

COMMUNICATION ON PROGRESS
OF
FABER-CASTELL



Stein /Germany,

March 01, 2010

MEMBER OF THE
UNITED NATIONS GLOBAL COMPACT

Global commitment is an obligation

I am sometimes asked why Faber-Castell voluntarily signed a social charter, valid world-wide, that forbids discrimination and child labour in all its factories and guarantees all the other conditions of employment of the International Labour Organization (ILO). As a proponent of a social free-market economy, it is both an obligation and something I take for granted to face up to the challenges of globalization. In the tradition of responsibility that my great-great-grandfather confessed to with his pioneering social commitments, we provide humane working conditions around the globe and also help our employees to achieve a better standard of living and quality of life. That assures the long-term viability not only of our individual workers but also of the Faber-Castell group as a whole. One does not need to be a visionary to realize how important it is to preserve natural resources for the generations to come. Wood and trees are an embarrassing topic in many circles. So it is all the more satisfying that nearly 25 years ago Faber-Castell initiated a forestry project which to this day counts as exemplary in the stationery business. Our 10,000 hectares of managed pine forest, the source of raw materials for our black-lead and colour pencils, have been certified by the Forest Stewardship Council (FSC) as “environmentally compatible, socially equitable, and economically sustainable”. Faber-Castell joined the United Nations ‘Global Compact’ in June 2003. That makes us one of the first medium sized companies to face up to the social, ecological, and economic challenges of globalization as part of a cooperative alliance between politics and private industry. I would be very pleased if more companies were to imitate the Faber-Castell example, bringing overworked words like ‘sustainable’ to life with some practical deeds. To complement that, I also hope that politicians will continue to work on creating better conditions for responsible action on the part of industry.



Count Anton Wolfgang von Faber-Castell

- Chairman, Faber-Castell Group of Companies -

Faber-Castell works on projects to implement the Global Compact principles within the company on an ongoing basis.

The progress of one of them will be described on the following pages exemplarily:

PROGRESS OF THE GROUP WIDE EXPANSION OF THE FABER-CASTELL SOCIAL CHARTER TO SUPPLIERS

Faber-Castell suppliers as a part of our Social Charter

As mentioned in the previous Communication of Progress (dated March 02, 2009), on a long-term perspective Faber-Castell states the objective only co-operate with contractors, sub-contractors and suppliers who themselves recognize and implement the standards and recommendations quoted in the existing Social Charter.

One of the first concrete and measurable actions within this project was the creation of two letters of communication as well as the relevant social checklist for suppliers. The social checklist is related to our checklist for environmental issues to guarantee a consistent external communication.

Both lists have been already sent to all Managing Directors within the whole Faber-Castell Group of companies to start the project on a local basis.

All relevant form, letters and original questionnaires are published in the COP 2009

Nearly all of the suppliers received the documents and the first results are evaluated in the relevant department. The actual return rate of all social documents is 72%.

The "email-version" of our documents crashed some of international servers so that we have been forced to work on a digital server solution which enables our suppliers to log in on a specific website to transfer the requested social & environmental information. The

development of this new digital platform caused a delay of nearly 6 months within this project. This new platform is running now and we started to inform the still missing suppliers.

Please find below the actual status of the evaluation:

Due to confidentiality requirements we are not able to publish detailed information.

Three categories (A-B-C) of suppliers were build for differentiation:

The three categories are directly related to our Social Checklist form. The calculation system is designed that e.g. a supplier who does fulfill all criteria but is practicing child labour in his factory is automatically categorized into category C. So an intelligent credit system covers the evaluation form.

Social Standards Checklist for Suppliers

9. Summary

Please enter your credits from the checklist into the following table:

Question	Description	Points
1	Employment is freely chosen	0
2	No discrimination in employment	0
3	Child labour is not practiced	0
4	Respect for the right to freedom of association and free collective bargaining	0
5	Descent wages are paid	0
6	No excessive working hours	0
7	Safety at work and descent working conditions	0
8	Conditions of employment are defined	0
Total		
Classification		A

Total: 94

94 - 90 = A

89 - 79 = B

78 - 0 = C

Nearly 98 % of all evaluated suppliers fulfill all criteria of our Social Charta. 2 % of the suppliers were rated into category B and 0 % is in category C. So, none of our supplier is a category C supplier at this point.

The missing suppliers / companies (in most cases big companies) who do not return the checklist at all are just referring to their own documentations of CSR (e.g. Sustainability reports, etc.).

It is still our intention to apply our internal multistage monitoring procedure (see COP 2009) to the suppliers on a long-term basis.

The upcoming results of the project as well as the related following actions will be published within one of the next COPs to show a continuous and measurable progress of this project.