

**COMMUNICATION ON PROGRESS**  
**OF**  
**FABER-CASTELL**



**Stein /Germany,**  
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**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 A.W. von Faber-Castell*

*(Chairman, Faber-Castell Group of Companies)*

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

Two of them will be described on the following pages exemplarily:

**1. EXPANSION OF THE FABER-CASTELL SOCIAL CHARTER TO SUPPLIERS**

**2. GROUP WIDE IMPLEMENTATION OF THE FABER-CASTELL BRAND ESSENTIALS**

**1. Expansion of the Faber-Castell Social Charter to suppliers**

**Next steps to expand the Faber-Castell Social Charter to suppliers**

One of Faber-Castell's most important strategic aims in the field of Corporate Social Responsibility is to expand the Faber-Castell Social Charter to our suppliers. In close co-operation with the German trade union IG Metall, this aspect will be added explicitly to the original Faber-Castell Social Charta. Faber-Castell will declare that it explicitly aims for exclusively collaboration suppliers and subcontractors which accept and implement the standards and recommendations of the Faber-Castell Social Charta. The official signing of this revised version will take place at the beginning of our Fiscal Year 2008/2009.

Based on our experience from introduction of the Social Charter in our own affiliates, we will implement a multistage procedure:

**1. Supplier Self-Disclosure:**

All Faber-Castell affiliates shall send to their suppliers an internally used Self-Disclosure Questionnaire. This questionnaire covers all details of the eight articles of the Faber-Castell Social Charter. The suppliers are being informed that this self-disclosure is going to be part of their future supplier assessments and that false statements are dealt with the same as false statements with regard to quality or supply capability. The affiliates will receive an evaluation scheme which will help them to present a summary regarding quantity and quality of the returns to the headquarters. These returns are then part of the regular and internal audits of the companies (FIS report).

## **2. Supplier Audits by Faber-Castell**

At the moment, we are evaluating the outcomes of a pilot study Faber-Castell Brazil has been carrying out in 2007 to introduce the next stage ensuring suppliers adhere to the Faber-Castell Social Charter. This scheme is to identify the so-called 'critical suppliers', i.e. suppliers who did not fill in their questionnaire properly (incomplete or inconsistent data) or which are suspected of contravening the articles based on previous experience. These suppliers are audited by trained Faber-Castell purchasers using the internally well-established audit procedures. The results and findings are then discussed with the responsible partners at the headquarters (Corporate Human Resources, Quality Management, Works Council). Based on this scheme we are going to develop an obligatory supplier audit action plan for all companies. This plan is going to be communicated to all companies; the purchasers are going to be trained respectively.

## **2. Group wide implementation of the Faber-Castell Brand Essentials**

### **The Faber-Castell Brand Essentials**

#### **What is it all about?**

The “BRAND ESSENTIALS” define the core values of the Faber-Castell brand. They form the basis of what we do and how we do it – both within the company and in dealings with our customers, business partners, society and the environment. By preserving the core values of our brand, Faber-Castell remains unique throughout the world. Our Brand Essentials form the foundation for consistent brand management. They help us establish clear structures and guidelines and link and combine all areas of the company. In this way, we ensure sustainable growth. Even in business units in which the brand is less present, such as Faber-Castell Cosmetics, the Brand Essentials also serve as a model for our conduct in day-to-day work and for the quality of our products and services.

### **SOCIAL & ENVIRONMENTAL RESPONSIBILITY**

#### **As one of our four core values**

#### **What are our four core values?**

##### **Competence & Tradition**

We use our competence based on our roots, our history, our experience and constant learning to shape our own future with entrepreneurial spirit. This guarantees a sound know-how to maintain or build a solid leadership, high degree of credibility and a strong global communication and distribution network based on fair partnership.

### **Outstanding Quality – Best of the class**

We are determined to be the best of the class in all products and services. We respect the needs of the regional markets, always considering global requirements.

We understand quality as ensuring:

- clear point of difference, perceived and relevant added value;
- outstanding performance;
- characteristic and timeless design.

### **Innovation & Creativity**

We mean innovation and creativity as pioneering and providing continuous improvements to offer solutions with relevant benefits to end consumers. We stimulate our own creativity through an open working atmosphere, dedication, commitment and international interdisciplinary working teams.

### **Social & Environmental Responsibility**

We feel a consistent obligation and commitment towards people and environment. We practice our social responsibility within the company, with business partners and in the community. We prioritize and continuously search for environmental friendly processes and materials to contribute to planet preservation. We are ahead on anticipating future trends and impacts to accomplish our obligations and guarantee sustainability.

### **Implementation of the Brand Essentials**

The Faber-Castell Brand Essentials were implemented group wide within the last Financial Year. All staff in each subsidiary was informed and trained respectively. Each department and each team identified its own potential for improvement and from this derives its own goals and specific measures for their implementation. All employees implemented the core values of the brand consistently in their daily activities.

Follow-ups and trainings are planned on a regular basis.