LASSONDE PAPPAS
NLEA LABELING WEBINAR

QUALITY PRODUCTS GROWN BY INNOVATIVE THINKERS
Welcome!

Thank you for your participation in today’s session. We hope that our insights will be beneficial for you and your organization.

To ensure audio clarity, please be sure to have your microphones, headsets, and phones on **MUTE**.

You can submit questions throughout the presentation, and we will address it at the end.

For Q/A Session, please use the RAISE hand feature so that we can unmute you.
Agenda

The New Nutrition Facts Panel
Ian Wallace
Director, Legal Affairs

Clean Label
Carl Jorgenson
Director, Global Thought Leadership - Wellness

Trends & Innovations
Jamie Bradford
Director, Product & Packaging Innovation
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THE NEW NUTRITION FACTS PANEL
Regulatory Insights
Revamped NFP Format

OLD

NEW

Nutrition Facts

Serving Size: 2/3 cup (55g)
Servings Per Container: About 8

Amount Per Serving

Calories: 230

% Daily Value *

Total Fat: 8g
Saturated Fat: 1g
Trans Fat: 0g

Cholesterol: 0mg

Sodium: 160mg

Total Carbohydrate: 37g

Dietary Fiber: 4g

Sugars: 1g

Protein: 3g

Vitamin A: 10%
Vitamin C: 6%
Calcium: 20%
Iron: 45%

* Percent Daily Values are based on a 2,000 calorie diet.
Your daily value may be higher or lower depending on your calorie needs.

Serving sizes updated

Calories: larger type

Updated daily values

Actual amounts declared

New footnote

Nutrition Facts

Serving Size: 2/3 cup (55g)

Amount per serving

Calories: 230

% Daily Value *

Total Fat: 8g
Saturated Fat: 1g
Trans Fat: 0g

Cholesterol: 0mg

Sodium: 160mg

Total Carbohydrate: 37g

Dietary Fiber: 4g

Total Sugars: 12g

Includes 10g Added Sugars

Protein: 3g

New: added sugars

Change in nutrients required

New: larger, bolder type
Changes to Nutrients Required / Permitted to be Declared

Updated list of nutrients that must or may be declared

**Added Sugars**

Now Required!
Indented under Total Sugars

**Potassium & Vitamin D**

Mandatory instead of Vitamin A and Vitamin C

**Calories from Fat**

No longer required

**Other Carbohydrates**

Can no longer be declared voluntarily
**Added Sugars**

**WHY CHANGE?**
- Needed to provide consumers with information to construct a healthy dietary pattern

**DEFINITION**
- Sugars added during the processing of foods
  - Sugars (free, mono- and disaccharides)
  - Syrups and honey
  - Concentrated fruit or vegetable juices

**EXAMPLES**
- Syrups
- Honey
- Molasses
- Maltose Sugar
- Maltose
- Lactose
- HFCS
- Brown Sugar
- Invert Sugar
- Sucrose
- Trehalose
- Concentrated Fruit Juice

**JUICE CONCENTRATES**
- Must declare sugar from concentrate in excess of what would be contributed by same volume of 100% juice
  - 15g concentrated apple juice added to applesauce = 6g. Same amount of 100% apple juice = 1.7g.
  - Added sugars = 6g – 1.7g = 4.3 g added sugars
Dietary Fiber

2 Types of Fiber Qualify

* Naturally Occurring
* Isolated/Synthetic fibers with physiological benefits

Isolated Fibers that Count

- Beta-glucan soluble fiber
- Psyllium husk
- Cellulose
- Guar Gum
- Pectin
- Locust Bean Gum
- Hydroxypropylmethylcellulose

Isolated Fibers in Limbo

- Inulin
- Oligofructose
- Polydextrose
- Bamboo fiber
- Soy fiber
- Pea fiber
- Fructooligosaccharides
- Wheat fiber
- Cotton Seed fiber
- Sugar cane fiber
- Sugar beet fiber
- Oat fiber

Suppliers petitioning FDA for relief

- Promitor® soluble corn fiber
- Soy fiber
- Fibersol® resistant maltodextrin

What’s next?

1. Guidance from FDA
2. Planned industry request for extension of compliance date
Updated DRVs, RDIs and RACCs

What’s Changing

- Updated DRVs:
  - Added Sugars – New DRV of 50g
  - Sodium – DRV from 2,400 to 2,300mg
  - Dietary Fiber – DRV from 25 to 28g
  - Total Fat – DRV from 30 to 35% of calories (to 78g)
  - Total Carbs – DRV from 60 to 55% of calories (to 275g)

- Updating and Establishing 19 RDIs:
  - Calcium – RDI from 1,000 to 1,300mg
  - Vitamin C – RDI from 60 to 90mg

- 27 Revised RACCs; 25 New Categories:
  - Carbonated and noncarbonated beverages, water, coffee, tea – from 240mL to 350mL
  - Juice – RACC remains the same

Impact on Claims

- Claim criteria have not yet changed
  - FDA intends to revisit in separate rulemaking
  - Could take years

- Claim eligibility may be affected
  - “Good source of calcium” requires 10-19% DV per RACC
  - Previously with 1000mg DV, needed 100-190mg
  - Now with 1300mg DV, need 130-247mg
  - Products with 100-130mg no longer qualify
Serving Sizes &
Dual Column Labeling

What’s Changing

All containers with less than 200% of RACC must be labeled as single serving

- Removes flexibility to choose 1 or 2 servings for >150% and <200%
- No exemption for packages with multiple individually wrapped items

Dual-column labeling required for containers with ≥ 200% and ≤ 300% RACC

- Must include info both “per serving” and “per container”

Impact on Claims

Must specify “basis” of nutrient content and health claims:

- Nutrient content claim examples:
  - good source of vitamin C per serving
  - good source of vitamin C per 8 oz.

Health claim example:

- A serving of 8 oz. of this product conforms to such a diet
Compliance & Next Steps

Compliance date is **July 26, 2018** for large companies and one year later for company with **< $10M** in annual sales.

Means products **introduced into interstate commerce** after July 26, 2018 need to comply.

Ok to **comply early**, but can’t pick and choose from old and new rules – need to adopt new rules **wholesale**.

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**Compliance Roadmap**

1. **Beginning Jan. 1, 2017**, all products teched to new NFP
2. **Minimize/avoid reformulations**
3. **Time to evaluate underperforming SKUs**
4. **Stick to established timelines and milestones**
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CLEAN LABEL 2016
Daymon
Clean-label: A global trend

Source: Innova Market Insights
Artificial ingredients are declining globally

Global use of artificial ingredients
As % of all new food and drink launches

Source: Mintel/GNPD
Consumers are moving towards Clean Eating...

And retailers and brands are delivering

Major companies are making shifts to natural colors and flavors

58% of primary grocery shoppers: “It is important for items to be clean.”

Major retailers are offering clean label private brands

Source: NPD Group, How Consumers Define Clean Eating.
What is “Free-From”?

Free-from is the clean-label promise to the customer. The promise can take a number of forms, but in general it means…

The product does not contain either:
- Specific ingredients, or
- Ingredient categories

Free-from is the new “natural”
Prioritizing Ingredients for the Free-From List

Consumers pay attention to (in %)

- 67% easy to understand ingredient information
- 62% no artificial additives
- 61% free from preservatives
- 60% no artificial colourants

Sources: Nutrition Business Journal, GNT Group
Before, it was about what was NOT in Foods

Australian brand Super Nature’s Super Foods prepared meal dedicates a large portion of the back panel of its packaging to explaining the positive benefits of its ingredients.

<table>
<thead>
<tr>
<th>Before: Absence of</th>
<th>Now: Positive Benefits</th>
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</thead>
<tbody>
<tr>
<td>Fat</td>
<td>Healthy fats</td>
</tr>
<tr>
<td>Salt</td>
<td>Low-glycemic</td>
</tr>
<tr>
<td>Sugar</td>
<td>Sustainable</td>
</tr>
<tr>
<td>MSG</td>
<td>Full Fat</td>
</tr>
<tr>
<td>Preservatives</td>
<td>Superfoods</td>
</tr>
<tr>
<td>Artificial Flavors</td>
<td>Fair Trade</td>
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<tr>
<td>Artificial Colors</td>
<td>Calming</td>
</tr>
<tr>
<td>GMOs</td>
<td>Antioxidants</td>
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<tr>
<td></td>
<td>Probiotics</td>
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<tr>
<td></td>
<td>Prebiotics</td>
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<tr>
<td></td>
<td>Protein</td>
</tr>
<tr>
<td></td>
<td>Cage-Free</td>
</tr>
</tbody>
</table>
The Mindset Has Flipped... Now It’s About What’s IN Food

Dave’s Killer Bread
**Positives:** Sprouted Wheat, Organic, Omega-3

Path of Life Frozen Quinoa Dishes
**Positives:** Ancient grain quinoa, complete protein, superfood vegetables, organic

Ojio Yacon Syrup (Sweetener)
**Positives:** Organic, Low-Glycemic, Prebiotic

Green & Wild’s Superfood Dog Food
**Positives:** Superfood vegetables, Antioxidants, Protein, Sustainably sourced
Culinary techniques coming to the rescue to mitigate taste losses from elimination of sugar & salt

- Air frying
- Smoking
- Charring
- Roasting
- Umami
- Minerals

Source: “Effect of iron on taste perception and emotional response of sweetened beverage under different water conditions.” Aili Wang et al. Food Quality and Preference, 6/16/2016
Umami enhances flavor without salt or sugar

Umami-generating ingredients include tomatoes, soy sauce, edible seaweed, mushrooms, parmesan cheese, cured meats, fish, and many others.
Kokumi is a newer flavor, linked with Umami
Fast Food is Getting Dejunked

McDonald’s Next in Hong Kong

Panera window, CT

Chick-fil-A kale salad
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TRENDS & INNOVATIONS SEEN AT SIAL PARIS
THE WORLD'S LARGEST FOOD INNOVATION EXHIBITION
From famous Parisian food markets to the trade show floor at SIAL – what’s next in innovation is consistent across the world

**Packaging Evolves**
with eco-responsible, re-sealable, spoutable pouches & premiumization

**Products**
that enhance your life, provide personal well-being & convenience

**Ingredients**
that are super foods & have functional properties

**Flavors**
that combine traditional fruits & vegetables with more unique - botanicals, herbs, fruits & seeds

**Beverage segments**
continue to blur with health, hybridization & unique experiences at the forefront
Packaging Evolves

Eco-responsible, premiumization & re-sealable, spoutable pouches

- Premium Glass
- Multiserve Pouch w/Spouted Flip Cap
- Squeezable beverage pouch
- Whiskcap
- Keep Can re-sealable can
- Paperboard Cup w/straw & sip top
- Eat & Go Pots
Products give you what you seek from morning to night

Support the “always on” phenomena with personal well-being solutions

From Wake Up to Good Night Convenience
Traditional fruits & vegetables with more unique - botanicals, herbs, fruits & seeds including many super foods & functional ingredients

- TAMARIND
- beetroot
- COCONUT
- Blood orange
- BASIL SEED
- RHUBARB
- DATES
- aronia
- MELON
- dandelion
- STARFRUIT
- Gac fruit
- HIBISCUS
- Yum berry
- Cashew fruit
- oolong
- PINK GUAVA
- BAOBAB
- ROSE
- SEA
- BUCKTHORNE
- Cassia seed
- LEMON
- acai
- FIGS
- HONEY
- nutmeg
- Camu camu
- turmeric
- BASIL
- turnip
- GINGER
- Barley
- mangosteen
- GOLDENBERRY
- Morello cherry
- GOJI BERRY
- burdock
- COLLAGEN
- MANDARIN ORANGE
- passionfruit
- ELDERFLOWER
- AVOCADO
- strawberry
- shizandra
- COFFEE
- White peach
- BANANA
- edamame
- ALOE VERA
- Chia seed
- MORANGO
- Lycée
- cinnamon
- SOURSOP
- sapodilla
- Sour cherry
- Calamasi lime

*largest font denotes seen the most at the show/markets*
Beverage segments continue to blur with health, hybridization & unique experiences at the forefront.
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PLMA'S 2016 - INNOVATION
Innovation – PLMA 2016

Continue to develop innovative products in shelf-stable

<table>
<thead>
<tr>
<th>Product</th>
<th>Sales (MM)</th>
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<tbody>
<tr>
<td>Double Fiber Prune Juice</td>
<td>$126</td>
</tr>
<tr>
<td>Auntie Anne’s® Lemonade</td>
<td>$280</td>
</tr>
<tr>
<td>Cinnabon® Apple Cider</td>
<td>$129</td>
</tr>
<tr>
<td>Alternative Waters</td>
<td>$330</td>
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<tr>
<td>Sparkling Juice</td>
<td>$160</td>
</tr>
<tr>
<td>Glass</td>
<td>$351</td>
</tr>
<tr>
<td>Natural/Organic Isotonics</td>
<td>$3.6B</td>
</tr>
<tr>
<td>Natural/Organic Oral Electrolytes</td>
<td>$161MM</td>
</tr>
<tr>
<td>Agua Frescas</td>
<td>Growing segment</td>
</tr>
<tr>
<td>Jugo Del Sol</td>
<td>Growing segment</td>
</tr>
<tr>
<td>Fair Trade</td>
<td>Lemonade, Tea &amp; Sauce</td>
</tr>
</tbody>
</table>
Innovation – PLMA 2016

Expand into fast-growing, perimeter of the store segments

- **Organic Drinkable Soups**
  - New Segment
  - $602MM

- **Smoothies**
  - $631MM

- **Liquid Coffee**
  - $602MM
THANK YOU

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