

Nestlé reorganizes infant nutrition business, announces changes to Executive Board



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The Nestlé Board of Directors has decided to change the organization of the infant nutrition business at Nestlé to enhance further the company's ability to win in this high-growth category. Effective January 1, 2018, infant nutrition will move from the globally-managed Nestlé Nutrition to a regionally-managed business. The change does not apply to other Nestlé businesses.

A dedicated Strategic Business Unit (SBU) will be created to retain the strengths of Nestlé's globally-aligned nutrition strategy. The SBU will manage core global functions including science-based innovation, quality management, compliance, and global manufacturing capacity. A Nutrition Business Head will be appointed for each of Nestlé's three zones, to implement the global strategy in local markets. The Nutrition Business Heads will have operational and financial responsibility, reporting to the respective Zone CEO.

The new organization will allow Nestlé's infant nutrition business to deliver accelerated organic growth and realize further efficiency gains. The more agile and efficient structure will enable Nestlé to respond faster to rapidly changing local consumer preferences, evolving regulation, and customer and channel demand for tailor-made solutions.

Nestlé was founded more than 150 years ago with the development of a breakthrough infant food, and infant nutrition remains central to Nestlé's strategy for sustainable value creation. The company is increasingly focusing capital spending on advancing its high-growth categories. In addition to infant nutrition these include coffee, petcare and bottled water.

Nestlé Nutrition was created in 2006 and has strengthened Nestlé's global leadership in infant nutrition. It has delivered sustained growth

and margin expansion, while successfully integrating and leveraging the Gerber and Wyeth acquisitions. It has achieved recognized leadership in compliance with the WHO International Code of Marketing of Breast-Milk Substitutes (BMS). Nestlé is the first BMS manufacturer to have been included in the FTSE4Good Index.

Nestlé also announced changes to its Executive Board today.

Stefan Catsicas, Executive Vice President and Chief Technology Officer, has decided to pursue entrepreneurial and venture capital activities outside of Nestlé. Since joining in 2013, Stefan Catsicas has led Nestlé Research through considerable change, improving alignment with business and operations, promoting scientific breakthroughs and leveraging cross-discipline discoveries. He will leave Nestlé effective December 31, 2017, but will maintain a strong relationship with the company in the coming years through an advisory role in science and technology areas related to the Group's priorities.

The Nestlé Board of Directors has appointed Stefan Palzer as Executive Vice President and Chief Technology Officer at Nestlé, effective January 1, 2018. Stefan Palzer is currently Head of the Nestlé Research Center, and is recognized as one of the leading global experts in food engineering and materials science.

Stefan Palzer joined the Nestlé Group in 2000. He held positions of increasing responsibility at the Nestlé Product Technology Center (PTC) in Singen, at the Nestlé Research Center, and as Head of the Nestlé PTC in York. In March 2013, he took over the role of Global R&D Manager in the Beverage SBU. He has been Head of the Nestlé Research Center since 2016.

Applying his strong scientific expertise, Stefan Palzer has significantly contributed to a number of key innovations across product categories at Nestlé. His ability to lead rapid and meaningful product innovation will help Nestlé to accelerate organic growth by capitalizing on recent key consumer trends.

Heiko Schipper, Deputy Executive Vice President in charge of Nestlé Nutrition, has decided to pursue other interests outside of Nestlé. He will leave the company effective December 31, 2017. Heiko Schipper was appointed Global Business Head Infant Nutrition in 2013 and Deputy Executive Vice President in charge of Nestlé Nutrition in 2014. Under his leadership, Nestlé Nutrition delivered sustained growth and

margin improvement. It also achieved leadership in the important China market by fully leveraging the newly acquired Wyeth Nutrition brands and the Nestlé brand portfolio.

Heiko Schipper's position on the company's Executive Board will not be replaced, following the change in the organization of the infant nutrition business.

Media: Robin Tickle Tel.: +41 21 924 22 00

Investors: Steffen Kindler Tel.: +41 21 924 35 09

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