



GELITA

SUSTAINABILITY REPORT 2015





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Global leader and trendsetter

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EDITORIAL

Dear readers,

As one of the leading suppliers of collagen proteins GELITA bears a considerable responsibility towards people and the environment. This is why we have always focussed on increasing market share on a sustainable basis.

Sustainability is not just a part of our strategy: preserving the environment is a prerequisite for our success. Gelatine, collagen and collagen peptides are pure natural, non-allergenic products that are free from E numbers and fully clean-label compatible. To manufacture them we need fresh air, clean water and healthy flora and fauna. At GELITA we already manufacture according to strict guidelines that minimize our environmental impact, use state-of-the-art equipment, and always strive to further improve our green credentials.

True to our vision “Improving quality of life”, social responsibility is crucial to our overall sustainable management strategy. We aim to create values that will benefit our customers, stakeholders and employees alike. This has been one of the founding principles for GELITA since its establishment in 1875. Care is one of the basic values of our corporate philosophy: We care about people, society and the environment. We show this through our continuous actions of reducing our environmental

impact and supporting society and human welfare. The goal is to bring all of these factors into balance and we expect the same from our business partners.

We constantly strive to find new ways to reduce our impact on the environment and, at the same time, take into account human rights. In recent years we have increased our commitment to enhancing our corporate social responsibility profile. This report provides stakeholders with comprehensive information on our sustainability efforts and the progress we have made.

We will continue to set the course for sustained market leadership.

Dr. Franz Josef Konert
CEO GELITA AG



THE GELITA GROUP

Global leader and trendsetter

OUR BUSINESS UNITS



GELATINE

- Food
- Pharma
- Photo
- Technical



COLLAGEN PEPTIDES

- Mobility
- Beauty
- Sports Nutrition



FAT, PROTEIN & MINERALS

- Food
- Pet Food
- Livestock
- Fertilizer
- Biodiesel

GELITA is committed to a clear objective: Improving quality of life. We believe in natural solutions, science and the power of creativity.

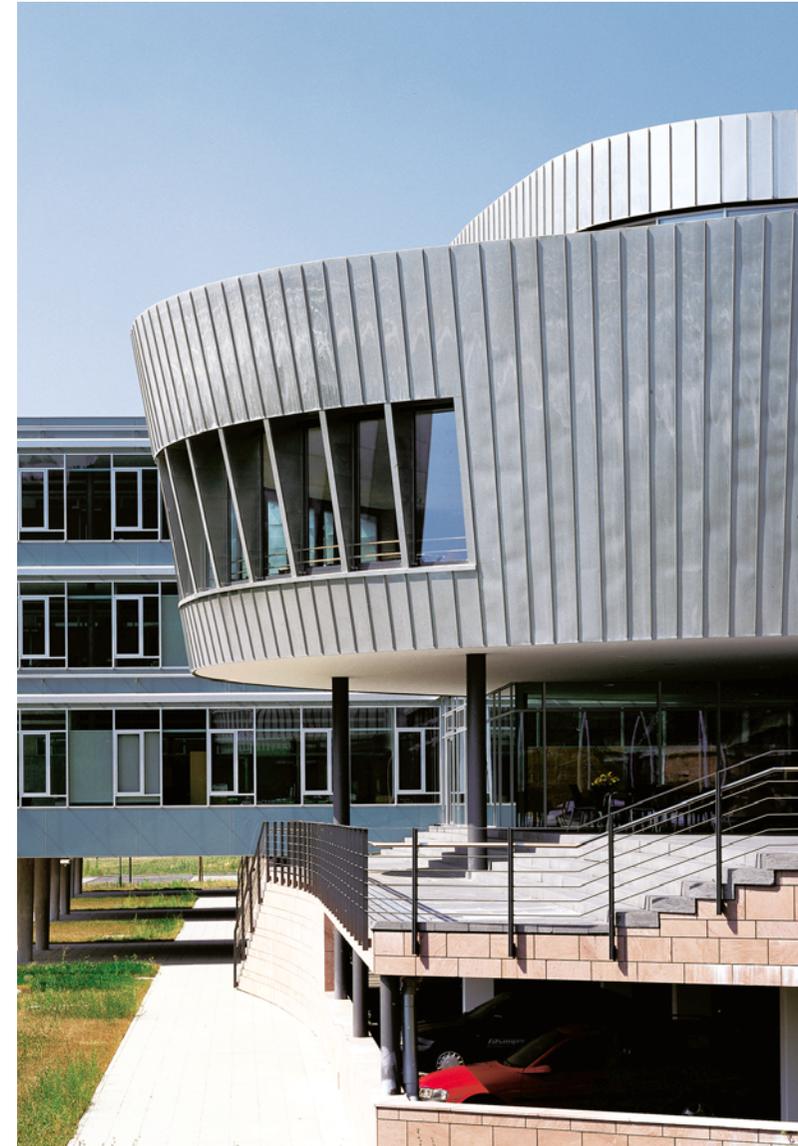
Solutions for modern life

Our innovative solutions are indispensable to modern life – for the food, health & nutrition, and pharmaceutical industries, and for numerous technical and medical applications. Gelatine, collagen peptides and collagen are the natural ingredients for tailor-made products – products which enable our customers to achieve success in the markets of today and tomorrow. In the manufacture of collagen proteins we also obtain high quality fats, proteins and minerals, that can be deployed e.g. for ecofriendly fertilizers or pet food.

Pioneering innovations

GELITA is a provider of new ideas and a furnisher of overall solutions for our customers. As a strong partner we help them in the development, realization and marketing of innovative products. On the basis of our clearly structured innovation process and comprehensive experience, GELITA delivers premium solutions and adds considerable value to our customers' portfolios.

Our long history is the best evidence of our sustainable approach to business: family owned, we have stuck to our values for more than 140 years. We have constantly invested in long-term partnerships, with customers, with suppliers, and with our own staff.



The GELITA headquarters in Eberbach

GELITA has its roots and headquarters in Germany but is present on all continents. We have production facilities and sales offices in virtually every market of the world.

GLOBAL PRESENCE

Our locations worldwide

21 
PRODUCTION PLANTS

3 
SALES OFFICES

2,400 
EMPLOYEES

22% 
MARKET SHARE

675 
TURNOVER IN MILLIONS €
(2015)



*Joint Venture

Highest quality and sustainable growth

GELITA cares about customers, people, society and the environment. We show this through our continuous commitment to the highest quality standards while reducing our environmental impact and supporting society and human welfare.

The provision of safe and healthy products of the best quality has always been GELITA's top priority. We can guarantee this to our customers because all of our sites are certified in accordance with the quality standard ISO 9001 or the norm for food safety FSSC 22000. All raw materials are traceable to their source so we can ensure safe products. It also provides maximum transparency for our customers.

Committed to continuous improvement

As an innovative company, we are constantly striving to optimize our processes while reducing our environmental impact. That is why over half of our production takes place in ISO 14 001 certified production facilities with environmental management systems. Our goal is to certify further sites in the future. All of our production sites in Germany are also ISO 50 001 certified and equipped with an energy reduction management system, which is also planned for our Dutch site. This not only allows us to continuously improve our environmental performance, but also saves costs.

Mutual respect and understanding

We fully respect ethical values and cultural differences in our company and our customers – and we expect the same from our business partners. GELITA complies with the Ethical Trading Initiative Base Code and the International Labour Organization's standards wherever we operate. That means we never use child labour, and all GELITA employees are granted freedom of association. We always observe or exceed the requirements placed upon us by local laws. All GELITA sites are registered with [SEDEX](#) (Supplier Ethical Data Exchange). This allows our customers to check our ethical approach. At all sites, we support the local communities in many ways, e.g. by donating to regional social and health projects or sponsoring sports.

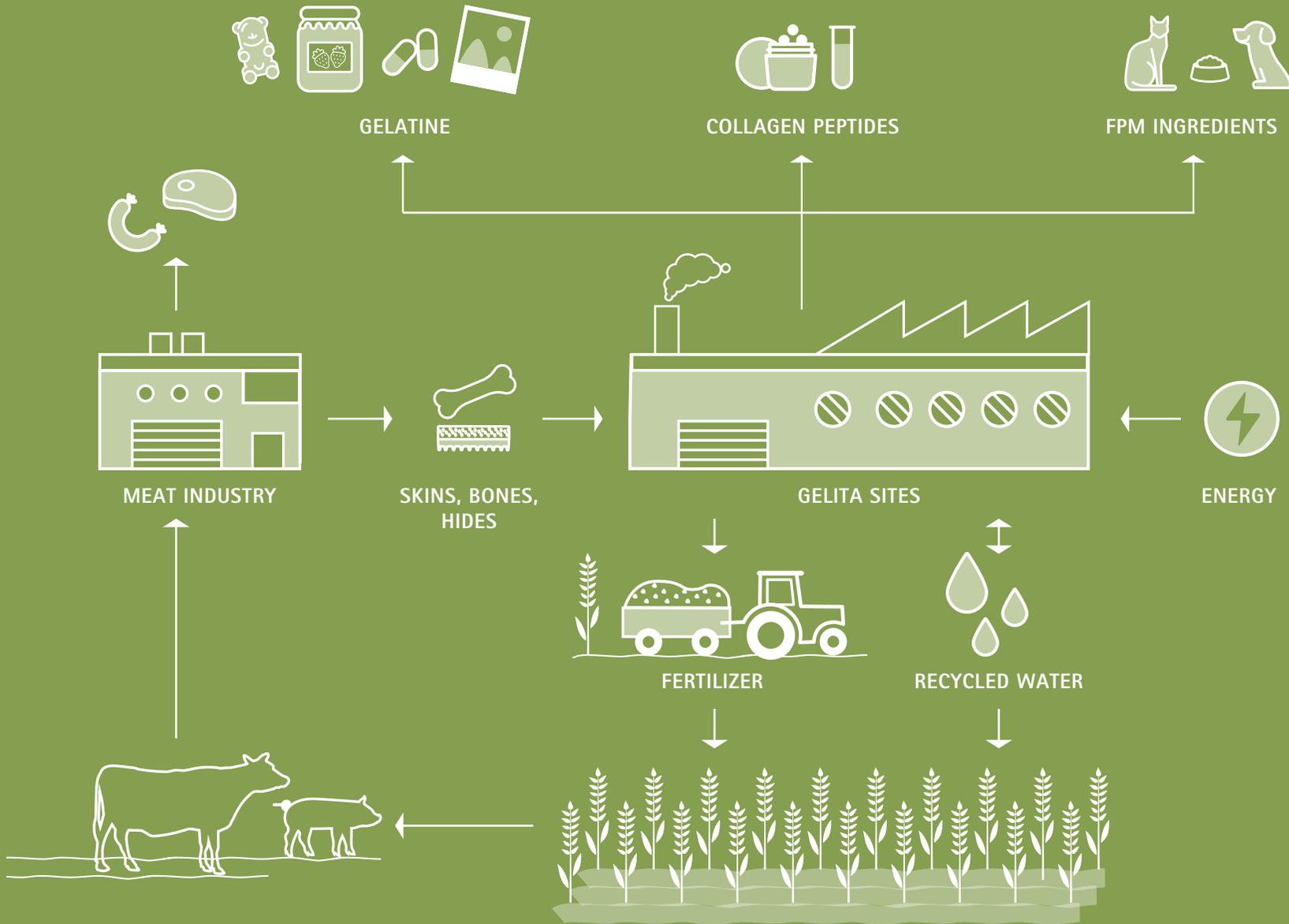
Worldwide, we are in constant contact with local authorities regarding environmental, social and economic issues in order to improve our performance.

GELITA has set the highest standards with respect to product quality.



IT'S A NATURAL CYCLE

Preserving natural resources



GELITA's entire business is based on nature, because we work only with raw materials that have been approved for human consumption and supplied under strict hygienic conditions. We process all the raw materials into high-quality products using state-of-the-art environmentally-compatible production processes and stringent quality controls.

We have developed complex processes to optimize the use of our raw materials. As a result of our effort, very little waste is generated at our sites. Waste water is recycled and reused, residual leftovers are popular fertilizers in agriculture. In this way, our products contribute to the conservation of our natural resources.



ENERGY CONSUMPTION

As a responsible company GELITA continually strives to reduce energy demand, to employ energy solutions with an ever-decreasing impact on the environment and to increase the share of green energy.

Between the years 2013 and 2015, GELITA has managed to reduce its total energy consumption by 15.6% per kg product. Our general target is to keep energy usage neutral while production increases.

ENERGY INPUT (kWh per kg product)



LIGHTING EFFICIENCY INITIATIVE

LED technology in Sioux City

A truly shining example of saving energy comes from GELITA Sioux City. The site joined a lighting efficiency initiative promoted by local power suppliers and initiated a project that combines benefits for the environment, employees and for GELITA's business sustainability.

Switch to LED lighting holds great potential

In 2015 GELITA Sioux City switched its lighting in the entire production area to energy-efficient LED technology. This not only reduced power consumption and cut energy costs but also improved the lighting quality. LED lights are proven to produce reduced glare and improve directional lighting – contributing to a safer and more productive working environment by better mimicking natural light. Additionally, the investment will have paid for itself in less than two and a half years.

Other sites will follow

GELITA has also been intensively examining the suitability and viability of LED lighting for the German sites since 2013, and is testing their light quality, durability and potential savings in various areas of production. As a first step, the Memmingen plant will switch to LED in the bone processing area and the Göppingen factory in the gelatine extraction area.

- ▶ GELITA Sioux City saves more than \$ 1.5 million on energy costs over the next decade
- ▶ LED lighting increases safety and productivity

Project Engineer Josh Reis with one of the LED lamps.

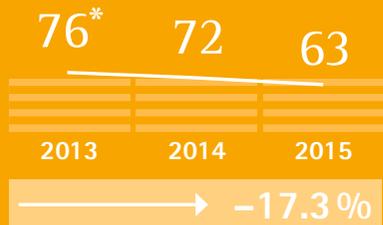




WATER CONSUMPTION

Water, especially fresh water, is one of the most precious resources on our planet. That's why GELITA takes enormous efforts to use as little fresh water in production as possible while trying to reduce the impact on the ecosystem, for example by avoiding waste water. Multiple measures worldwide led to a reduction of fresh water use of about 17.3% per kilogram product from 2013 to 2015. Waste water emissions output decreased by about 12.7% per kilogram product in the same period.

FRESH WATER (liters per kg product)



*rounded to the nearest whole number

WATER RECYCLING

New tanks for Minden

Although 70% of the earth is covered by water, fresh water makes up for less than 3% of global water resources. Rivers and lakes are the lifeblood of many ecosystems and keeping them unpolluted is essential for a healthy environment. GELITA Minden decreases pollution to sensitive environments by identifying water recycling opportunities.

350,000 euros for water recycling

To facilitate water recycling in its Minden site, GELITA invested more than 350,000 euros in two new insulated tanks, each with a capacity of 80 cubic meters. The first tank is used to temporarily store the hot permeate until it is reused. The second tank serves as a reservoir for used washing water which we reclaim for further processing steps in production.

Significant reduction of freshwater input

The investment in Minden resulted in a significant reduction in the use of fresh water in production: From some 72 liters per kilogram of gelatine manufactured in 2014 to 64 liters in 2015. In this way, GELITA Minden helps to conserve fresh water while reducing the use of supplies from underground sources. This goes hand in hand with considerable energy savings.

- ▶ 30,000 cubic meters less fresh water consumed per year
- ▶ 1,300,000 kWh less in natural gas
- ▶ 160,000 kWh less in electricity

Minden invested in two insulated tanks.

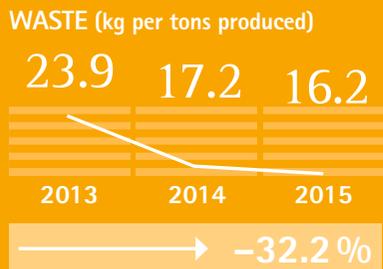




WASTE MANAGEMENT

Acting sustainably means giving nature back as much as possible and using resources smartly. The logical consequence for GELITA is to produce little waste and to recycle the resources used.

GELITA has developed complex processes to optimize the use of raw materials and achieved a constant reduction of waste for disposal between the years 2013 and 2015 (-32.2%). In addition, GELITA is always on the look-out for further ways to recycle waste.



WASTE RECYCLING INITIATIVE

Natural fertilizer at GELITA Australia

For a long time, GELITA Australia disposed of production waste in expensive landfills. Today, however, the company operates a virtually refuse-free factory, a “zero waste plant”.

Recycling operational residue

Between 40 and 60 cubic meters of operational residue accumulates daily in the Beaudesert, Queensland factory: mostly sludge, sewage water, hide residues and ash from the boilers. GELITA Australia recycles almost all of the operational waste directly on the premises. Only paper and plastic waste, which accounts for one percent of the total amount, lacks the necessary provision.

GELITA compost – a popular fertilizer

Green areas and grasslands in and all around the company premises are watered with wastewater from the operation, ash improves the soil, and compost is produced from sludge and animal remains. Under tarpaulins, swaths of accumulated organic matter decompose to nutrient-rich natural fertilizer. GELITA Australia sells both products on site, the customers being mainly the numerous fruit and vegetable farmers in the region.

- ▶ recycling of almost all operational waste
- ▶ savings of more than one million Australian dollars a year

GELITA compost improves the nutrient concentration and water binding properties of arable and pasture land.

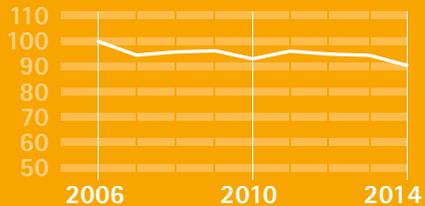




CARBON FOOTPRINT

Reducing carbon dioxide emissions is crucial to slowing down climate change. As a member of Gelatine Manufacturers of Europe (GME), GELITA has already contributed considerably to decreasing its carbon footprint in the production of gelatine and hydrolyzed collagen. From 2006 to 2014, and excluding the raw materials supply chain, the GME members succeeded in lowering their carbon footprint per kg of gelatine by 9.1 %.

CARBON FOOTPRINT CHANGE



→ -9.1%

Source: GME

INVESTMENTS IN SUSTAINABLE PRODUCTION

About 800 tons less CO₂ in Chicago

The Chicago site has been remarkably successful in its ongoing efforts to reduce the carbon footprint in production. The focus was on two projects which were implemented with the financial support of local energy efficiency funds: a new grease melt tank circulation and an upgrade of the dehumidification system.

Optimizing manufacturing processes

The new grease melt tank circulation resulted in natural gas savings of 14% due to reduced steam usage, while the processing time plummeted from 8 hours previously to just 1.5 hours per grease melt tank. This was made possible with a \$ 158,000 investment in piping and pumps to facilitate the grease melt tank recirculation. The project led to a reduction in energy consumption of 2,754,210 kWh and a reduced carbon footprint of 504 tons of CO₂ emissions per year. Furthermore, the quality of the FPM products also improved through the consistent centrifuge feed.

System upgrade enhances efficiency

The dehumidification system upgrade led to operational power savings of 17% per kg of gelatine, fat and protein manufactured. Over a year, this adds up to 404,000 kWh less energy, and an immediate reduction in the carbon footprint of 280 tons of CO₂. In addition, the new chiller uses a refrigerant which is compliant with the Montreal Protocol. GELITA invested \$ 365,000 in replacing the existing centrifugal chiller with a new screw type chiller, which features an efficient variable frequency drive for load control.

▶ In 2014 and 2015 GELITA Chicago invested more than \$ 500,000 to reduce CO₂ emissions by almost 800 tons per year.

Modern piping and pumps facilitate grease melt tank circulation.





CO₂ EMISSIONS IN LOGISTICS

Beside its efforts to reduce carbon dioxide emissions in production, GELITA also strives to minimize the greenhouse impact of its partners' operations worldwide. For this reason, GELITA places very high environmental requirements on logistics companies, and accepts only vehicles that comply with standards such as Euro 5 and 6. The area of logistics is constantly monitored in order to achieve improvements in distance and overall efficiency.

CO₂ REDUCTION IN LOGISTICS
(2012-2015)

-315 tons

GELITA TAKES THE SHORTEST WAY

Direct shipment

As a company operating worldwide, GELITA is always keen to optimize logistics. The principle of direct shipment has proved an effective instrument in shortening transport routes, reducing CO₂ emissions, and cutting freight costs.

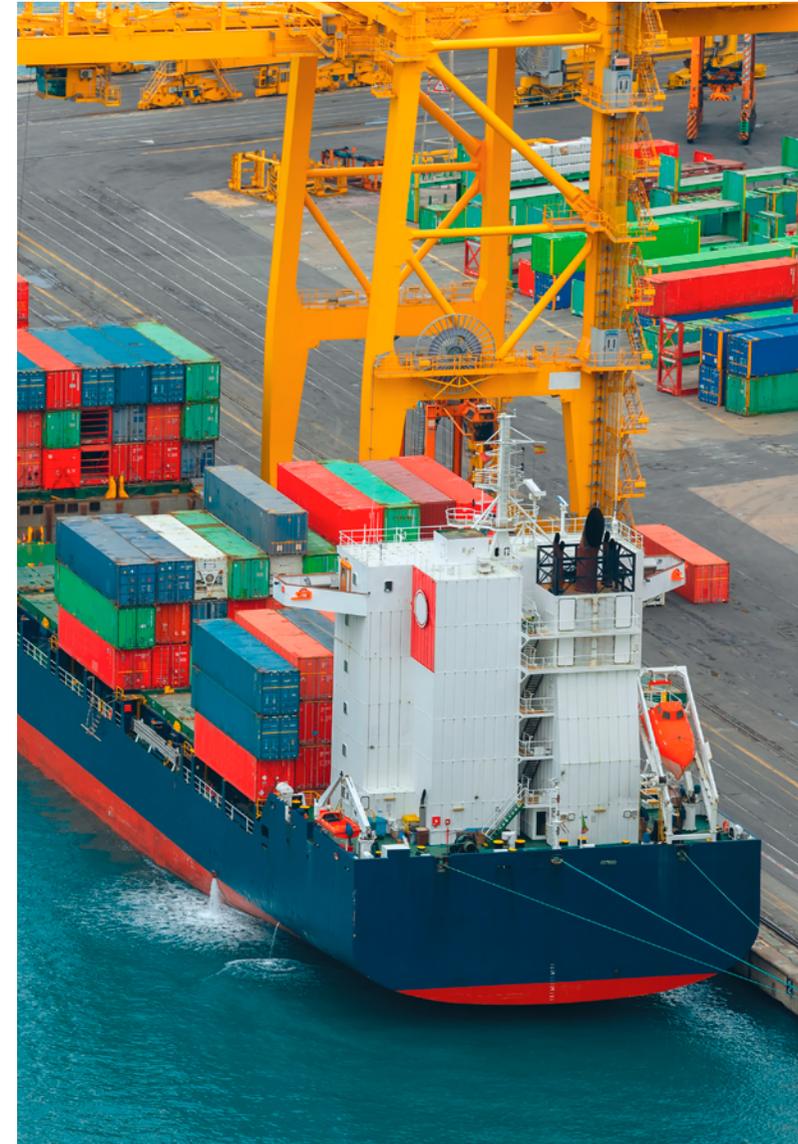
Optimizing the flow of goods worldwide

In the past, customer-specific merchandise that was produced in Brazil, for example, was first shipped to the German warehouse from where it was forwarded to customers in Spain, Italy or France. Direct shipment aims to reduce or completely avoid warehousing and instead supply the goods directly from the production site to the customer. The project focuses primarily on Europe, the US and the Asia Pacific region.

The direct route is the most efficient

For four years we have been analyzing and optimizing supply flows between the continents. To date, several thousand tons of gelatine have been redirected, CO₂ emissions have been reduced by several hundred tons, and a single-digit million saving has been made on freight and delivery costs. Because we focus on long-term success as opposed to short-term profit, our direct shipment guarantees quality and efficiency, security of delivery and above all the most sustainable logistics system.

- ▶ reduction of CO₂ emissions by several hundred tons
- ▶ a single-digit million saving on freight and delivery costs



GELITA optimizes continually logistic processes and transport routes.

MAKING PROGRESS

Improvements in performance

KEY PERFORMANCE INDICATOR	2013	2014	2015	2013 COMPARED TO 2015 IN %	TREND
Energy input kWh/kg product	5.78	5.47	4.88	- 15.6	↘
Freshwater input l/kg product	76.17	71.96	62.99	- 17.3	↘
Waste water l/kg product	70.24	66.46	61.34	- 12.7	↘
Waste for disposal kg/ton product	23.92	17.23	16.21	- 32.2	↘
Total production in 1,000 mt	251.22	253.26	259.11	+ 3.1	↗

Environmental care and responsibility is a guiding principle of GELITA's value-oriented corporate management. To preserve resources we strive to manufacture our products with less water, energy and material waste every day.

Enhancing process efficiency

We continuously enhance efficiency in all our processes as well as the global flow of goods, and focus on modern high-quality technology. Right from the planning phase we examine whether new processes or procedures cause avoidable environmental side effects or entail an increased risk of accident.

Furthermore, we only cooperate with suppliers that are also committed to our company's values. For us, that means ensuring that their environmental and quality awareness meets our expectations.

Reducing environmental impact in all areas

Looking back, it is plain to see that GELITA has made considerable progress: Whereas our production volume has increased by around 8,000 tons (+ 3.3%), the environmental impact of our business activities has decreased in every area.

Striving for further improvements

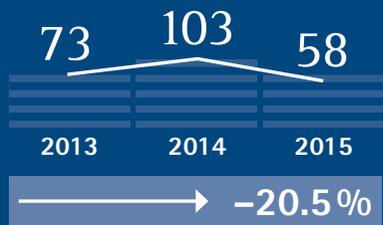
We will continue to identify individual environmental goals at our sites worldwide every year, to develop programs and invest in actions that promote progress on environmental sustainability. It is our firm belief that, by incorporating sustainability in our strategy and business values, we contribute to growth and profitability.



EMPLOYEES

A healthy working environment is a prerequisite for business excellence. In 2015, we implemented a variety of preventive procedures to help avoid occupational accidents and diseases as well as work-related illnesses. We also regularly organized information evenings to increase awareness among our employees for the importance of health and safety at work.

ACCIDENTS AT WORK



INJURY RATE WORKING ACCIDENTS PER 1 MILLION WORKING HOURS



FOCUS ON PEOPLE

Creating a motivating environment

Our success is based on the performance of a dedicated team. As a global company, GELITA has 2,400 employees in 12 countries. We want to provide them with an inspiring and attractive working environment in which they can thrive and give their best.

Attractive working conditions

With our global staff development process, we have created favorable conditions for our staff to grow professionally and personally. Another area that we constantly seek to improve is workplace safety. In 2015, the ergonomic design of workplaces in production was our main focus. To avoid risking the health of our employees through ergonomic stress, we invested in modern technical aids at all our sites. Furthermore, we want to motivate our employees to adopt a healthy lifestyle with corporate gyms or vouchers for external providers. In countries without statutory health insurance, GELITA supports the social protection of the employees.

Contributing new ideas

Every employee is part of GELITA's culture of innovation and can suggest measures that improve their immediate working environment, as well as contribute their own ideas for new products, better processes, new services or technologies. To reward excellent performance, each employee participates in the company's success with a bonus program.



Making work easier: GELITA invests in technical aids.

GELITA's contribution

Social commitment is an integral part of GELITA's corporate culture. We support social, sporting, cultural and environmental projects at every site. We devote our efforts to medical care projects and initiatives in the region as well as to international organizations such as "Doctors Without Borders". As a company that depends on well-trained staff,

GELITA also supports educational projects. Inspiring young peoples' interest in science is particularly important to us. By helping to create attractive offers and assistance for people in need, we give something back to regions where we operate, and assume social responsibility. In 2015, GELITA funded 66 different projects all over the world.

Science for kids

GELITA Brazil supports the "Mad Science" project: With a series of experiments, two "crazy scientists" show students what gelatin is and demonstrate its versatility.



On your marks, get set, go!

Cricket, bowls, football or handbike – GELITA supports sport clubs and regional running events in many locations. The highlight is the yearly GELITA Trail Marathon in Heidelberg, which attracts an impressive 1,500 runners from all over the world.





Support for employees and their families

The Harald Stoess Memorial Foundation supports company employees and retirees of GELITA Germany who have accidentally fallen on hard times, and is dedicated to promoting educational support and talent programs. Its highly varied promotion activities range from music lessons and language holidays, to a scholarship for studying abroad full time or for a semester.



Siouxland "River"fication STEM event

44 educational booths related to Science, Technology, Engineering and Math (STEM) allowed students in the 6th grade to learn and see things that they do not have the opportunity to experience in the classroom. GELITA Sioux City provided a booth to support the project.



Better quality of life for Maringá

GELITA Brazil helped the city Maringá to improve the ecological balance: 25,000 fish were resettled in the river Ríó Ivaí and 1,500 saplings were planted on the outskirts of a new neighborhood. With a new playground, GELITA converted a deserted park into a popular meeting place for young and old again.

Girls' Day in Germany

At the Girls' Day at GELITA in Eberbach, schoolgirls got acquainted with the everyday work of a laboratory assistant and experimented enthusiastically with pipettes and test tubes.





GELITA

MASTHEAD

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