

Communication on Progress

Of



FABER-CASTELL

since 1761



Stein / Germany

November 09th, 2021

Member of the United Nations Global Compact

(This CoP report 2021 is only valid together with our Sustainability Fact Sheet
and the Faber-Castell's corporate Website www.faber-castell.com)

OUR CONCERN IS GLOBAL RESPONSIBILITY

The values of all well-managed family business include sustainability, social and environmental responsibility, and human virtues such as tolerance, humbleness and honesty.

Lothar von Faber (4th generation) was far-sighted entrepreneur of great social dedication, and his descendants have been committed to these values ever since. The Social Charter signed in 2000 prohibits discrimination and child labour and further protects our employees against exploitation. The code of conduct of the International Labour Organization (ILO), on which the Charter is based on, are for Faber-Castell no more than entrepreneurial basics for global companies.

As a company that has been active for more than 250 years, one must think in decades rather than quarters to achieve long-term success. The prerequisite to run a sustainable business is to not make profit at the cost of future generations. Above all, it is essential for Faber-Castell to ensure that wood, our most valuable raw material, comes only from sustainable sources and that forestry and wood processing are socially and ecologically compatible. This is why, some 30 years ago, Faber-Castell set up a forestry project in Brazil which was certified by the Forest Stewardship Council® (FSC®) as being „environmentally sound, socially responsible and economically sustainable“ and continues to maintain the highest standards for procuring wood.

Self-managed, sustainable forestry is not only crucial for planet preservation, but also a measure to control our wood quality and reduce dependence from third-party suppliers. It thus contributes to our long-term profitability – one of the main objectives of our company.

The fact that business and integrity go hand in hand lies at the core of our corporate values. We aspire to build a company culture which encourages all our employees to have entrepreneurial and responsible thinking, open-mindedness, ambition, an enduring and passionate nature in addition to a quality-driven and sustainable approach in our daily work.

I gladly invite you to read the achievements of this global commitment in the latest sustainability fact sheet 2021. We will be aligning ourselves with the United Nations Sustainable Development Goals and look forward to sharing our progress with you in the future.



Dr. Hans-Kurt von Werder

Chief Technical Officer

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1. THE CORPORATE ESSENTIALS OF FABER-CASTELL

Faber-Castell's core strategies are defined by its board of directors and implemented by all worldwide subsidiaries. The values by which all decisions and targets are ultimately governed are the "Corporate Essentials" that give the brand and thus the company its identity.

These core values are designed to make the company an innovative, competitive and profitable brand in the global writing, drawing and creative design market and set out clear guidelines as to how things are done both within the company and in our dealings with customers, business partners, the wider community and environment.

The "Corporate Essentials" are the following:

Entrepreneurial & Responsible

"We act with entrepreneurial spirit."

Our entrepreneurial spirit drives us to be agile and seek new opportunities. We are visionaries and use our talent and skills to realize dreams. As a company, we work efficiently and collaboratively, to reach our goals. We take ownership of our actions.

Passionate & Enduring

"We live a tradition of rethinking."

Our future is built on the foundation set in place by previous generations. At the heart of the company's is a tradition of enthusiasm, motivation and dedication. We live a tradition of passionately believing in what we do and in walking the talk. We keep the glow and not the ashes alive.

Quality-driven & Sustainable

"We are determined to be the best."

We do the right things and do them extraordinarily well. In everything we do, we strive for outstanding quality and results. One of our great strengths is the diversity of our teams. We act sustainably and continuously search for the best environmentally and socially friendly solutions to preserve our planet.

Open-minded & Ambitious

"We are pioneers and we dare to think fresh."

We foster this mindset to create new products, services and experiences. Constantly striving towards the new and better, we unleash everyone's creative potential.

However, simply defining and publicising a set of values is not enough to ensure that these values are implemented. Instead, they must be rooted in our everyday activities and actively encouraged. In order to provide our employees with a sense of orientation and security, we must ensure that clear rules are in place within the company that can foster a culture based on mutual trust and loyalty towards each other. The Faber-Castell Charter (Code of Conduct), as set out below, brings together the company's key corporate philosophies and core values as well as basic principles and rules.

The Faber-Castell Charter covers the following topics:

- Basic Principles – Law-abiding, Compliant, Responsible and Fair Behaviour
- Product Quality and Safety
- Anti-corruption
- Adherence to Fair Competition
- Preventing Conflicts of Interest
- Prevention of Money Laundering
- Data Security and Confidential Information
- Protection of Intellectual Property
- Maintaining Accurate Books and Records
- Labour Standards and Occupational Health and Safety
- Customs and Export Control Compliance
- Environmental and Climate Protection
- Illegal Utilisation of Company Property
- Communication
- Accountability – Internal Control System

2. THE FABER-CASTELL SOCIAL CHARTER – PRACTICAL CORPORATE CULTURE

In March 2000, Faber-Castell and the German trade union IG Metall signed the Faber-Castell Social Charter. This internationally binding agreement is one of the first of its kind in terms of scope. By signing it, Faber-Castell undertakes to guarantee conditions of employment and labour in all companies of the Faber-Castell group, as recommended by the International Labour Organization (ILO). The Social Charter contains the following agreements:

- No forced labour
- No child labour
- Payment of minimum wages
- No excessive working hours
- Equal opportunities and equal treatment of the employees
- The right of association and the right of collective bargaining are respected
- Safe working conditions and decent payment
- Definition of employment conditions

An independent committee monitors the implementation of the Social Charter at regular intervals in all plants. For this purpose, the corporate processes are examined by both internal and external boards. The monitoring mechanism is divided into three levels:

- 1st Level: Self-information of all plants in social checklists
- 2nd Level: Regular audits of the plants by internal auditors
- 3rd Level: Verification audits by an external monitoring committee every 2 years

In October 2008, the point “Contractors, subcontractors and suppliers” was integrated into the Social Charter:

It is the objective of Faber-Castell to only co-operate with contractors, sub-contractors and suppliers who themselves recognise and implement the standards and recommendations. When drawing up a contract with a supplier, Faber-Castell shall include a self-assessment made up by the supplier in the supplier rating. In addition, the responsible staff of the purchasing department shall undergo further advanced training in this respect. On a long-term basis, it is our intention to also apply our internal, multistage monitoring procedure to the suppliers. Since the implementation of the Social Charter seventeen years ago, numerous positive impacts could be observed:

- The Social Charter provides legal security that social, health and safety requirements are met within the company as well as within the supply chain;
- The collaboration with labour unions on the national and international level has been intensified;
- The Social Charter enables the employees to organize unions in all sites of Faber-Castell and, if possible, to conclude collective wage agreements;
- Positive impact on suppliers regarding the acceptance of the ILO criteria;

- Strengthening of communication and collaboration between employee representative committees and the management;
- Continuous improvement and exposure of weaknesses due to frequent internal and external social audits;
- Realization of noise reduction measures at the sites of Faber-Castell; employees have been equipped with modern personal protective equipment and ergonomic measures like lifting assistances.

The Key Performance Indicators for social aspects of the Faber-Castell Group:

Social indicators					
Employees	Unit	GJ 2016/17	GJ 2017/18	GJ 2018/19	GJ 2019/20
Total number of employees worldwide	number	8.581	8.215	7.864	7.176
of which are female	number	3.804	3.478	3.409	3.154
	%	44%	42%	43%	44%
of which are handicapped	number	139	128	115	119
	%	2%	2%	1%	2%
of which work in management / administration	number	2.317	2.443	2.363	2.387
	%	27%	30%	30%	33%
of which work in production	number	6.264	5.772	5.501	4.789
	%	73%	70%	70%	67%
Social Charter	Unit	GJ 2016/17	GJ 2017/18	GJ 2018/19	GJ 2019/20
Production and sales sites within the scope of the Social Charter	number	38	38	38	38
	%	100%	100%	100%	100%
Production sites with a collective agreement	%	87%	87%	88%	88%
Injuries	Unit	GJ 2016/17	GJ 2017/18	GJ 2018/19	GJ 2019/20
First-aid-responders	number	784	775	733	754
	%	9%	9%	9%	11%
Reportable injuries, including commute	number	82	88	88	75
Reportable deaths, including commute	number	0	0	0	0
Discrimination & corruption	Unit	GJ 2016/17	GJ 2017/18	GJ 2018/19	GJ 2019/20
Reported cases of discrimination and corruption	number	0	0	0	0

3. THE FABER-CASTELL ENVIRONMENTAL POLICY

The Management at Faber-Castell is committed to the continuous improvement of the Environmental Management System (EMS) according to the principles and requirements of the ISO 14001 Norm, as well as the compliance to all legal requirements. All employees in the Faber-Castell group contribute to environmental protection through the following actions:

1. Faber-Castell focuses on the proactive protection of the environment. We believe that taking a clear position in environmental protection as one of our most fundamental business values is how we define our place in the market.
2. Preventive measures regarding environmental and health protection are taken at Faber-Castell. Through the development of innovative products and technology, we ensure that the environmental sustainability aspects of new processes and products are considered.
3. It is our endeavor to minimize the use of resources such as energy and raw material, and when possible, to replace conventional resources with sustainable alternatives
4. Besides the avoidance of waste generation, we aim to increase the amount of the leftover material being reintroduced into the product material flow.
5. We are committed to cooperate with our suppliers and encourage them to meet our environmental standards.
6. We focus on prevention measures to avoid accidents. Therefore, we have established a risk management system in cooperation with authorities to limit and minimize all possible damages.
7. We strive to protect the environment in a holistic and integrated manner.
8. Every employee must consider the environmental impacts of the processes for which he/she is responsible for. Employees are encouraged to provide suggestions for improvement with regards to environmental protection.
9. Our policy is that through regular update of our sustainability Fact Sheet, our customers, staff and all other interested parties are informed about our environmental targets, the implementation of these policies and other activities. The Chief Technical Officer is responsible for the communication of our environmental policy to all persons who work for (or in the name of) this organization.

4. MAINTAINING FSC CERTIFICATION AND EXPANDING SCOPE

Faber-Castell has long been committed to reaching targets for its proportion of FSC-certified timber resources. Progress is demonstrated from about 80% in 2008 to 90% by mid-2010. Since then, 93% of all the wood used by the entire Faber-Castell group is now certified according to the stringent FSC criteria. The remainder is procured through other sustainable forestry certified sources. That guarantees environmentally compatible, economically viable, and socially responsible conditions of forestry.

To offer a larger range of sustainably-certified products, Faber-Castell has increased the product list during the recertification in 2017 and now includes FSC-certified paper products.

The significance of timber resources – not just for the company but also for the environment – has remained the concern of Count Anton Wolfgang von Faber-Castell (1941- 2016†), chairman and CEO from 1978 to January 2016. Over two decades ago, he started a unique afforestation programme in the south-east of Brazil. The forests have now grown to 10,000 hectares (100 km²) and were awarded the FSC-FM (Forest Management) seal of environmental quality in 1999. In addition, all production sites of the Faber-Castell group around the world and all Faber-Castell sales companies have received the FSC-CoC (Chain of Custody) certificate, so that the origin of all the wood, from felling the tree to packaging the pencils, can be traced with full transparency.

Besides the use of FSC-certified timber and the active commitment to maintaining biodiversity, the entire life cycle of the products is based on ecological principles. Not just the application of environment-friendly water-based paint for the pencils, but also stringent selection criteria of suppliers in accordance with their ecological commitment: those are examples of Faber-Castell's environmental management.

Certificate SGSCH-COC-050160

The Organization

Faber-Castell AG

Nürnberg Str. 2, 90546 Stein, Germany

has been assessed and certified as meeting the requirements of

FSC® Chain-of-Custody

The company was assessed against the following standards:
FSC-STD-40-003 V2-1 Chain of Custody Certification of Multiple Sites – November 2014
FSC-STD-40-004 V3-0 FSC Standard for Chain of Custody Certification – April 2017
FSC-STD-50-001 V1-2 Requirements for use of the FSC trademarks by Certificate Holders
– November 2010

for the products detailed in the scope below

This certificate is valid from 19 October 2017 until 18 October 2022
and remains valid subject to satisfactory surveillance audits.

Recertification audit due before 8 September 2022

Issue 1. Certified since October 2017

SGS Ref # DE17/819943544

This is a multi site scheme

Additional site details are listed on subsequent pages

Authorised by



SGS Société Générale de Surveillance SA, Certification and Business Enhancement
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The validity of this certificate shall be verified on <http://info.fsc.org>

For the full list of product groups covered by this certificate see <http://info.fsc.org>
This certificate itself does not constitute evidence that a particular product supplied by the certificate holder is FSC-certified (or FSC Controlled Wood).
Products offered, shipped or sold by the certificate holder can only be considered covered by the scope of this certificate when the required FSC claim
is clearly stated on sales and delivery documents. This certificate remains the property of SGS.
The certificate and all copies or reproductions shall be retained or destroyed if requested by SGS.

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SGS



The mark of
responsible forestry



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fullest extent of the law.



5. CO₂-NEUTRAL PROJECT & CERTIFICATION

The Faber-Castell Group systematically records greenhouse gas emissions in order to identify potential areas of optimization. These records are especially important as a means of increasing the use of renewable energy and objectively measuring the positive impact of the company's tree plantations.

In 2010/11, Faber-Castell decided to engage the help of external experts to measure climate-relevant data at all its production sites worldwide. In collaboration with external institutes and in accordance with the standards GHG Protocol and ISO 14064, the company continues to measure its overall carbon footprint annually ever since.

The internationally recognized GHG Protocol includes three different Scopes of greenhouse gas emissions. Scope 1 covers all of the emissions which are directly linked to the company, such as CO₂ emissions *from production* or process emissions. Scope 2 includes indirect emissions related to a company's energy use from external energy providers. For Scope 3 emissions, the company has currently included transport and business travel into the total calculation. The data conducted for Faber-Castell's CO₂ footprint shows that annually over one third of the total energy needs of the company are covered by the use of renewable energy sources such as wood pellets and hydraulic energy.

To compensate for Faber-Castell's CO₂ emissions, a scientific study of the Faber-Castell pine plantations in Prata, Brazil was conducted. The study included a detailed analysis of the carbon sequestration potential of the plantations and portrays the CO₂ neutrality of the Faber-Castell Group. The Greenhouse Gas Report concluded that the forests contribute to atmospheric greenhouse gas reductions with a total of 913.279 t CO₂e. guarantees the Faber-Castell Group a carbon neutral production for its worldwide sites.

As a global concern, Faber-Castell will continue to work to prevent climate change not only by optimizing production and logistic processes but also by using sustainable energy. Although its wood plantations already capture a large amount of CO₂, Faber-Castell has set itself the goal of further optimizing its carbon footprint by expanding its own wood production capacity.

Certificate

Certificate ID and Date: C01-2021-03-21249138, March 09th 2021

Certificate Type: Carbon Neutral Company

Certified Entity:

Faber-Castell AG
Nürnberger Str. 2
90546 Stein
Germany



Test Mark:

Certipedia 0000040930

Applied Standards for CCF:

ISO 14064-1; GHG Protocol

Applied Standard for Offset Project:

ISO 14064-2; Basis: CarbonFix

Compensation Measure:

Carbon sequestration by sustainable afforestation
in Prata, Brazil

CCF Accounting Period:

01.04.2019 - 31.03.2020

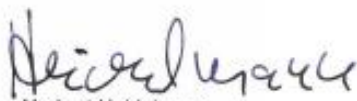
Offsetting Methodology:

Direct Compensation

Certificate valid until:

31.03.2022

At its worldwide located production facilities the company **Faber-Castell AG** sustains a carbon neutral status. In this context all CO₂ emissions are considered that are accruing from direct energy consumption (Scope 1) and indirect energy consumption (Scope 2), as well as emissions caused by the transportation of persons and goods (Scope 3). All these accounted and verified CO₂ emissions are compensated by Faber-Castell through sustainable afforestation measures in Prata, Brazil. Herewith TÜV Rheinland ensures that through these afforestation measures the amount of enduringly sequestered carbon is equal or higher than the CO₂ emissions caused by the worldwide located production facilities of Faber-Castell AG.



Norbert Heidelmann
TÜV Rheinland Group
Carbon Services



Susanne Jorre
TÜV Rheinland Group
Carbon Services



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Precisely Right.

6. BIODIVERSITY PROJECT IN BRAZIL

The forests in Brazil are not used purely for timber production, but also, for biodiversity conservation. Some 2,700 hectares of woodland are left in their natural state as a habitat for flora and fauna, including some species threatened with extinction. The Animalis and Arboris biodiversity programmes launched in 2001, analyse the on-going progress of biological diversity in the Brazilian forests.

The Animalis project is arguably the most visible part of the environmental protection programme: in collaboration with recognised local universities, the local biodiversity has been recorded, the stocks controlled, and the animals' habitat secured since 1992. To perform the annual survey, researchers record observations, footprints and droppings. Faber-Castell cooperates closely with local universities to monitor the species diversity on the plantation, and since the beginning of these projects the number of animal species have grown steadily. During the first 15 years of this project which started in 1992, of conducting the inventory, a total of 372 species of mammals, birds, amphibians, reptiles and ants were identified. As of the last inventory conducted between 2012 – 2017, a total of 624 species were recorded within the 10.000 hectares of land. Some of these species observed in the latest survey are considered endangered, such as the elusive maned wolf *Chrysocyon brachyurus*, which attracts national scientific attention for the project.

So far, Project Arboris has seeded 40,000 local trees and other crops planted in the reserved areas of the plantation to establish and promote the natural flora. Arboris, however, is not just aimed at preserving native plant species, but also at ensuring natural pest control for the forests through the multitude of insect populations settling on the plants. It is also securing high levels of soil and water quality and providing protection against erosion, in addition to sequestering CO₂ from the atmosphere.

Data on species development and other analyses are continuously updated and have been published in the Sustainability Report.

7. KEY PERFORMANCE INDICATORS

The world-wide development of Key Performance Indicators (KPI's) is used to measure our progress in resource-efficiency and environmental performance. The defined KPI's include:

- Effluent (m³) / Million pieces of produced products
- Non-renewable energy + Purchased Energy (MWh) / Million pieces of produced products
- CO₂ Emissions (t CO₂e) / Million pieces of produced products
- Waste (t) / Million pieces of produced products

The KPIs are based on the total amount of input/output of materials or emissions divided per million pieces of writing instruments.

KPIs based on Mio. pcs of writing instruments					
Category	Unit	GJ 2016/17	GJ 2017/18	GJ 2018/19	GJ 2019/20
Waste water	m ³ /Mio. pcs	49,40	49,03	45,02	34,89
CO ₂ Emissions	tCO ₂ e / Mio. pcs	14,09	13,00	13,60	10,24
Total waste	t / Mio. pcs	2,01	1,66	1,37	1,39
Scope 1 non-renewable energy & scope 2 purchased energy	MWh / Mio. pcs	19,63	21,69	21,87	21,13
Scope 1 renewable & non-renewable & scope 2 all	MWh / Mio. pcs	60,87	57,72	56,19	52,47
Plastic packaging	t / Mio. pcs	0,47	0,58	0,59	0,53

In the year 2019/20, there has been a significant decrease in intensity of CO₂ emissions.

There was an even higher decrease concerning the intensity of waste water. General total waste remained on an almost constant level.

The decrease in the level of plastic packaging is still an issue that needs to be targeted more specifically in the upcoming years and there are already efforts to replace plastic packaging by more fiber-based (paper) packaging.

8. SUSTAINABILITY TARGETS

Every year, a group-wide data collection takes place for environmental, social, health and safety, quality and energy topics. This process is referred to as the “FIS-Report”, meaning “FABIQUS Information System”. FABIQUS is an abbreviation for the “Faber-Castell Integrated Management System for Quality, Environment and Social aspects” in German.

All production sites were invited to participate in an online survey for setting group-wide targets on the topic of sustainability. The categories include waste management, resource-efficiency, sustainably-certified materials, reduction of CO₂ emissions, etc. The targets are communicated internally and discussed during “cluster meetings”, which are expertise group for certain materials (e.g. wood and plastic) as well as topics (e.g. quality and environment). These sessions take place online to improve global communication and avoid unnecessary business travel.

9. SUMMARY OF THE COMMUNICATION IN PROGRESS

	Principle	Practical example
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights and	<ul style="list-style-type: none"> • Social Charter including annual internal/external audits • Corporate Essentials • Social Supplier monitoring • Faber-Castell Charta • Regular training for employees • Supplier Audits • Indirectly: the Policy for the Association with FSC forbids the ILO Core Conventions
	2. make sure that they are not complicit in human rights abuses.	
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,	
	4. the elimination of all forms of forced and compulsory labour,	
	5. the effective abolition of child labour; and	
	6. the elimination of discrimination in respect of employment and occupation.	
Environment	7. Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> • Corporate Essentials • Environmental Policy • Environmental Management System and annual audits • Climate Protection (e.g. Corporate Carbon Footprint & neutralization, Product Life Cycle Analysis) • Certification according to ISO 9001, ISO 14001, FSC® and PEFC • Environmental projects (e.g. Forestry projects in Brazil “Animalis” & “Arboris”)
	8. undertake initiatives to promote greater environmental responsibility; and	<ul style="list-style-type: none"> • Sustainable certification (FSC®, PEFC, CCF) • Participation in different work groups and initiatives
	9. encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> • Sustainable products (e.g. water-based coating, refillable designs) • Renewable energy (heating with wood chips, hydro-energy) • Alternative materials (recycled plastics)
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> • Faber-Castell Charter • Internal Compliance Principles, Risk Management System, internal, external and supplier audits