



The Gourmet Dairy

www.zott.de/en

***“GMO free animal products –
Experience of GMO free labelling
from the perspective of a dairy”***



Zott stands for

- **Independent family-owned and family-run business since 1926**
- **Clear commitment to its brand – a passion for innovation and progress**
- **Competence in Premium Quality products:**
Yoghurt, Desserts, Kefir, Mozzarella, Hard cheese, Processed cheese, Natural products, Cream products, Coffee Cream, Drinks, Milk and whey powder
- **Added value**
- **Zott – one of the top 10 dairies in Germany**



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How to maintain GMO-free agriculture in Europe
April 16th, 2015
ZOTT SE & Co.KG
Johannes Hegenberger

Zott Management



Christine Weber

Executive Director
Chair of the Board of Management

Anton Hammer

Executive Director Finance & Service
(right)

Hervé Massot

Executive Director
Sales, Marketing & Production
(left)



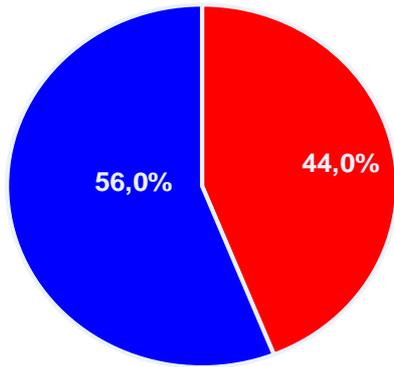
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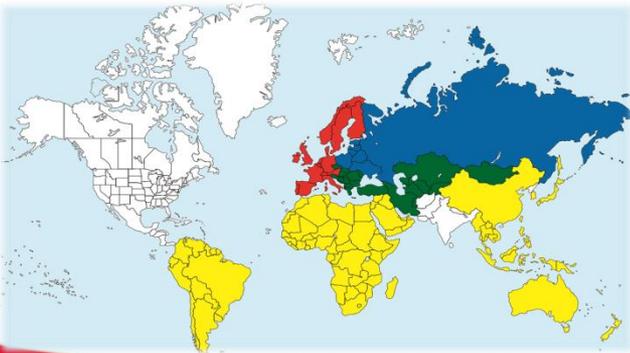
Zott Group

International Turnover – 2014 in total 953 million €

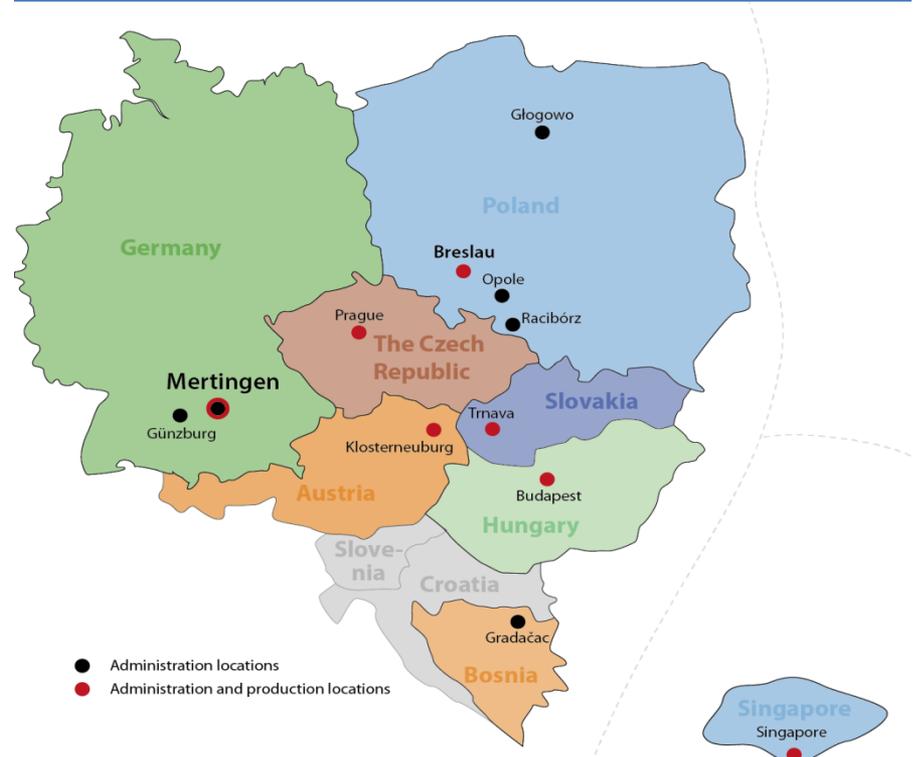


■ Turnover Germany
■ Turnover International

At home all over the world



12 Global Locations – including 6 production facilities

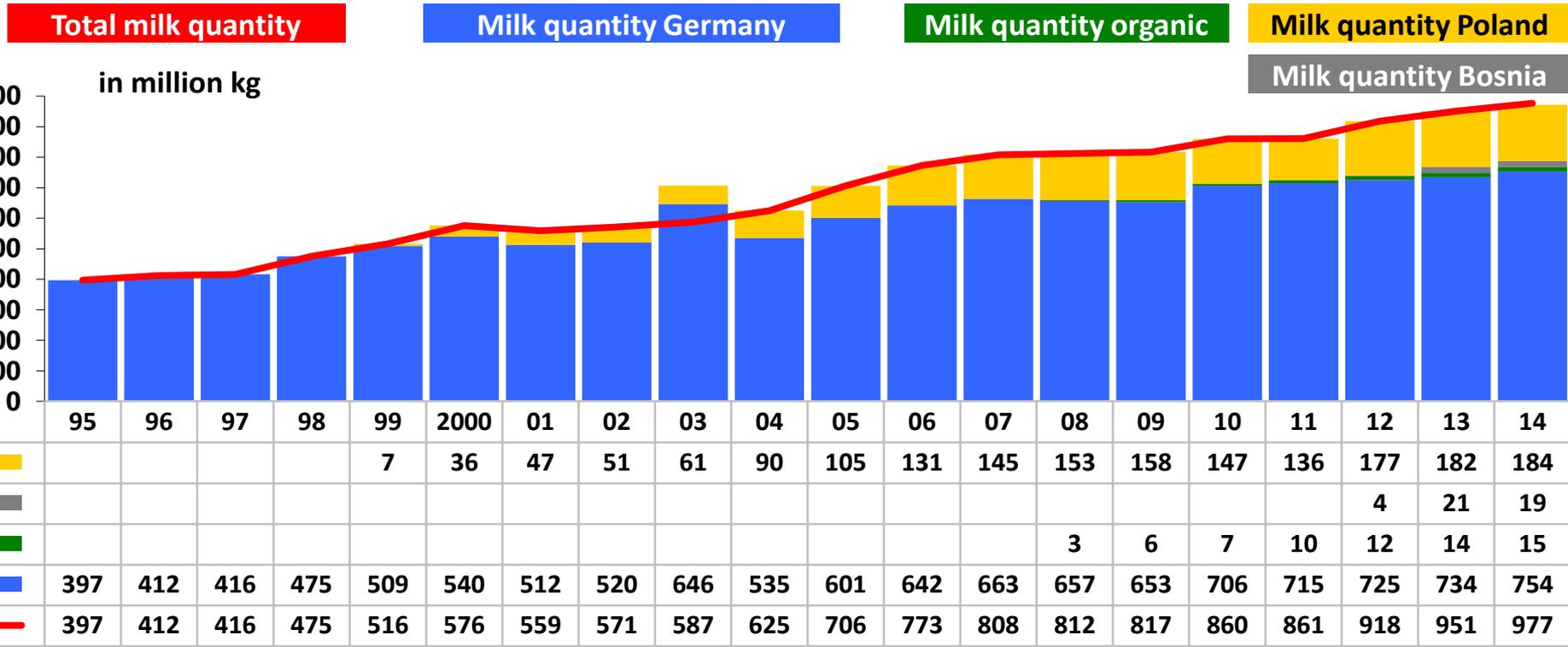


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Milk Processing

Zott Group



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Zottarella

GMO Free since 2010

Bayerntaler

GMO Free since 2012



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“GMO free animal products – Experience of GMO free labelling from the perspective of a dairy”

Survey

- **Drivers for decision GMO free**
- **Implementation and consequences**
 - Dairy farmers
 - GM Analysis for feedstuff
 - Dairy plant
- **Challenges and important aspects**



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Drivers for decision GMO free

Enjoyment is in change...

Our requirement: Commitment to sustainability,
“Added value” has to be earned!

“FORSA” study in Germany for GMO free labelling
May 2011, Zott-initiated

Results: Customers Opinion for GM transparency

- 68 % feel badly informed
- 82 % favour labeling GMO free
- 75 % prefer products with this labeling
- 77 % accept higher price – do they ??



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Drivers for decision GMO free

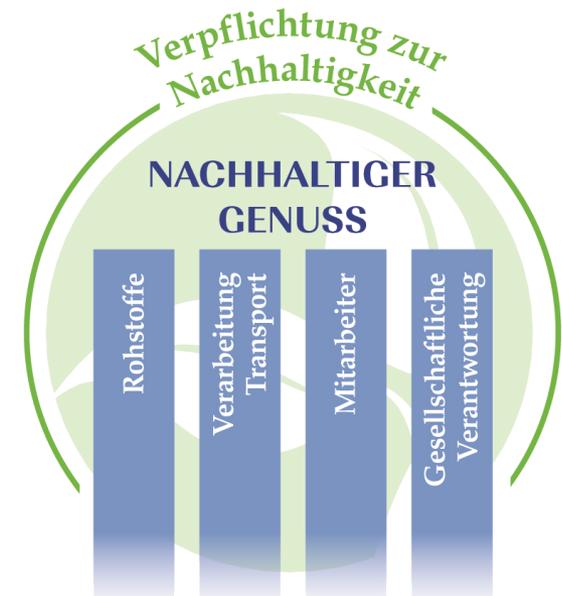
Zott Policy of Sustainability



We take our corporate responsibility very seriously.

Our CR-approach is built on a strong base.

- ① RAW MATERIALS – Milk Purchasing
- ② PROCESSING & TRANSPORT
- ③ EMPLOYEES
- ④ SOCIAL RESPONSIBILITY



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Drivers for decision GMO free

Zott Policy of Sustainability



① RAW MATERIALS – Milk Purchasing

- **GMO free dairy cattle feeding is an important part concerning milk**
- **Milk has the biggest share of our purchase of raw materials**



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Implementation & consequences due to the change as part of the "Sustainable Livestock" program in our milk catchment area since autumn 2009



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Implementation and consequences

Dairy farmers – Dairy company

What is hidden behind a GMO free milk product?

- Milk produced out of non-GM feed
- All other ingredients GMO free

Legal Basis: EG-Gentechnik-Durchführungsgesetz (EGGenTDurchfG) § 3a,b

- Strict German regulation for labeling GMO free
- EU Regulation 1829/2003 and 1830/2003



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Implementation and consequences

Dairy farmers

919 of 2.814 farmers **GMO free milk**
234 of 754 Mio. kg **GMO free milk**

- **Argumenting, coaching, convincing**
- **Price premium (+ 1 €ct/l)**
- **Inspection of farms and feedmills**
- **Documentation effort**
- **Zott list: recommended feedmills**
- **PCR sampling for each feedstuff delivery**

→ **spectrum:**

from: “...immediately, with manageable costs feasible”

to: “...impossible!!”



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Implementation and consequences

Changeover scenario

e.g. 01.01.2015

e.g. 01.02.2015

e.g. 01.05.2015

Conventional
dairy farming

Joining the program
non-GM feedstuff

Start feeding with
non-GM feedstuff

GMO-free Milk

Conventional
feeding

Running down the
conventional feed stuff

Legal conversion period
3 months

Separate milk
collection

Minimum time for changing: 9 – 10 months



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Implementation and consequences

Analysis for non-GM feedstuff

Problem:

- Specified* non-GM feed not always suitable (> 0,9% GMO)
→ Rejection of feed batches

Solution:

- Dialogue with feedmills
 - Selection of feedmills – recommended feedmills
 - Standardized interpretation of PCR analysis
 - PCR sampling for each feedstuff delivery at the farmplace
- Pressure on the feed industry – protection for milk producers and the dairy

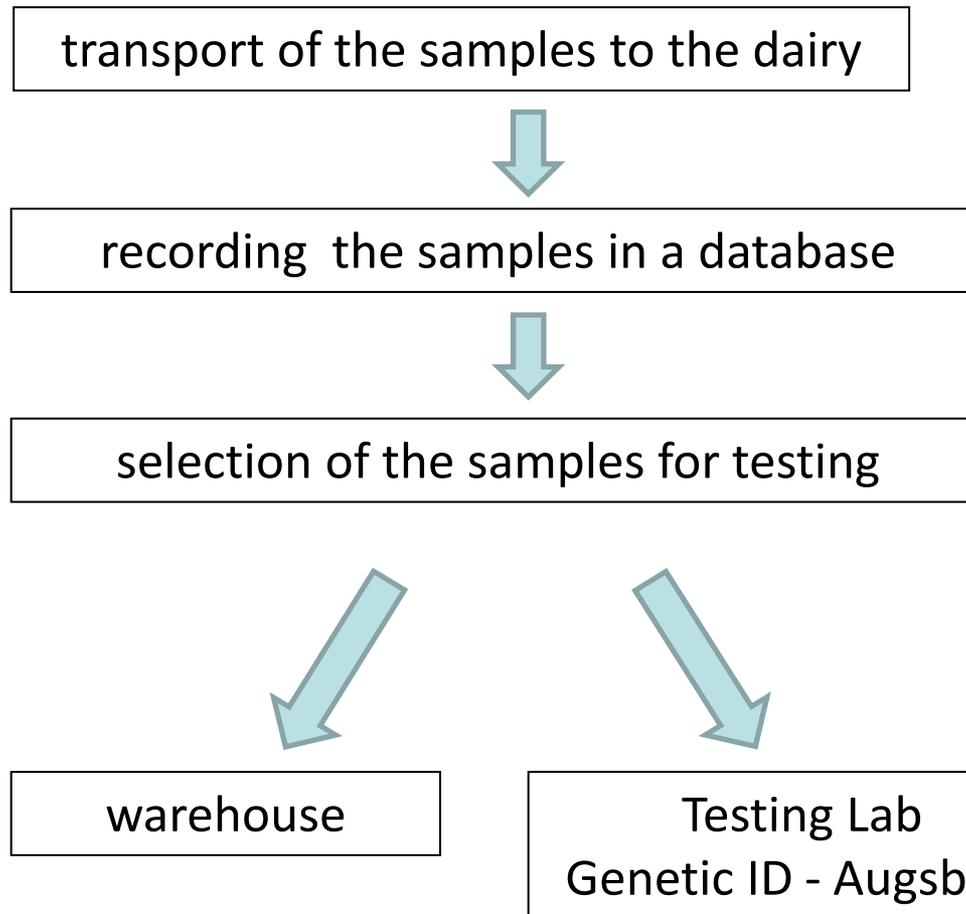
*no need for labeling according Regulations (EU) 1829/2003, 1830/2003



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Implementation and consequences

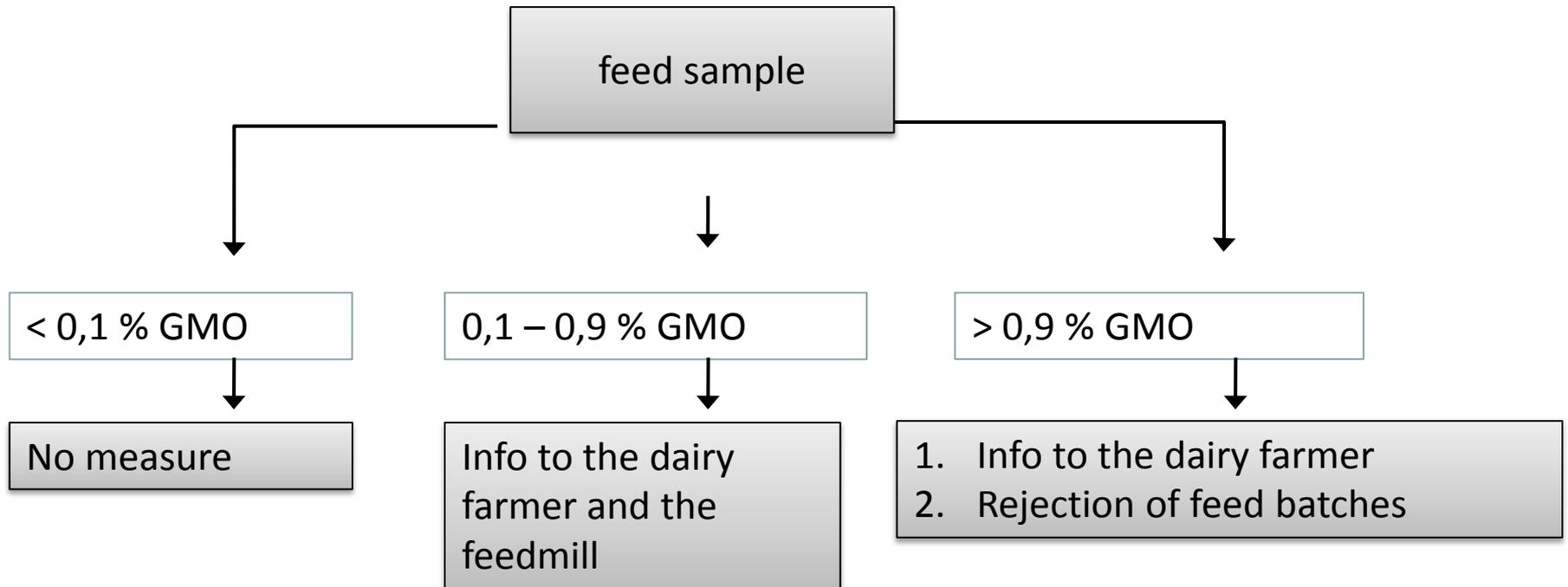
Way of the feed samples



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Implementation and consequences

Analysis for non-GM feedstuff



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Implementation and consequences

Partial Success – the feed industry is cooperative

- more and more feed plants in southern Germany change to 100% non GM raw material
- less problems with the rejection of GMO positive feed batches
→ sometimes...
- decrease of GM positive feedstuff samples
→ but from time to time striking feed samples results...



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Implementation and consequences

Effects within the dairy

- Additional “milk logistic“: collecting, transport, processing
 - different types of milk (conventional milk – GMO free milk)
 - training for the truck drivers
 - Unloading Management
(CIP – milk collecting – milk transport – unloading – CIP)
 - Investments in software and hardware: over € 3 million
- Certification GMO free by Intertek according to EGGenTDurchfG: EG-Gentechnik-Durchführungsgesetz (2008), including feed

- own labeling



- Authorized by national VLOG for labeling



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Challenges and important aspects

Labeling GMO free

Zottarella brand → implemented entire sale

- understanding problems in some sales regions
- GMO free labeling is unfamiliar to consumers
→ need for explanation



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Challenges and important aspects

Labeling GMO free

PCR Analysis of feedstuff for
dairy cows:

Different Interpretation and
discussion of analytical results

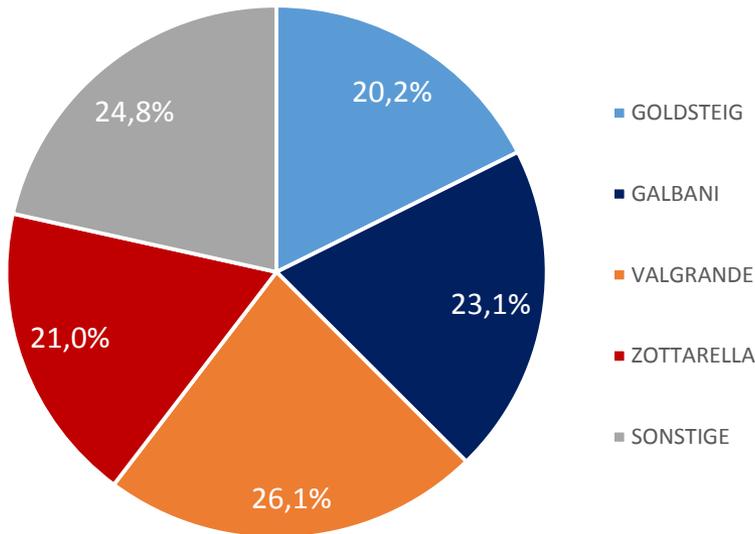


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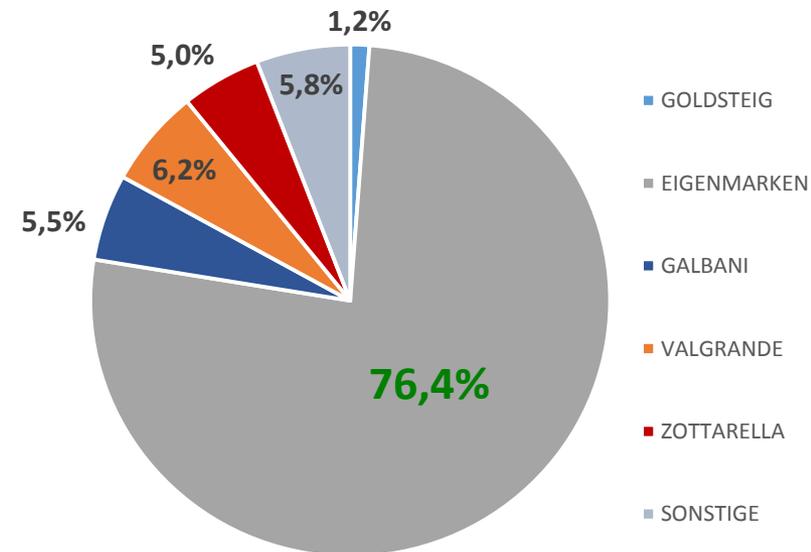
With 76% market share Private Labels clearly dominate the German Mozzarella market

Mozzarella-Brands in Germany
(Sales Marketshare in %, without private labels)



Quelle: AC Nielsen LEH+DM, Marktanteile Absatz konv., 2014 excl. PL

Mozzarella-Brands in Germany
(Sales marketshare in %, with private labels)



Quelle: AC Nielsen 2014



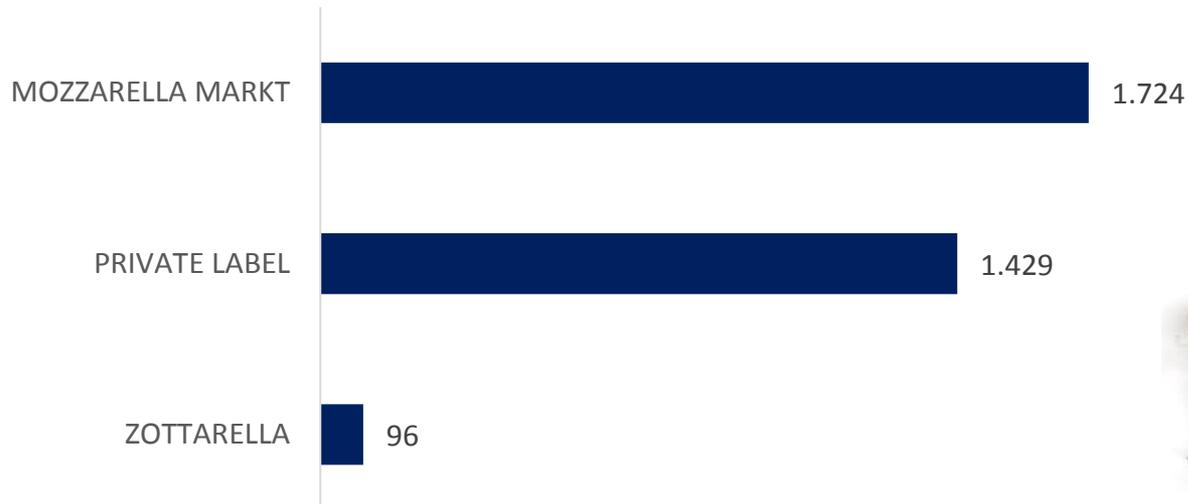
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Positive market growth in 2014

→ the key growth driver :

The price conscious consumer is less willing to pay a premium for: **GMO free**



* Source: AC Nielsen, Sales/tons, Jan.-Dec. 2013 vs. 2014

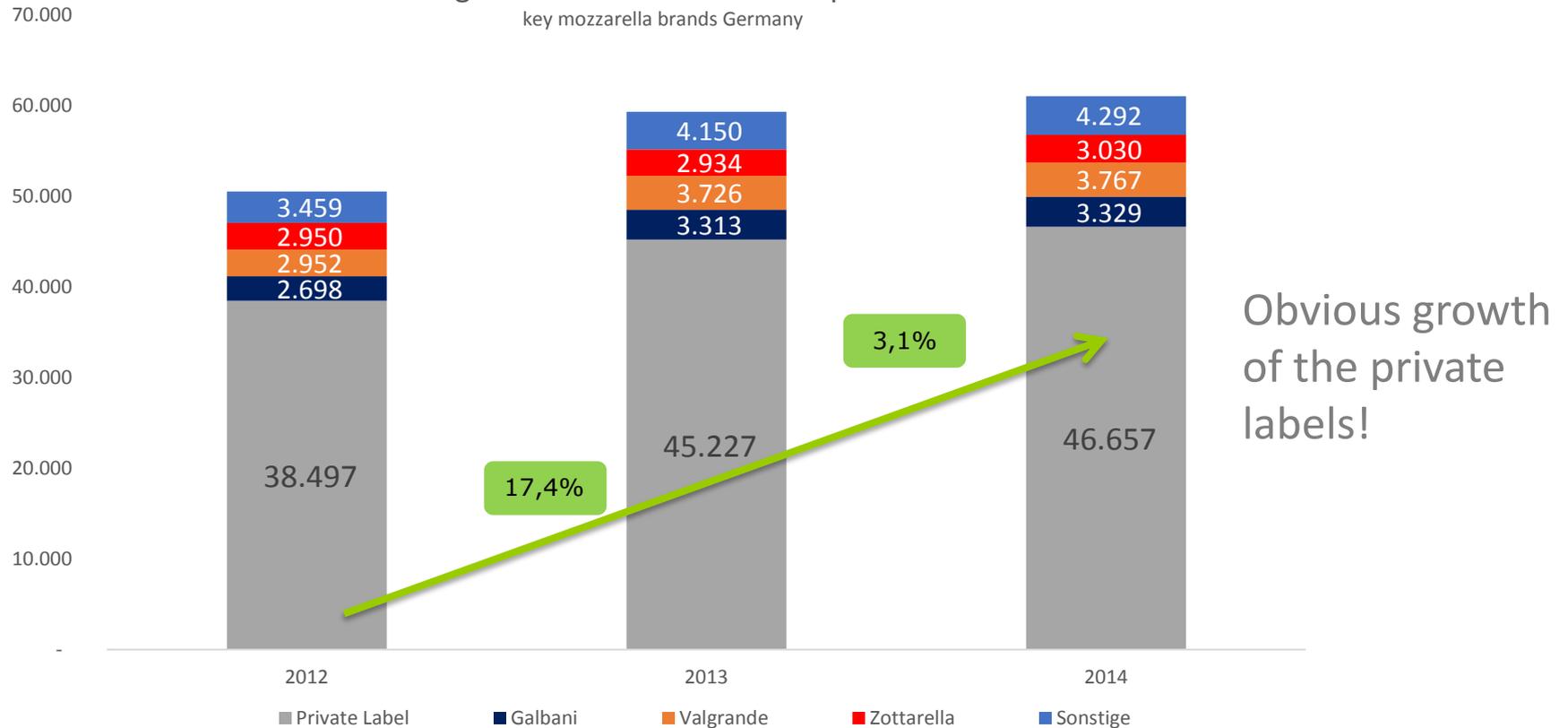


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With more than 76% market share Private Label continue to dominate the Mozzarella market

Long term Volume sales development
key mozzarella brands Germany



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Challenges and important aspects

Current discussions / Situation in Germany

- **The food retail drives the sustainability debate!**
 - Dairy products from GM-free Feeding: Mass market or niche?
 - Consumers in Germany are unwilling to accept a price rise for the additional benefit GMO free.
- **Research and policy: debate on local protein plants!**
- **Research: Demand for GM-free and sustainable protein feed requires research and development funds for plant breeding, consulting and testing that are not present.**
- **What about the availability of Non-GMO feed at a sectoral change in the animal food production?**



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Thank you very much
for your attention.

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