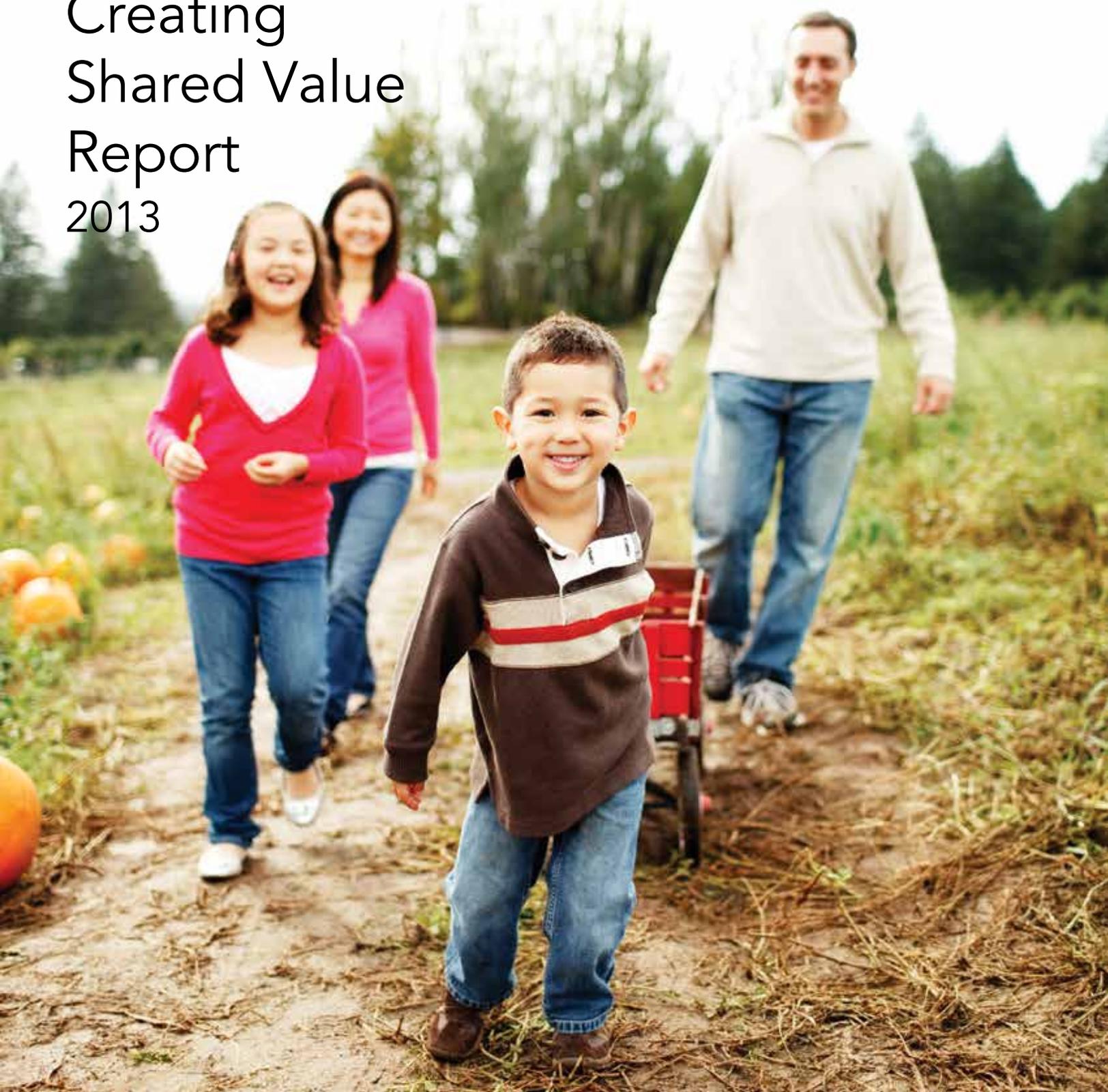
Creating Shared Value

Nutrition | Water | Rural Development



Nestlé

Creating Shared Value Report 2013



Nutrition



Nestlé Health Science



NESPRESSO

A message from our Global Chairman and our CEO

We believe that this 2013 report on Creating Shared Value at Nestlé represents a significant step forward in our drive to communicate transparently with our shareholders and stakeholders about our commitments and progress in all the areas where we engage with society. This report underlines our fundamental belief that for a company to be successful over the long term and create value for shareholders, it must also create value for society. At Nestlé, this begins with the creation of superior long-term value for shareholders by offering products and services that help people improve their nutrition, health and wellness.

Henri Nestlé founded the Company in 1866 on the success of a life-saving infant cereal. Today, we aim to enhance the quality of life of all our consumers by offering tastier and healthier food and beverages, as well as information and services to enable them to make the right choices at all stages of life. And we are investing for the future health and wellness of our consumers through our network of research centres, the Nestlé Institute of Health Sciences and the Nestlé Health Science business. We believe that good nutrition will play an ever more important role in the health and wellness of individuals and society.

To build a business capable of both delivering superior shareholder value and helping people improve their nutrition, health and wellness, Creating Shared Value is the approach we take to the business as a whole. In addition to nutrition, we focus on water, because water scarcity is a very serious issue in many parts of the world and water is quite simply the linchpin of food security. And we focus on rural development, because the overall well-being of farmers, rural communities, small entrepreneurs and suppliers is intrinsic to the long-term success of our business.

We continue to actively manage our commitments to environmental and social sustainability, necessary for operating our factories and for the sustainable growth and development of the communities and countries where we operate. With this report, we also restate our support for the UN Global Compact, as a founding member of UN Global Compact LEAD – an important platform for corporate sustainability leadership. We have always believed that in order to prosper we need the communities we serve and in which we operate to prosper as well; and that over the long term, healthy populations, healthy economies and healthy business performance are mutually reinforcing. This involves substantial training and education of people inside and outside Nestlé, as well as large investments in technology with lower environmental impact.

We recognize that our position in society brings both opportunities and responsibilities: to do business in compliance with national laws, international standards and our own values and principles, as expressed in our Code of Business Conduct, Corporate Business Principles and Management and Leadership Principles. For a company like ours to prosper, we must take a long-term view, framed in a robust set of principles and values which have been developed over nearly 150 years. They are based on respect: respect for people, respect for cultures, respect

for the environment and respect for the future of the world we live in. Thus, our commitments go beyond simple compliance and are based on common sense values that form the foundation upon which we build our actions in Creating Shared Value.

Last year, we decided to publish a set of forward-looking commitments, covering every part of our business, in order to provide a clear sense of the strategic direction we are heading in and the standards to which we hold ourselves accountable. They are real, they are credible, and we will do everything in our power to make sure they are deliverable. But we know that there will be challenges along the way, and these too we will share with you. In this report, we hope to demonstrate where we are making progress, and where there is more work to be done. We hope this report enables you – our shareholders and stakeholders – to hold us accountable and offer guidance. We have also introduced a number of new commitments and will report on them in future years. We welcome your feedback on this report, on our commitments and our performance.



Peter Brabeck-Letmathe
Chairman



Paul Bulcke
Chief Executive Officer

Message from Nestlé Canada's President and CEO

At Nestlé, we are committed to enhancing the quality of consumers' lives through nutrition, health and wellness. Our mission of "Good Food, Good Life" is to provide the best-tasting, most nutritious choices of food and beverage products to consumers and their pets. We also create shared value for shareholders and society through our business activities globally in the areas of nutrition, water and rural development.

In Canada, we implement our commitment to Creating Shared Value (CSV) in many ways, including: focusing on nutrition literacy among kids and their families, through programs like the Healthy Kids Quest; by investing in communities through partnerships with organizations to advance health, nutrition and water education; and by protecting the environment by conducting our business in an environmentally responsible way, ensuring we preserve water and other natural resources for future generations.

This report highlights our progress on the road to Creating Shared Value in Canada. We want to thank all our stakeholders for their continued support, and we look forward to continuing this journey together.



Shelley Martin
President and Chief
Executive Officer

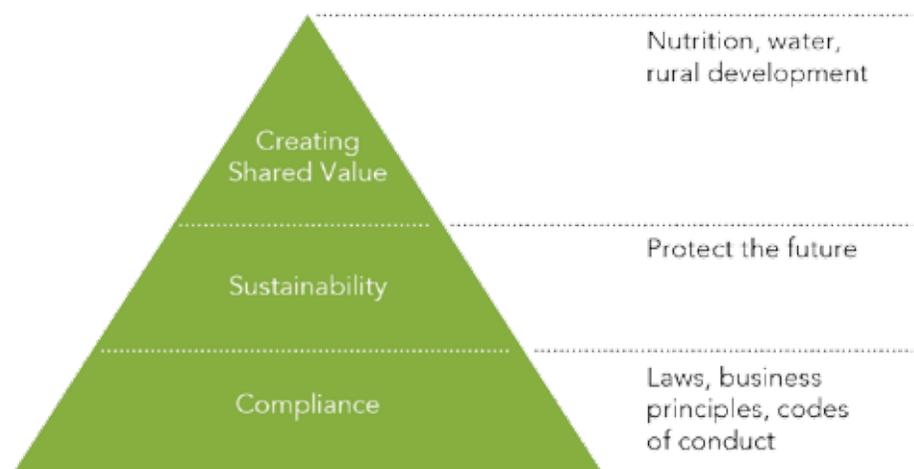
What is CSV?

For a company to be successful over the long term and create value for shareholders, we believe that it must create value for society. At Nestlé, this means creating superior, long-term value for shareholders by offering products and services that help people improve their nutrition, health and wellness. Henri Nestlé founded the Company in 1866 on the success of a life-saving infant cereal and today, we aim to enhance lives by offering healthier and tastier food and beverage choices for all stages of life.

Creating Shared Value requires compliance with the highest standards of business practice, including international codes and standards as well as our own Code of Business Conduct, Corporate Business Principles, and Management and Leadership Principles.

Creating Shared Value is the way we do business and the way we connect with society at large.

Nestlé in society pyramid



Introduction to CSV at Nestlé Canada

At Nestlé Canada, we strive to be the number one food and beverage company, helping Canadians and their pets live healthier and happier lives. That means being a trusted name in the food and beverage industry; a winning market leader that creates value for our stakeholders and our communities.

From our humble beginnings in Switzerland 148 years ago when Henri Nestlé invented the world's first infant cereal to feed a neighbour's baby who was unable to breastfeed, Nestlé has grown and expanded into a global organization with 339,000 employees operating in over 150 countries worldwide.

In Canada, we operate eight businesses with products that meet consumer needs at every stage of life, from morning to night. And always, we are focused on one simple thing – providing people and pets with the nourishment they need to live healthy, happy lives.

At the heart of our business is the concept of Creating Shared Value, ensuring the needs of our business and those of society are equally considered in all of our activities. We support a long-term view of success, driven by continuous improvement and investment in our people, consumers and communities.



CSV in Canada is comprised of several things:

\$	Economic Impact	<i>p. 5</i>
🍏	Nutrition, Health and Wellness	<i>p. 6 – 7</i>
🌿	Environment	<i>p. 8 – 9</i>
👥	Community Impact	<i>p. 10 – 11</i>
💡	Transparency in our Commitments	<i>p. 12 – 16</i>

\$ Creating Quality Jobs and Economic Vitality

A vibrant economy benefits all Canadians and for Nestlé that means working with employees, customers, government, suppliers and other partners, building long-term relationships based on a common desire to work among world-class talent and achieve ambitious goals.

As a business operating in Canada for over 95 years, we have always believed our role is to create jobs, support local businesses and farmers, and invest in our operations to ensure long-term business growth and sustainability.

3,500+

Total number of Nestlé employees (full and part-time) in Canada

22

Total number of sites, including factories, distribution centres and offices

270 million

Gross payroll in 2013

452 million

Total cost of goods purchased from Canadian suppliers in 2013

2.3 billion

Total Nestlé in Canada sales in 2013

95%

Of total Canadian households have a Nestlé brand in their cupboards

10 #1 Top Nestlé Brands in Canada*



*the top 10 Nestlé in Canada brands based on 2013 sales

□ Nutrition, Health and Wellness

From the inside out, Nutrition, Health and Wellness is at the core of everything we do at Nestlé. It starts with our employees, ensuring they are trained and understand the basic principles of good nutrition based on Canada's Food Guide through a comprehensive e-training program called Nutrition Quotient (NQ) Training.

We also provide employees with access to health and wellness programs like:

- The GoodLife Fitness program, which is a discounted gym membership rate
- An Employee Assistance Program, which offers a variety of health and wellness services
- A Health Spending Account, to provide maximum flexibility for healthcare expense reimbursement.

Ensuring our employees are healthy and safe is a top priority at Nestlé, where we track safe and unsafe behaviours so we can make continuous improvements and ensure that all employees go home safe to their families at the end of the day.

Nestlé Purina PetCare Canada receives GoodLife Fitness Health and Wellness Leadership Award

The Award recognizes significant efforts to foster a culture of workplace wellness through continuous improvement in fitness, activity, nutrition, education and employee behavioural change.

We believe in giving children a healthy start in life.

Nestlé is committed to helping mothers give their children the best start in life. We believe good nutrition for newborns starts before and during pregnancy, and continues after birth with a well-nourished mother, breastfeeding exclusively for six months and beyond. *Our Start Healthy, Stay Healthy* program supports this goal and in Canada our *Nestlé Baby* program provides expecting and new mothers with resources to help them feed and care for both their newborn and themselves.

We are also focused on helping families meet their nutritional needs and we do this by continuously improving our products and offering options and solutions to families. We offer information and advice through our on-pack messaging and the *Nestlé Nutritional Compass*, through our Call Centre where we speak with 1,000 Canadian consumers a week and through our brand social media pages.



The Healthy Kids Quest is a comprehensive program delivered in classrooms across Canada that teaches children aged 6 to 9 about the value of nutrition and healthy, active living. The program was developed by the Canada Agriculture and Food Museum in Ottawa, with support from Nestlé Canada, as well as key partners including Health Canada, Agriculture and Agri-Food Canada, the Public Health Agency of Canada, and the Canadian Food Inspection Agency.



Our focus is on making our products the healthiest and tastiest they can be.

We've established our own Nestlé Nutrition Foundation (NF) criteria to ensure our products offer superior nutritional value. NF criteria are category and age-specific, addressing nutritional factors such as calories, sodium, trans fat, saturated fat, added sugar, and in some cases, the presence of positive nutrients. Based on recommendations from leading health institutes, our products are constantly re-assessed based on current scientific knowledge. We are focused on achieving NF on all of our children's products by the end of 2014.

Reducing Sodium in our Products

From 2009 to 2012, Gerber Lil' entrées had an average 20% reduction in sodium to the Codex recommended value of not more than 200 mg/100 g of sodium per baby meal. This reduction is also in line with the Nestlé Nutrition Foundation (NF) recommendations for sodium in toddler meals. By 2015, Gerber Pasta Pick-ups will be made with 25% less sodium, aligning with both the Nestlé NF and Codex recommendation of 200 mg/100g consumed from current label. These products are also undergoing strict consumer taste tests to ensure the products are as good as, or better than, the originals.



Research and development supports a stronger connection between our products and what consumers need for a healthier life.

Over decades, we have built nutrition knowledge leadership. In 2013, Nestlé Canada entered into a research partnership with the Program in Food Safety, Nutrition and Regulatory Affairs at the University of Toronto to better understand the nutrient intakes of Canadians throughout their lifespan. This study will help us understand the role our products play in the Canadian diet and how we can improve diets in the future.

Through our Nestlé Health Science business, we are focused on improving patient outcomes by helping deliver more personalized healthcare through our nutrition solutions. We leverage our know how in nutrition and leading-edge research and development expertise to provide nutrition solutions

like *Modulen IBD*, which helps in the nutritional management of patients with Crohn's Disease, helping patients achieve remission and providing valuable nourishment. And we work with healthcare professionals including dietitians and physicians to educate them about how to identify malnutrition in the elderly, and provide patients with options such as *Boost* and other medical nutrition products that will support their nutrition needs.

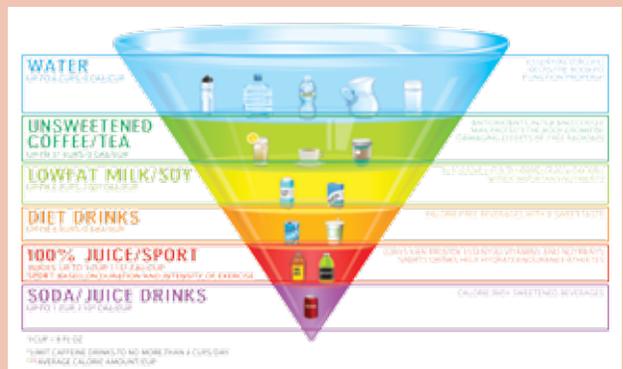
Project Pet Slim Down

Overweight pets are an increasing problem. In Canada, *Project Pet Slim Down* is a program run in veterinary clinics to help pet parents manage nutrition for their cats or dogs, to achieve optimal weight. The goal of the program is to help dogs and cats live healthier lives with the people who love them.



Healthy Hydration

The Beverage Pyramid shows consumers how to achieve a balance of calories from beverages and, similar to Canada's Food Guide, provides daily recommendations for each category, emphasizing the importance of including water in the mix.



The Environment

We strive to have the best environmental performance possible and use a technique called a life cycle approach to help us measure our overall impact. Nestlé initiatives, like the Nestlé Environment Management System (NEMS) and Nestlé Continuous Excellence (NCE), also help us create an efficient, effective organization.

Our Footprint

We track our environmental performance at all Canadian factories, so we understand our current impact and can plan for future opportunities to improve. In Canada, all but one of our factories are ISO14001 certified, and the last will receive certification in 2014.

An example of diverting landfill waste can be seen at our Sterling Road factory in Toronto where we are diverting 100% of landfill waste to an electrical co-generation plant, where it's used to create electricity and steam to power a nearby paper plant. By using our waste, this plant generates enough electricity annually to power 6,000 homes.

Part of our goal to eliminate waste includes reducing food waste. We do this by improving processes along our value chain, from farm to fork. There is an inherent amount of waste in the food production process, and as we streamline our processes, we've been able to significantly reduce this waste.

To illustrate some of these savings, here are a few examples of the amount of food we kept out of landfills in 2013:

- 2,000 sacs of green coffee beans
- Over 25,000 litres of milk – which is enough to fill 11 Olympic-size swimming pools
- Over 600,000 servings of infant cereal
- Over 1.7 million slices of pizza



SmartWay Transport Program

Natural Resource Canada's SmartWay Transport Program is a public-private sector partnership designed to reduce transportation-related emissions, improve fuel efficiency in our supply chain and improve air quality for future generations. As a participant in the program, we reduced emissions by 6% for shipments to Western Canada and expect to further reduce our emissions in 2014.

Environmental Key Performance Indicators

Indicator	Units	% change 2012-2013
Production Volume	10 ⁶ tonnes	6%
Inputs		
Total Water Withdrawal	m ³ per tonne product	-4%
Total On-site Energy Consumption	10 ⁹ Joules (GJ) per tonne product	-5%
Outputs		
Greenhouse Gasses emission (direct), scope 1	kg CO ₂ per tonne product	-7%
By-products (for recovery)	kg per tonne product	-21%
Waste (for disposal)	kg per tonne product	-41%

Sustainable Sourcing

As a food and beverage company, the raw ingredients we use are key to providing consumers with tasty and nutritious products. We take our responsibility as a large purchaser very seriously, and have developed a number of guidelines and programs to ensure our supply of raw materials is sustainable, benefitting both our business and society over the long term.

Through our Responsible Sourcing Guideline (RSG) and Nestlé Supplier Code we monitor, assess and take action where needed. The aim of the RSG is to guide Nestlé's suppliers to improve their practices where necessary.

The Nestlé Cocoa Plan

The Nestlé Cocoa Plan is our initiative focused on creating a sustainable supply of cocoa. The Nestlé Cocoa Plan addresses key issues facing the cocoa farming communities with whom we work, from an economic, social and environmental perspective. One hundred per cent of confectionery products produced at our Toronto factory are made with cocoa produced through our Nestlé Cocoa Plan partners.



Nescafé Plan

To ensure a long-term, sustainable supply of coffee, Nestlé has partnered with the Rainforest Alliance and other partners of the Sustainable Agriculture Network (SAN) and the coffee association, 4C. One goal of

the Nescafé Plan is to help farmers rejuvenate their plantations, multiply the yield on existing land and increase their income.



Nespresso Ecolaboration™ Program

In 2013, Nespresso celebrated the 10th anniversary of its AAA Sustainable Quality™ Program, developed together with the Rainforest Alliance, to secure the supply of the highest quality coffees required for its Grands Crus while improving sustainable farming practices and enhancing farmer welfare. At the end of 2013, Nespresso was sourcing 84% of its coffee through the AAA Program and more than 62,000 farmers in eight countries were cultivating over 290,000 hectares of AAA coffee, supported on the ground by a network of over 240 dedicated agronomists.

Dairy

We're committed to using Canadian dairy in our ice cream, confectionery, beverage and prepared food products made in Canada. In 2013, Nestlé Canada purchased over 21,400,000 kg of Canadian dairy, spending over \$43 million on this ingredient in Canada alone.

Packaging

We always look for ways to reduce packaging and improve its environmental performance, while ensuring the freshness and quality of all our products at the same time.

In 2013, we made a number of improvements to our packaging, which saved:

- 10,336 kg of paperboard
- 20,678 kg of flexible film (used in ice cream and chocolate bar wrappers)
- 17,041 kg of corrugate

Other examples of packaging improvements include:

New Maxx Scoop slim pails made with 15% less plastic



New Perrier 1L PET, 100% recyclable bottles are lighter than glass bottles, with improved environmental sustainability



All Nestlé Health Science institutional products transitioned to tetra prisms and Ultrapak bags, which create less waste and reduce carbon footprint



The new 2L Nesquik Syrup case design for Costco uses 18,400 kg less CO₂ and 17,041 kg less corrugate annually



Community Impact

Working with our local communities to make a difference in the lives of Canadians has always been a high priority for Nestlé. We go beyond just providing financial support to good causes to ensuring our community partnerships reflect what is important to our businesses and the people they impact including our employees, consumers, customers and other stakeholders. We work together with these partners to develop programs and support initiatives that make a meaningful difference.

That's why we're a founding partner of Kids Help Phone, a national service that provides professional counselling to 4,300 Canadian youth every week over the phone, via live chat and online. We also work with Food Banks Canada, not only providing food and beverage products to stock their shelves, but supporting programs like Feeding Families that gives guidance and training to ensure families are eating well, regardless of their life circumstances.

Purina deepened our relationship with the Ontario Veterinary College (University of Guelph), by sponsoring a video in support of their Animal Cancer Centre. Titled, 'Dogs Sing for a Cure' it has become an integral part of their 'Keep Cancer on a Leash' fundraising campaign.

Collectively, Nestlé businesses in Canada gave more than \$2.5 million to community partners and programs through financial and in kind product donations, as well as fundraising efforts. This giving is driven in a big way by our employees who donate their time and money to many worthy causes.



Employees walking So Kids Can Talk

Community groups we support:

- Aberfoyle Adopt-A-School
- Anaphylaxis Canada
- Boy Scouts / Girl Guides
- Canadian Breast Cancer Foundation
- Canadian Breast Cancer Society
- Canadian Red Cross
- Companies Committed to Kids
- Crohn's and Colitis Foundation of Canada
- EATracker (Dietians of Canada)
- Food Banks Canada
- Friends of Mill Creek
- The Grocery Foundation
- Hope Mountain Centre for Outdoor Learning
- Humane Societies
- Kids Help Phone
- Lions Foundation of Canada Dog Guides
- National Service Dogs
- Ontario Brain Institute
- Ontario Veterinary College – PetTrust
- Parkinson's Foundation
- Paws for the Planet – Evergreen
- Ronald McDonald House
- St. Felix Centre
- Therapeutic Paws of Canada
- Tim Hortons' Children's Foundation
- United Way
- University of Guelph



Food Preservation The Science You Eat

Nestlé Canada is the title sponsor of this National Exhibit that uses a pinch of history and a dash of myth busting, to highlight the role science plays in delaying food decay and keeping food nutritious and safe from farm to fork.

In 2013, Nestlé partnered with Food Banks Canada to produce a fun, interactive booklet that teaches kids about the importance of healthy eating and active living.



One Million

Nestlé Waters Canada donated 1 million bottles of water for emergency relief, including Red Cross Disaster Relief efforts over the past two years which helped many Canadian communities including Calgary in 2013.



PURINA paws way

Located in downtown Toronto, PawsWay has welcomed more than 875,000 visitors since it opened in 2008. People and their pets explore the exciting world of pet behaviour, learn about keeping pets healthy and active, and read amazing stories of pet heroes in the Purina Animal Hall of Fame™.

Nestlé Professional's partnership with the Humber College and George Brown College Chef training programs helps ensure the next generation of chefs reach new heights of culinary achievement through new learning experiences, student competitions and awards.



Our Health Science business works closely with the Canadian Foundation for Dietetic Research, an organization

dedicated to advancing dietetic research and translating that into key business strategies for the benefit of all Canadians.

The Nestlé Maternal & Infant Nutrition business, through the Materna brand, partners with the Spina Bifida and Hydrocephalus Association of Canada, an organization dedicated to improving the quality of life of people living with spina bifida and/or hydrocephalus and their families



Nutrition

and, through awareness, education, advocacy and research, to reduce neural tube defects.



Our Commitments

At Nestlé, we aim to provide transparency in our commitments and progress towards reaching our goals, so that we remain accountable and work with our stakeholders to achieve continual improvements. All forward-looking dates should assume

that the objective will be completed by December 31 of the corresponding year. In Canada, we've reported on global commitments using both global and local progress and objectives, as noted.

NUTRITION

Commitment	How	Progress	Objective
Lead the industry in nutrition and health research through internal programs and external collaborations with top institutions, focusing on children's healthy development	<p>University of Toronto Program in Food Safety, Nutrition and Regulatory Affairs research partnership</p> <p>Commitment to understanding the health and wellness beliefs and attitudes of Canadians through research partnerships with top Canadian research agencies</p>	In 2013, Nestlé Canada entered into a research partnership with the Program in Food Safety, Nutrition and Regulatory Affairs at the University of Toronto to better understand the nutrient intakes of Canadians throughout the lifespan	<p>In Canada: By 2015 – Have an improved understanding of shortfalls and excesses in Canadians' nutrient and energy intake</p>
Provide nutritionally sound products designed for children	Nestlé Nutritional Profiling System / Nestlé Nutritional Foundation criteria	At the end of 2013: In Canada, 39% of our children's products (sales value) met all Nestlé Nutritional Foundation (NF) criteria for children	<p>In Canada: By 2014 – 100% of our children's products (sales value) will meet all NF criteria for children</p>
Reduce sodium (salt) in our products	Nestlé Policy on Sodium (salt) (2005, updated 2014) based on WHO recommendations	<p>In addition to our internal sodium reduction policy, Nestlé Canada is committed to meeting the sodium reduction targets put forth by Health Canada in their Guidance for the Food Industry on Reducing Sodium in Processed Foods. In 2013, our <i>Delissio</i> brand started work to achieve Health Canada's sodium reduction targets</p> <p>We are also continuously reviewing all products in our portfolio for opportunities to reduce sodium</p>	<p>In Canada: By 2015 – <i>Gerber Pasta Pick-ups</i> will have 25% less sodium</p> <p>By 2016 – Nestlé will achieve Health Canada's sodium reduction targets</p> <p>By 2016 – We will have reduced sodium content by 10% in products that do not meet the NF criteria</p>
Reduce sugars in our products	Nestlé Policy on Sugars (2007, Updated 2014) based on WHO recommendations	In 2013, we reduced sugar by 25% in seven varieties of <i>Del Monte</i> frozen yogurt and fruit bars	<p>In Canada: By 2016 – We will have reduced sugar content by 10% in products that do not meet the NF criteria</p>
Reduce saturated fats and remove trans fats originating from partially hydrogenated oils in our products	<p>Nestlé Policy on Saturated Fats (2009, updated 2014) based on WHO recommendations</p> <p>Nestlé Policy on Trans Fats (2003, updated 2014) based on WHO recommendations</p>	<p>Since the establishment of the Nestlé policy on trans fat in 1999, which was strengthened in 2003, we have significantly reduced the levels of these fats in our products. Due to our commitment to achieving the targets set out in this policy, at the end of 2013, 90% of our retail food and beverage products met our Nestlé policy on trans fat</p> <p>In Canada, our entire line of 1.5 L tubs of confectionery ice cream saw a 3% total fat reduction in 2013</p>	<p>In Canada: By 2014 – Nestlé is further strengthening the commitment to continuous improvement by updating this policy to remove all trans fats originating from partially hydrogenated oils from all of our foods and beverages</p> <p>By 2016 – We will have removed trans fats originating from partially hydrogenated oils from all products and will have reduced saturated fat content by 10% in products that do not meet the NF criteria</p>
Provide portion guidance	Nestlé Portion Guidance initiative: making the right size and frequency of consumption as intuitive as possible	Nestlé Canada is committed to helping consumers understand the role our products play in a balanced lifestyle	<p>In Canada: By 2015 – Portion guidance on pack will be provided on key children's and all family products</p>

Commitment	How	Progress	Objective
Deliver nutrition information and advice on all our labels	Nestlé Standard on Nutrition / Guideline Daily Amount (GDA) Labelling (2006, updated 2013) Nestlé Standard on Nutritional Compass Labelling (2005, updated 2011)	In 2013, Nestlé Canada started a gradual transition to providing Guideline Daily Amounts for calories on front-of-pack The Nestlé Nutritional Compass appears on 99% of Nestlé consumer-facing packaging, excluding licensed brands. This section of our label provides consumers with quick, easy to understand information about the nutrition benefits of our products	In Canada: By 2016 – All Nestlé Canada products will display GDAs for calories on front of pack By 2016 – Use digital media technology to provide further product information and nutrition advice, beyond what is found on the food label, to help Canadians make informed food choices
Promote healthy diets and lifestyles / physical activity	Nestlé Healthy Kids Programme (launched 2009): teaching schoolchildren about healthy diets and active lifestyles, in partnership with appropriate stakeholders, including the International Association of Athletics Federations	In 2014, Nestlé Canada launched the Healthy Kids Quest in partnership with the Canada Agriculture and Food Museum, as well as key government agencies including Health Canada. Healthy Kids Quest targets teachers of students in grades 1 to 3 across Canada with a cross-curriculum program based on Canada's Food Guide and focused on developing good habits early	In Canada: By 2015 – Our first year target is to have 90 teachers enrolled in the program
Promote healthy hydration as part of healthy lifestyles	National, multi-dimensional earned media campaign deploying four nutritionists in each region of Canada, in both official languages	In 2013, our earned media campaign resulted in more than 50 million impressions in Canada	In Canada: Continue to help Canadians live better by encouraging them to choose healthy hydration options by: <ul style="list-style-type: none"> • Executing an extensive annual multi-media and PR campaign • On-pack <i>Drink Better.Live Better.</i> branding
Implement nutrition education programmes to promote good nutrition practices	Engage Health Care Professionals (HCPs) in the Nestlé Nutrition Institute (NNI) Offer a Maternal and Infant Nutrition Lecture Series (NLS)	We offer nutrition education for HCPs through the NNI, an independent not-for-profit organization, which is the world's largest private publisher of nutritional information. Canadian traffic to the NNI website increased by 47% over the past year – from 6347 visits in 2012 to 9319 visits in 2013 We provide non-branded presentations from Key Opinion Leaders in maternal and infant nutrition that deliver relevant scientific and clinical practice updates for Canadian HCPs. The NLS is supported by an unrestricted education grant provided by Nestlé Maternal and Infant Nutrition In 2013, we delivered over 350 NLS presentations in Canada, reaching more than 1300 healthcare practitioners with science and clinical practice updates for primary allergy prevention, probiotic use in paediatrics, management and treatment of colic and vitamin D supplementation for infants and toddlers	In Canada: The Nestlé Maternal and Infant Nutrition team will continue to promote the NNI to HCPs as a credible, up-to-date and unbiased resource for learning New NLS presentations will be created and delivered yearly

RURAL DEVELOPMENT AND RESPONSIBLE SOURCING

Commitment	How	Progress	Objective
Roll out the Nestlé Cocoa Plan	By enabling farmers to run profitable farms, eliminating child labour while developing a sustainable supply chain for Nestlé cocoa	In 2013, we sourced 4 million kg of cocoa through the Nestlé Cocoa Plan, to use in Canada. This accounts for 100% of the cocoa we use at our Sterling Road facility and 70% of our total confectionery products made or sold in Canada Globally, in 2013 Nestlé rolled out child labour monitoring and remediation at 8 co-ops, built or refurbished 13 schools and trained 33,885 cocoa farmers (2012: 46,000 tonnes, 2 co-ops, 13 schools, 27,000 farmers)	In Canada: In 2014 – Continue to be 100% compliant in sourcing the cocoa used at our Sterling Road facility through the Nestlé Cocoa Plan By 2016 – Supply 100% of all our confectionery products using Nestlé Cocoa Plan cocoa Globally: In 2014 – Nestlé will roll out child labour monitoring and remediation to a further 12 co-ops; build 10 schools; train 25,000 cocoa farmers; distribute at least 1 million plants to farmers In 2015 – Nestlé will complete our school-building programme to build 40 schools in four years

Commitment	How	Progress	Objective
Roll out the <i>Nescafé Plan</i>	Focus on sustainable consumption, production and manufacturing Globally, we're members of Common Code for Coffee Community (4C) and have a partnership with the Rainforest Alliance	In 2013, Nestlé launched the <i>Nescafé Plan</i> in Central America (reaching a total of 13 countries), sourced 148,198 tonnes of coffee from 176,040 Farmer Connect farmers, and distributed over 21.4 million coffee plantlets (2012: 133,792 tonnes, 136,227 farmers, 12.46 million plantlets)	Globally: By 2015 – Source 180,000 tonnes of coffee from Farmer Connect, which is 100% in line with 4Cs baseline sustainability standard By 2020 – Source 90,000 tonnes of coffee that is compliant with the Sustainable Agriculture Network principles, and distribute 220 million coffee plantlets
Implement responsible sourcing	Nestlé Supplier Code Nestlé Responsible Sourcing and Traceability Programme Partnerships with third parties	Globally, Nestlé completed 2507 responsible sourcing audits with 70% full compliance of first tier suppliers (2012: 2261 audits) and currently, 17% of the volumes of our 12 key commodities are traceable By September 2013, 100% of our palm oil was Roundtable on Sustainable Palm Oil certified (this includes RSPO segregated and GreenPalm Certificates)	In Canada: By 2014 – Over 40% of our Critical Direct Materials Suppliers to have a responsible sourcing audit completed Globally: By 2015 – Complete 10,000 responsible sourcing audits, with 70% full compliance achieved By 2015 – 40% of the volumes of 12 key commodities to be traceable (palm oil, soya, sugar, paper, coffee, cocoa, dairy, seafood, shea, vanilla, hazelnut, and meat, poultry and eggs)

WATER

Commitment	How	Progress	Objective
Work to achieve water efficiency across our operations	The Nestlé Commitment on Water Stewardship	In Canada: We've reduced our total water withdrawals (m ³ per tonne of product) by 4% since 2012 At our bottling plants, we only draw what can be naturally replaced by the earth's hydrogeological cycle Globally: In 2013, we reduced direct water withdrawals in every product category, achieving an overall reduction per tonne of product of 33% since 2005. We have carried out nine water resource reviews at new facilities, bringing the global number of factories reviewed to 126 Recently, Nestlé has identified and prioritized a selection of manufacturing facilities around the world for further improvement (based on water-related physical risks and impacts) and a set of key areas where catchment-level stewardship initiatives will take place	Globally: By 2015 – Reduce direct water withdrawals per tonne of product in every product category to achieve an overall reduction of 40% since 2005 By 2015 – Establish and implement detailed guidelines on human rights to water and sanitation due diligence By 2016 – Define water stewardship initiatives and start implementation in five high-priority locations By 2016 – Implement water savings projects in 100% of high-priority manufacturing facilities By 2016 – Carry out 45 new water resources reviews in selected manufacturing facilities, and all greenfield sites
Advocate for effective water policies and stewardship	In Canada: Work with provincial governments to develop fair and reasonable water resource management policies that result in sustainable practices by all groundwater users, whether private, commercial or municipal Globally: The Nestlé Commitment on Water Stewardship	In Canada, the province of British Columbia has approved a revised Water Modernization Act that supports Nestlé S.A. sustainability objectives, following almost six years of discussions	In Canada: All groundwater users, whether private, commercial or municipal, manage their groundwater-drawing sustainably across Canada and, in particular, in those sub-watersheds where Nestlé Waters Canada has operations
Treat the water we discharge effectively	The Nestlé Commitment on Water Stewardship Nestlé Environmental Requirements	We have further strengthened our requirements for water quality and effluent discharge. Globally, we've reduced water discharges per tonne of product by 48.5% since 2005 In Canada, since our ISO14001 certification in 2007 and 2013, our Sterling Road factory has reduced its annual discharge by 40% In our London, Canada Ice Cream Factory, we have significantly reduced the biological oxygen demand of our liquid effluent (average of 2,391 kg per day in 1999 to an average of 363 kg per day in 2013)	Globally: By 2016 – Implement new Nestlé Environmental Requirements for water quality and effluent discharge in all factories

Commitment	How	Progress	Objective
Raise awareness of water access and conservation	<p>In Canada: Work with local communities where Nestlé Waters Canada has operations to help educate neighbouring landowners and the general public about the importance of sustainable water resource management</p> <p>Globally: The Nestlé Commitment on Water Stewardship</p>	<p>Guelph: Major sponsor and active Board member of Friends of Mill Creek, an organization that hires students every summer to make repairs to Mill Creek. During that time and for the remainder of the year, educate the general public about the importance of sustainable water resource management practices in the Mill Creek sub-watershed</p> <p>Hope: Major sponsor of Hope Mountain Centre for Outdoor Education, an organization that provides field-level water and biology resource management education to parents, students and teachers throughout the Fraser River watershed</p> <p>Guelph / Hope: Host bi-ennial community open house at bottling plant to demonstrate water conservation and management practices deployed by Nestlé Waters Canada</p>	<p>In Canada: Help Canadians to appreciate, implement and value sustainable water resource management practices, particularly in the sub-watersheds where Nestlé Waters Canada has operations</p>

ENVIRONMENTAL SUSTAINABILITY

Commitment	How	Progress	Objective
Improve resource efficiency	<p>The Nestlé Policy on Environmental Sustainability</p> <p>Nestlé Environmental Management System</p>	<p>In Canada, our Sterling Road facility achieved zero waste to landfill in 2013</p> <p>We also reduced overall energy consumption in Canada (10° Joules per tonne of product) by 5% since 2012</p> <p>Globally, in 2013, 61 Nestlé factories (12%) achieved zero waste for disposal (2012: 39 factories, 8%). This means we achieved the objective two years early. We have also reduced overall energy consumption, per tonne of product, by 23% since 2005 (2012: 21%)</p>	<p>In Canada: By 2014 – Our London and Barrie factories will achieve zero waste to landfill</p> <p>Globally: By 2015 – We will achieve zero waste for disposal in 10% of our factories</p> <p>By 2015 – We will reduce energy consumption per tonne of product in every product category to achieve an overall reduction of 25% since 2005</p>
Provide climate change leadership	<p>The Nestlé Policy on Environmental Sustainability</p> <p>Nestlé Commitment on Climate Change</p>	<p>In Canada, we have reduced GHG emissions (kg CO₂ per tonne of product) by 7% since 2012</p> <p>Globally, we have reduced direct GHG emissions per tonne of product by 35.4% since 2005, resulting in an absolute reduction of 7.4% (2012: direct GHG emissions declined 14% between 2005 and 2012, while production increased by 31%). This means we achieved the objective we set ourselves in 2012 two years early. We have phased out 93% of our industrial refrigerants with high global warming and ozone-depleting potential (2012: 92%), and 18,000 of our new ice cream chest freezers are using natural refrigerants</p>	<p>Globally: By 2014 – We will expand the use of natural refrigerants in our industrial refrigeration systems</p> <p>By 2015 – We will reduce direct greenhouse gas (GHG) emissions per tonne of product by 35% since 2005, resulting in an absolute reduction of GHG emissions</p>
Preserve natural capital, including forests	<p>The Nestlé Policy on Environmental Sustainability</p> <p>Sustainability by Design Programme</p> <p>Sustainability by Design Network</p> <p>New ecodesign tool EcodEX covering the entire value chain</p> <p>Life Cycle Assessment</p>	<p>In Canada, in 2013 we sourced 902,161 kg of palm oil, of which 100% was certified sustainable (RSPO) and 50% traceable. We also sourced 466,945 kg of vanilla that was 100% responsibly sourced</p> <p>Globally, 17% of the volume of our key commodities are responsibly sourced, in accordance with our guideline requirements</p>	<p>In Canada: By 2014 – We will have strategic buyer commitment for traceable palm oil:</p> <ul style="list-style-type: none"> • 90% traceable back to plantation • 40% traceable back to mill <p>By 2015 – 100% of our palm oil will be fully traceable</p> <p>Globally: By 2015 – 30% of the volume of our 12 key commodities volumes have been assessed against our Responsible Sourcing Guideline requirements and are compliant, or improvement plans are ongoing</p> <p>By 2015 – Improvement programmes are taking place for all factories adjacent to Important Water Areas</p>
Provide meaningful and accurate environmental information and dialogue	<p>The Nestlé Policy on Environmental Sustainability</p>	<p>We leverage relevant contact points (such as digital, packaging and point-of-sale) to inform consumers of environmental improvements and challenges, such as the public relations campaign launched to increase awareness of the <i>Nestlé Cocoa Plan</i></p>	<p>Globally: By 2016 – Fact-based environmental information will be accessible to consumers in all countries</p>

OUR PEOPLE, HUMAN RIGHTS AND COMPLIANCE

Commitment	How	Progress	Objective
Market breast-milk substitutes responsibly	Compliance with National Codes and WHO Code as implemented by national governments. Independent third parties to verify and validate our policies and practices	We are included in the FTSE4Good Index Series – the only global responsible investment index with clear criteria on the marketing of breast-milk substitutes (BMS). In 2013, our practices were audited in 31 countries by internal auditors and in three countries by Bureau Veritas. In light of the recommendations, we have enhanced our transparency and good governance mechanisms and strengthened our compliance systems	<p>In Canada: Throughout our marketing materials, continue to promote exclusive breastfeeding for six months and recommend continued breastfeeding, after the introduction of complementary food, for up to two years and beyond</p> <p>Provide infant formula samples only upon request, and promote science-based nutrition information for parents</p> <p>Provide breastfeeding information through printed materials and website</p> <p>Globally: As part of our ongoing efforts to promote breastfeeding, report publicly on our progress regarding the responsible marketing of breast-milk substitutes</p> <p>By 2014 – Ensure our newly acquired Wyeth Nutrition Infant Formula business meets the FTSE4Good Index criteria</p>
Ensure that all Nestlé sites have the necessary systems in place to deliver the same level of safety and health protection for all employees	<p>Certify all Nestlé sites to OHSAS 18001 health and safety standards</p> <p>To include factories, R&D centres, distribution, sales and offices</p>	Have begun the process to certify our distribution centres, factories and office locations to OHSAS 18001	<p>In Canada: By 2014 – Certify our North York office</p> <p>By 2015 – Certify our Brampton office</p> <p>By 2016 – Surveillance and maintenance required for recertification process. Begin process to certify any remaining facilities</p>
Enhance gender balance	Nestlé Management and Leadership Principles and Nestlé Business Principles	<p>Globally, we have signed up to the UN Women's Empowerment Principles and are ensuring men and women at management level progress at the same rate</p> <p>In Canada, in 2013 44% of our managers were women (2012: 40.5%), and 66% of our senior leadership team were women (2012: 46%)</p>	<p>In Canada: We're committed to continuing to be a gender balanced company by continually enhancing the enabling conditions in our work environment</p>
Provide training and education for our employees on CSV, Nutrition Quotient (NQ) and environmental sustainability	<p>The Nestlé Policy on Environmental Sustainability</p> <p>CSV integral to global training and development programmes</p> <p>NQ (Nutrition Quotient) training programme</p>	<p>In Canada, 87% of employees completed NQ training in 2013</p> <p>More than 245,650 employees around the world have completed NQ 16 training since the programme was launched in 2007 and, in 2013, 108,083 people received refresher training</p>	<p>In Canada: By 2014 – Our company-wide commitment is to have all Nestlé employees trained at least once on the NQ Foundation Module by the end of 2014, including an e-learning module</p> <p>Globally: By 2016 – Strengthen our ability to meet our commitments through environmental awareness sessions for our employees. Environmental awareness training will be run in all countries by 2016</p>

Notes

Notes

Report produced by:

Nestlé Canada Corporate Affairs
October 2014

We welcome your feedback on
this report.

Please email your comments to:
corporate.affairs@ca.nestle.com

For more information, please visit:

www.corporate.nestle.ca
www.products.nestle.ca
www.nestle-waters.ca
www.purina.ca
www.nestle-baby.ca
www.nutrition.nestle.ca

**For Global CSV information,
please visit:**

www.nestle.com

Printing:

The Lowe-Martin Group

Paper:

Printed copies are printed on 100%
recycled paper using vegetable-based
inks. The paper is certified by the
Forest Stewardship Council® (FSC).



This report is also available online at
www.corporate.nestle.ca



