FABER-CASTELL
since 1761

Sustainability

Fact Sheet

2020

Dear readers,

Sustainability and responsible ecological actions have never been as pressing as they are today and even the coronavirus cannot stop this trend. We understand that continuing unsustainably exploiting the world we are living in is no option. Thankfully, this attitude is slowly becoming ever more widespread in consumer behaviour and ultimately, only the consumer leads us. We as a company can initiate it and we are doing so with all our power and conviction.

As a family-run enterprise with 22 sites around the world, we took on this challenge decades ago. Count Anton-Wolfgang von Faber-Castell, the business leader who died in 2016, did pioneering work in sustainability for almost four decades. This includes launching an unprecedented forestry project in Brazil in the 1980s (p. 40 f.) and signing of the Social Charter in 2000 (p. 26).

Today, we are proud that Faber-Castell meets 82% of its global energy needs using renewable sources and offsets the carbon footprint of its production sites using the own forests (p. 18). All the wood used to produce its wood-cased pencils comes from certified sustainable sources. Furthermore, we are working towards using more environmentally friendly packaging materials and manufacturing an ever-growing proportion of our products and packaging from recycled plastic.

Yet we do have big plans and would like to take you on a tour of our current sustainability projects and their development in this Fact Sheet 2020. Despite global economic and social challenges such as the COVID-19 pandemic, Faber-Castell remains highly committed to sustainability. We will continue our consistent efforts towards a liveable future with environmentally friendly solar projects, resource-efficient production and efficiency-increasing digitisation.

We hope you are inspired and surprised as you read. The world is changing around us, and the future is being written now.

With kind regards,

Dr Hans-Kurt von Werder
Chief Technical Officer

Fact Sheet 2020

Our Company
Faber-Castell Group Sites 6
Company Facts and Figures 7
Faber-Castell's Mission Statement 8
The Three Pillars of the Sustainability Concept 9
Sustainability Facts and Figures 10

Our Developments
Input 2018/19 Financial Year 14
Output 2018/19 Financial Year 16
Environmental Indicators 2018/19 Financial Year 20
Certification, Seals and Management Systems 22
Social Developments 26

Our Aims and Initiatives
Sustainable Development Goals at Faber-Castell 30
Aims and Initiatives 32
Forest in Brazil 40

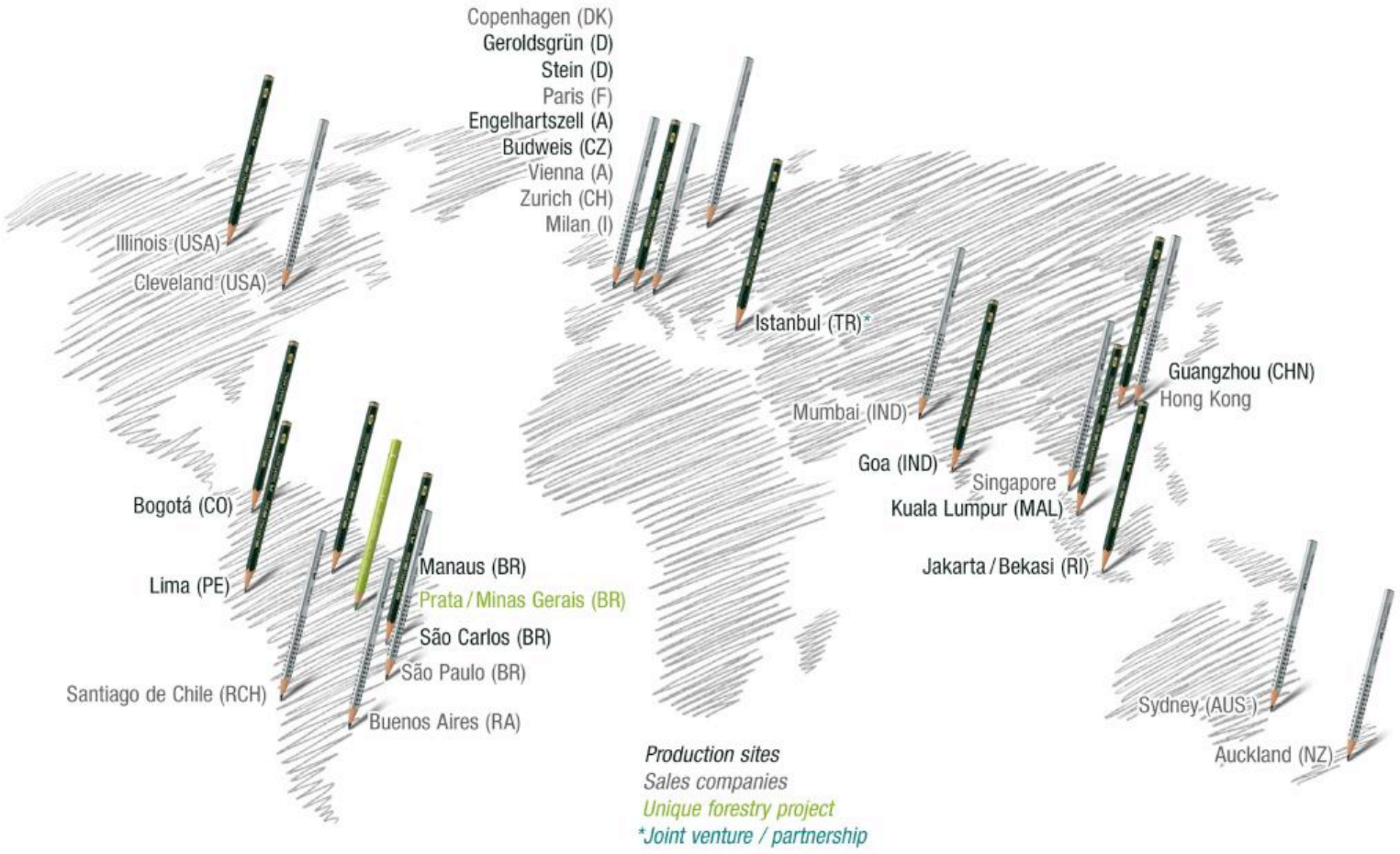
Appendix
Detailed Input-Output Analysis 44
Detailed Social Indicators 48

The key indicators, data and consumption figures from this Fact Sheet relate to the 2018/19 financial year and to the entire Faber-Castell group. In addition, some more recent projects and initiatives are presented.
Detailed information about the company and further information about sustainability can be found on our website: www.faber-castell.com/corporate/sustainability

Do you have any suggestions, criticism, ideas for improvement or questions about this Fact Sheet or sustainability in general? Then please get in touch: sustainability@faber-castell.com

Our Company

Faber-Castell Group Sites



Company Facts & Figures

Faber-Castell Aktiengesellschaft
90546 Stein, Germany

Board
Stefan Leitz (CEO)
André Wehrhahn (CFO)
Dr Hans-Kurt von Werder (CTO)

Founded in 1761

Sales and marketing regions
Europe and North America
Asia-Pacific
Latin America

Production sites In 10 countries
Sales organisations In 22 countries
Representatives In more than 120 countries

Employees a total of around 8,000 worldwide

Group turnover 18/19: 588 million euros

Certificates
ISO 9001, ISO 14001
FSC® FM, FSC® CoC
PEFC™
NATRUE
IFS HPC (household and personal care products)

Commitment
Social Charter
Sustainable forestry projects in Brazil
UN Global Compact
The German Environmental Management Association (B.A.U.M.)
The Bavarian Environmental Pact and Climate Pact
Association for European Sustainability and Eco-Management (VNU)

Graf von Faber-Castell Children's Fund Foundation

You can find further information on the economic development of the Faber-Castell Group on the Press section of the www.faber-castell.com and www.bundesanzeiger.de websites.

Faber-Castell's Mission Statement

Society and markets are changing: the retail landscape and channels are shifting while digitalisation is progressing. This presents opportunities for Faber-Castell, with a longing for haptic experiences is emerging as a counter-movement and interest in creative abilities is growing. In 2018, Faber-Castell created its "Corporate Essentials", a mission statement building on the core brand values it had followed up until then.
The new mission statement focuses more on the core ideas of creativity and customer experience. As a "life companion", Faber-Castell wants to promote creativity from young to old and inspire its customers to creative experiences with innovative products.

Our Vision

Our Values

Our Mission

The Three Pillars of the Sustainability Concept

The Faber-Castell company guidelines are the core and foundation of Faber-Castell's sustainable action. In the long term, we can only achieve sustainable development if ecological, social and economic factors are given equal weight and if we then base decisions on them.

Faber-Castell

300,000

Each year we plant around 300,000 seedlings. One truck load of wood grows every minute

100 %

100% FSC- or PEFC-certified woods are used in production worldwide

Many products are refillable

Refillable

900,000 t CO_2

900,000 tonnes of CO_2 absorbed by our forests

10,000

10,000 hectares of our pine forests in Brazil

82 %

82% renewable energy sources

1/3

A third of the forests is native environment preserved and a habitat for around 660 native animal and plant species

Recycled materials

Reducing plastics and/ or replacing them with recycled materials

l Sustainable

Social

Global Social Charter

Recycled materials

Honourable Businessman

Foundation

Graf von Faber-Castell Children's Fund Foundation

Unleashing creative potential

Creative

2 billion

More than two billion graphite and colour pencils are produced each year (laid end to end, this would create a line that would go around the Equator 10 times)

120

Represented in 120 countries
Production facilities in 10 countries
Sales companies in 22 countries

Portfolio

Writing, drawing, creative design and decorative cosmetic products

8,000

8,000 employees worldwide

Our Developments

Input 2018/19 Financial Year

Production sites' energy consumption

Scope 2
Externally sourced energy: Purchased energy

Scope 1
Direct, company-controlled energy consumption

The Faber-Castell Group is reporting the key environmental and social data from its production sites from every completed business year. As a result, the process of data collection, validation and publication is somewhat delayed. The outcomes and explanations of the changes are shown in the input-output analysis in the Appendix and include the 2018/19 business year in comparison with the previous three years. The data is collected for each country and aggregated as a group figure.

Scope 1 – Energy

Internally sourced renewable energy
In 2018/19, Faber-Castell generated 90% of the required process energy based on renewable energy sources. The energy comes from the thermal recycling of industrial wood residues from the production of slats and pencils in our wood-processing plants. In addition, hydropower from the neighbouring river is used to generate electricity at the Stein site.

Internally sourced non-renewable energy
The total amount of internally sourced, non-renewable energy fell by 6% in 2018/19 . This is mainly due to a reduced demand for liquid gas through the reduced use of forklifts in the Brazilian sawmill. In addition, we were able to reduce our internal diesel and petrol usage by 22% and 26% respectively by, for example, converting the internal Brazilian fleet to liquid gas, outsourcing Indonesian goods transport to external service providers and converting to biodiesel vehicles, also in Indonesia.

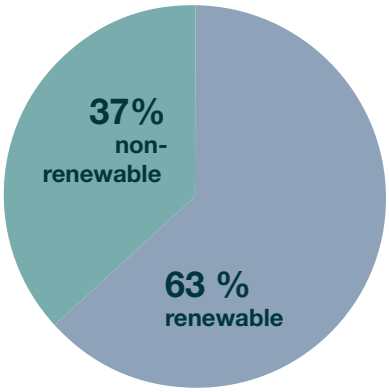
Unit MWh	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
Scope 1 non-renewable	14,146	14,541	13,673	12,859	-6%

Environmentally friendly hydropower at the Stein site
A Kaplan turbine has been generating electricity from hydropower at the Stein site since 1956. In 2014 the turbine was completely overhauled and a new generator and a new gearbox installed. Using an electrical sensor, the turbine's adjustable guide vanes and rotor blades automatically adjust to the water level of the Rednitz river. Up to 12,000 litres of water pass through the turbine every second. Its output ranges between 50 and 280 kW depending on the water level. This means up to two million kWh of electricity can be generated per year. In the 2018/19 financial year, the hydropower turbine covered around 21% of the Stein site's total electricity consumption.

Exterior view of the pencil lead factory in Stein, hydroelectric power plant in the Rednitz river

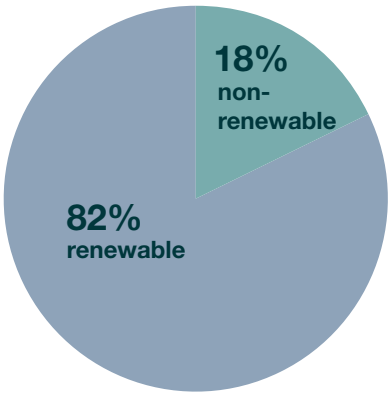
Scope 2 – Energy

Purchased renewable and non-renewable energy
In total, the company covered 32% of its global energy consumption through purchased energy in 2018/19. Of that, 63% came from renewable sources, whereby the proportion of power from renewable sources is constantly being increased. At our largest production site in Brazil and at our plant in Austria, the purchased energy demand is covered entirely by renewable resources. As both Germany and Peru have opted to convert to purchased energy from renewable sources, Faber-Castell will be able to further increase its proportion of renewable electricity in 2019/20.



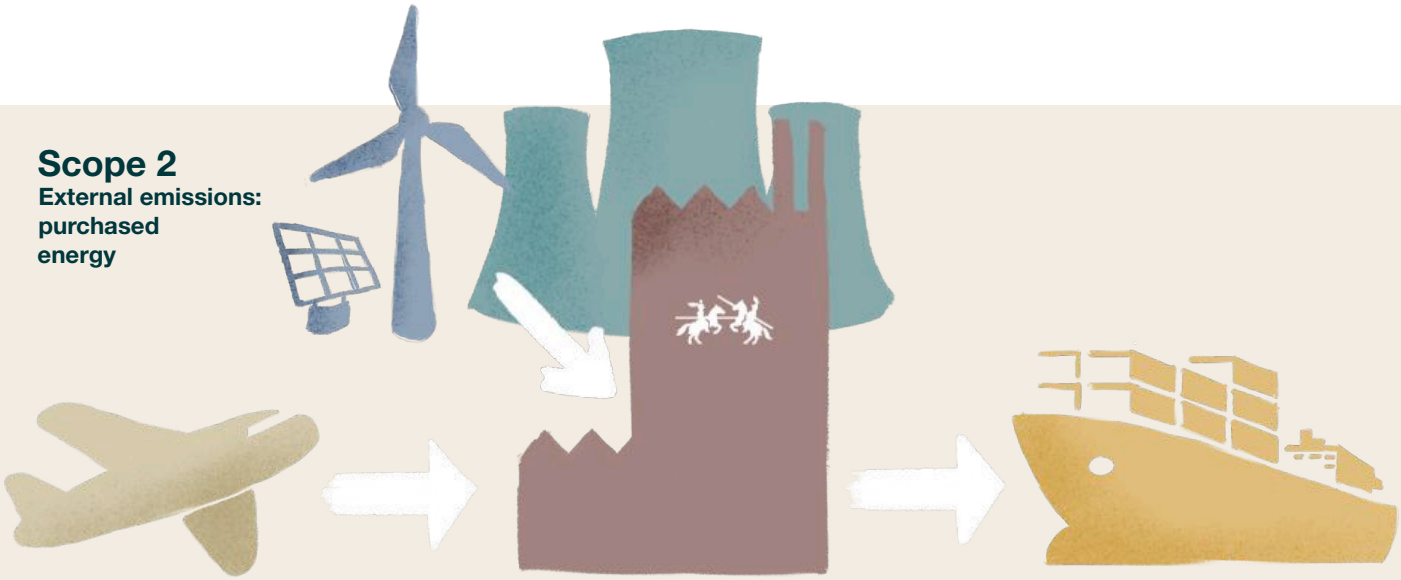
Total internally sourced and purchased energy at the Faber-Castell Group

By now, over **82% of the thermal and electrical energy** used in Faber-Castell factories across the group comes from renewable sources.



Output 2018/19 Financial Year

Production site emissions



Scope 1 – Emissions:

Internal emissions
Scope 1 represents all emissions created by the company, including emissions from production processes, emissions from transport vehicles such as forklifts and the emissions resulting from the company's energy production efforts. The Scope 1 emissions declined by 19% in 2018/19 compared to the previous year, accounting for just 10% of total emissions.

CO_2 emissions (t CO_2e)		2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
Scope 1	t CO_2e	6,020	6,770	6,050	4,906	-19%

Scope 2 – Emissions:

Emissions from energy purchased from external service providers
Scope 2 includes emissions produced by external service providers for generation of the energy we purchase. The emissions of purchased energy in 2018/2019 are almost unchanged when compared to 2017/18. We are, however, expecting a reduction in emissions in coming years as more sites have converted to energy from 100% renewable sources. (See p. 15 energy consumption input analysis Scope 2)

CO_2 emissions (t CO_2e)		2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
Scope 2	t CO_2e	36,337	34,286	27,742	27,554	-1%

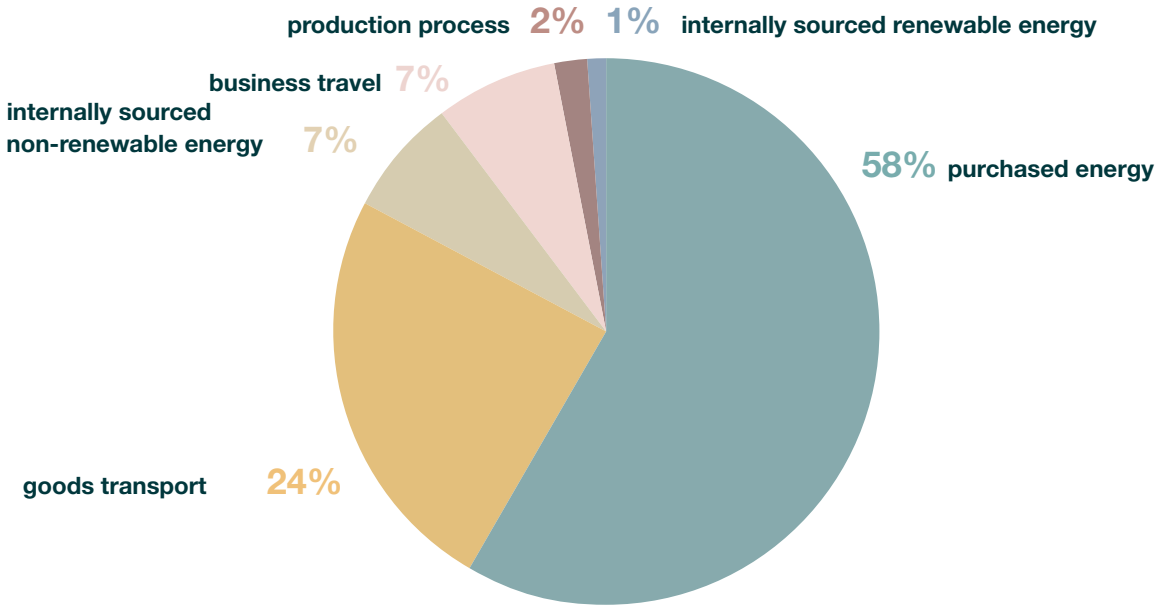
Scope 3 – Emissions:

External emissions
Scope 3 covers emissions that can only be indirectly attributed to the company. A distinction is made between business travel and freight transport here. The latter remains the main factor within Scope 3. After external emissions decreased in the previous year, there was a significant increase of 16% in 2018/19. Brazil's and Germany's growing in international air freight compared to the previous year is the main reason for this trend.

CO_2 emissions (t CO_2e)		2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
Scope 3	t CO_2e	20,072	23,163	13,663	15,786	**16%**

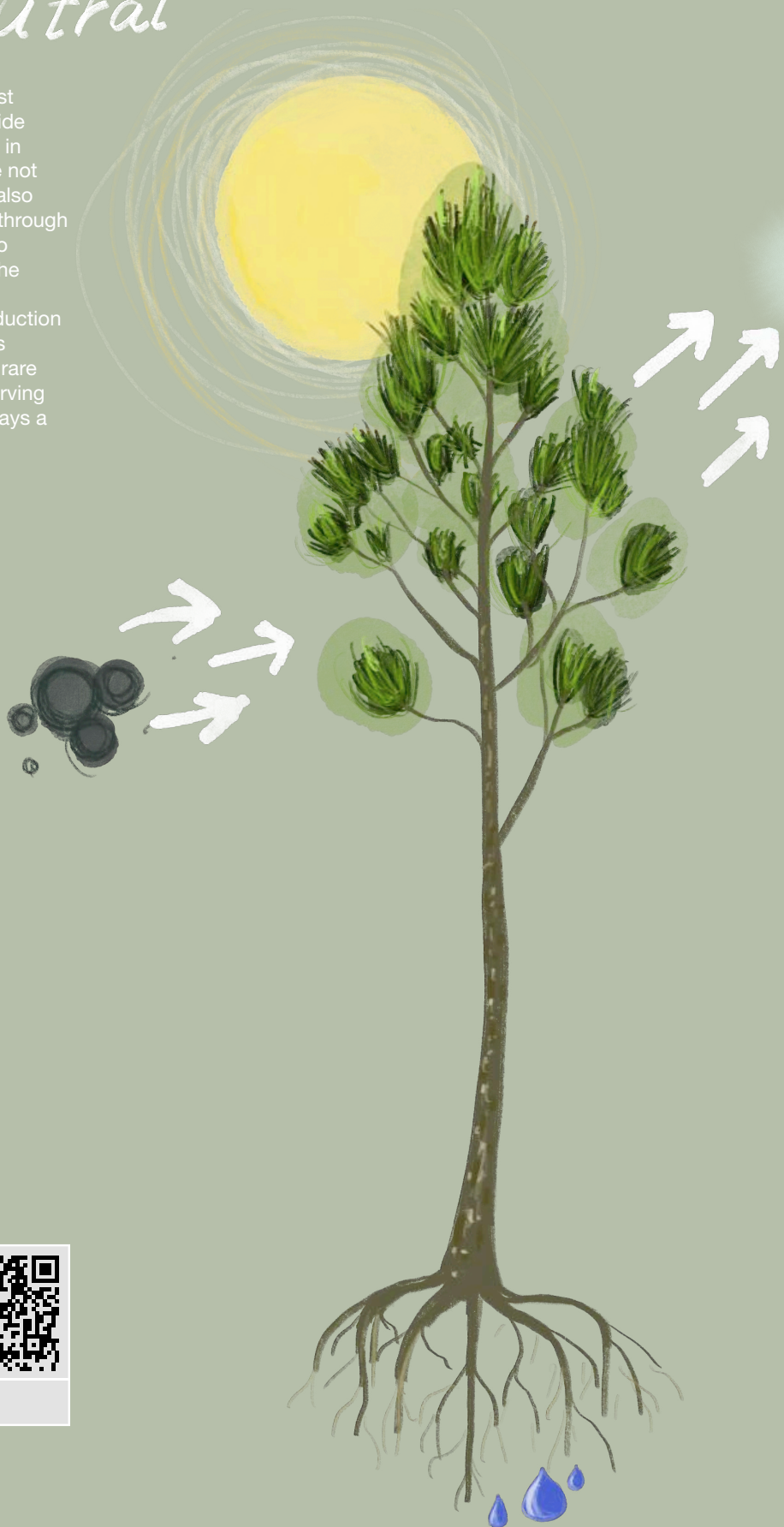
Total Faber-Castell Group Emissions

The total emissions output saw a minimal increase of 2% in 2018/19 going by absolute numbers. However, taking the lower output basis into account, the increase is 5%, which is attributable to the high increase in Scope 3 emissions. The Faber-Castell Group's largest sites account for the highest share of CO_2 emissions: Brazil (27%), closely followed by Germany (24%). Indirect energy consumption, i.e. purchased energy, has the greatest impact on total emissions at 58%, while freight transport accounts for 24%.



Faber-Castell's production is carbon-neutral

Faber-Castell's own forests in Prata, south-east Brazil, capture 900,000 tonnes of carbon dioxide (CO_2). This was confirmed by TÜV Rheinland® in 2012. The 10,000 hectares of forests therefore not only secure our sustainable wood needs, but also help decrease the burden on the atmosphere through photosynthesis, in which CO_2 is converted into biomass. This means that the pine trees and the natural forests in Prata, neutralise the climate-relevant carbon footprint of Faber-Castell production sites around the world. One third of the forests remain natural and have become a habitat for rare plant and animal species. In addition to conserving resources, respect for the environment also plays a key role for Faber-Castell.



TÜVRheinland®
CERTIFIED

Carbon Neutral
Regular Surveillance
Corporate Carbon Footprint

www.tuv.com
ID 0000040930

Challenges

The greatest potential for improvements in the company's input analysis lies in the purchased energy and the materials used. Faber-Castell has plans to continuously increase the share of raw materials from recycled sources in order to improve sustainability when it comes to plastics. The company plans to either avoid plastic packaging or replace it with cardboard. Purchased electricity, where possible and available, should come from renewable sources despite the additional costs. Electricity contracts, some of which have long terms, permit only a gradual conversion. Since 2011, the greenhouse gas emissions of all Faber-Castell production sites, including their transport flows, have been systematically recorded in accordance with the Greenhouse Gas Protocol[1] (GHG Protocol).

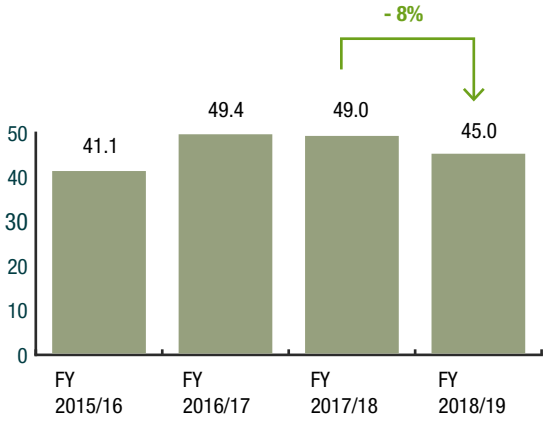
Reducing greenhouse gas emissions is essential to curbing climate change. Faber-Castell, too, is committed to continuously reducing CO_2 emissions. In order to be able to make corporate decisions on environment-related actions, it is essential to have a full record of all greenhouse gas emissions. However, the further you set the system limits, the less reliably the data can be determined and influenced by Faber-Castell. Faber-Castell has therefore decided to keep the system limits close and to record not only all direct and indirect emissions from Scopes 1 and 2, but also the movement of goods within the Group and all business travel. With regard to the movement of goods, it should be noted that the choice of transport method (air vs. land freight) is often made by the customer and Faber-Castell cannot always influence this.

Environmental Indicators 2018/19 Financial Year

In order to assess the environmental impact of material and energy consumption independently of changes in production and demand, the relevant indicators are calculated in relation to the production of one million products. The reference value of produced writing instruments, as shown in recent years, has been replaced by the number of writing instruments produced, as this better reflects the business activities of those production sites that do not only manufacture writing instruments.

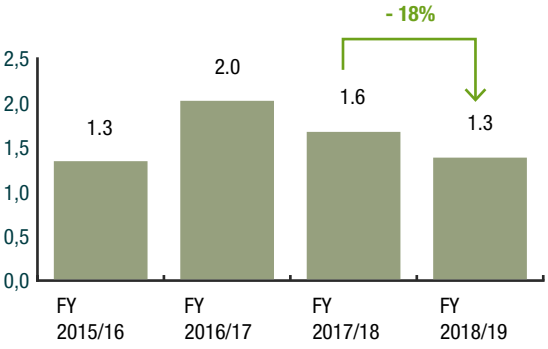
Waste water

(m^3/million products)
In 2018/19, we were able to reduce the intensity of waste water by 8% by using a new water reuse system in Brazil.



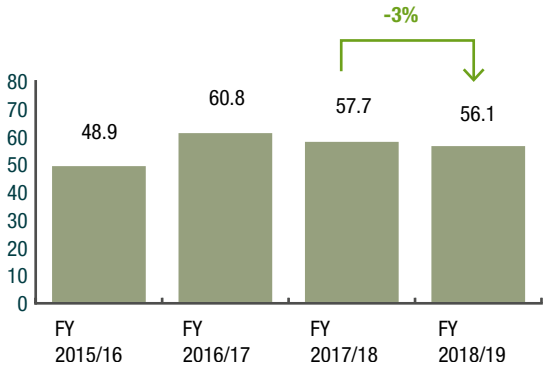
Waste

(tonnes/million products)
The quantity of waste per million products has fallen by 18%. The reason for this is primarily a new plant in Brazil for the thermal recycling of production waste.



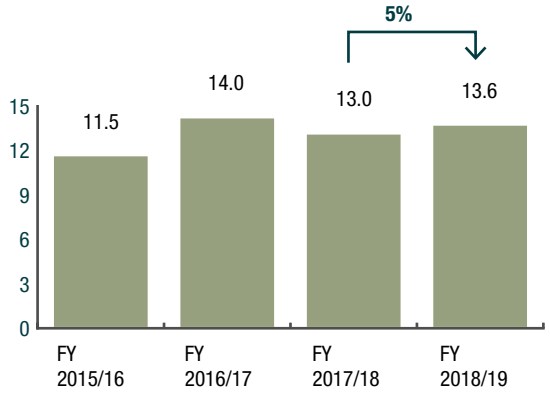
Energy used

(Scope 1 + Scope 2; MWh/million products)
As a result of the decline in production volume, the use of direct energy from renewable and non-renewable sources is also decreasing.



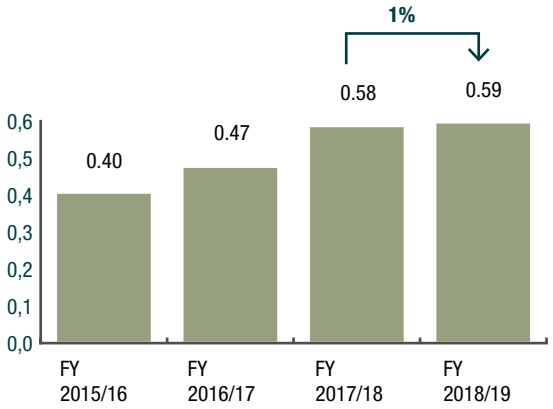
CO_2 emissions

(tonnes/million products)
The CO_2 emissions per million products have increased by 5% as Germany and Brazil have seen an increase in international air freight.



Plastic packaging

(tonnes/million products)
In the long term, Faber-Castell intends to counter the slight increase in plastic packaging with a global changeover to fibre-based (paper) packaging.



Certification, Seals and Management Systems

Carbon Neutral
Regular Surveillance
Corporate Carbon Footprint
www.tuv.com
ID 0000040930

Carbon-neutral production
We contribute to climate protection through the annual calculation and management of our carbon footprint at all production sites. The emissions are neutralised through the sequestration of carbon in our forests in Brazil.

Carbon-neutral production
The CO_2 emissions generated by manufacturing this product are offset by the company forest in Brazil.

Management System
ISO 14001:2015
ISO 9001:2015
www.tuv.com
ID 9108621070

ISO 9001 / ISO 14001
All production sites in the Faber-Castell Group are certified according to the international norms to ensure that the quality and environmental protection standards are met.

FSC
www.fsc.org
FSC® C017601
The mark of responsible forestry

FSC®
More than 90% of the wood used for the worldwide production of Faber-Castell pencils come from 100 % FSC-certified forests, and thus originate from sustainable sources.

PEFC
PEFC/04-31-1621
Promoting Sustainable Forest Management
www.pefc.org

PEFC
Faber-Castell also uses PEFC-certified wood alongside FSC-certified wood. Through a combination of the two certification schemes, Faber-Castell can ensure the wood products are purchased exclusively from sustainable sources.

Eco Pencil
Timber from certified sustainable forestry (e.g. FSC, PEFC, SFI).

Water-based varnish
Faber-Castell was the first manufacturer to introduce the environmentally-friendly water-based varnish technology, which is used for almost all writing instruments produced at the main factory in Stein.

PVC-free
As a world leader in the production of erasers, Faber-Castell avoids the use of harmful softeners. The erasers are produced under strict quality control and are PVC-free.

Refillable
Every product contains valuable raw materials. To extend their lifetime, many products can be refilled.

Recycled plastic / recycled cardboard
Faber-Castell works on reducing plastics or replacing them with recycled materials. The products or packaging are made of recycled plastic or cardboard.

Recyclable cardboard
The packaging is made of recyclable cardboard.

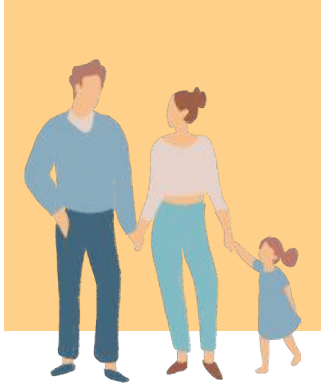
Certification and Management Systems

By implementing different types of certification and establishing management systems, Faber-Castell ensures that quality, sustainability and social standards are maintained at a global level. The initial certification for ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) began in 1997 and was completed in 2011 for all production sites. All sites are audited and certified according to the revised standard from 2015. The Faber-Castell Cosmetics plant in Elgin, USA, which opened in March 2019, received ISO certification in May 2019.

All production sites producing wood-cased pencils are certified to FSC® or PEFC™ standards. For sites which do not produce wood products, these two certification schemes are not relevant. All 22 sales companies are certified according to FSC® Chain of Custody standard. This means that every product can be traced from raw material, through all production steps, to the finished pencil in stock. Moreover, the Faber-Castell Social Charter and the associated compliance with social and labour standards apply to all production and sales sites worldwide. For more information on the Social Charter, please see the “Social Developments” section, p. 26.

Faber-Castell continuously trains employees as internal auditors in order to ensure that all specifications are observed or implemented worldwide. They regularly audit business processes according to standards.

The integrated management system FABIQUS (Faber-Castell integrated management system for quality, environment and social affairs), introduced globally in 1998, was modernised and optimised in Germany in 2016 by the addition of a CAQ² system, to manage standardised documents and implemented processes in an optimal way. “FABIQUS 2.0” has so far been implemented in Germany, Austria, Switzerland and the USA.


Country, plant	ISO 9001	ISO 14001	FSC®	PEFC	Social Charter
Brazil, São Carlos	Yes	Yes	Yes	N/A	Yes
Brazil, Prata (Plantation)	Yes	Yes	Yes	N/A	Yes
Brazil, Manaus	Yes	Yes	N/A	N/A	Yes
China, Guangzhou	Yes	Yes	Yes	Yes	Yes
Colombia, Bogotá	Yes	Yes	Yes	Yes	Yes
India, Goa	Yes	Yes	N/A	N/A	Yes
Indonesia, Bekasi (FCI)	Yes	Yes	Yes	Yes	Yes
Indonesia, Bekasi (FCII)	Yes	Yes	Yes	Yes	Yes
Indonesia, Bekasi (PLI)	Yes	Yes	N/A	N/A	Yes
Malaysia, Selangor	Yes	Yes	Yes	Yes	Yes
Peru, Lima	Yes	Yes	N/A	N/A	Yes
Austria, Engelhartszell	Yes	Yes	N/A	N/A	Yes
Germany, Stein*	Yes	Yes	Yes	Yes	Yes
Germany, Geroldsgrün	Yes	Yes	N/A	N/A	Yes
USA, Elgin	Yes	Yes	N/A	N/A	Yes

*including the logistics centre in Frauenaurach and České Budějovice, Czech Republic

Challenges:

As a company with an international presence, Faber-Castell is faced with the challenge of meeting differing national legal requirements, complying with different standards, coordinating business processes and strategies and, in spite of this, meeting the various customer and market demands and maintaining competitiveness. Uniform global certifications allow Faber-Castell to standardise and optimise international processes and as a result make better use of competencies and resources.

Note:
“N/A” = “not applicable”, which is the case for wood-related certification at non-wood production sites.

Social Developments

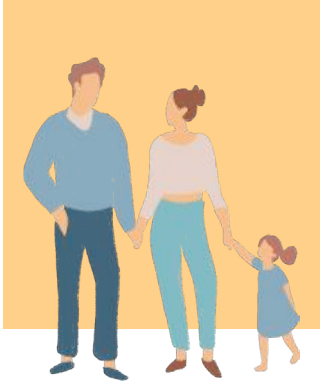
Social Charter

In March 2000, Faber-Castell and trade union IG Metall signed the Faber-Castell Social Charter. This internationally valid agreement is one of the first of its kind in terms of its scope. It sets out Faber-Castell's voluntary commitment to ensure, throughout the group of companies, the employment and working conditions recommended by the International Labour Organization (ILO). The Faber-Castell Social Charter includes, among other things, the prohibition of child labour, equal opportunities and equal treatment irrespective of race, religion, gender or nationality and the guarantee of safe and hygienic working conditions. An independent committee monitors the implementation of the agreement at regular intervals. To this end, two sites are audited every year.
In 2017 these were Germany and Austria; in 2018 the three plants in Brazil and in early 2019 Peru and Colombia were certified. European factories as well as India and Indonesia were planned for 2020. These audits could not take place due to the COVID-19 pandemic and will be rescheduled as soon as possible. As one of the oldest industrial companies in the world, Faber-Castell has always shown a high level of social commitment. As far back as the mid-19th century it set up various social schemes for its employees and their relatives, including one of the first company health insurance schemes and one of the first nurseries in Germany; it also founded schools and built housing for the factory workers.

How we act fairly and correctly: the new Faber-Castell Charter

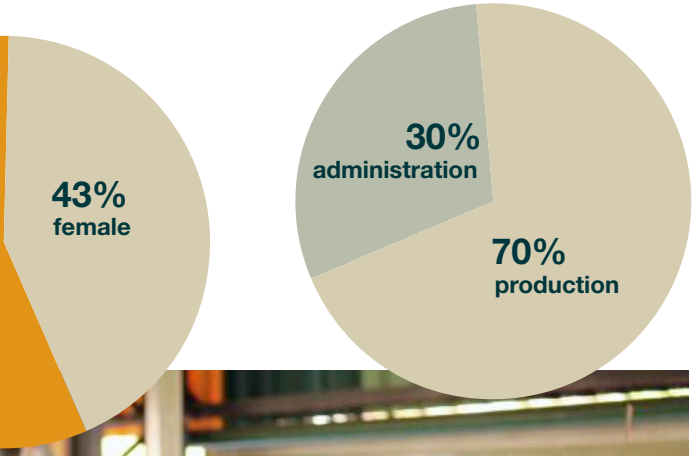
Faber-Castell's corporate success is based on the trusting and fair treatment of employees, business partners, customers and suppliers. These values have not only been practised in the company for many generations, they are also the principles of the "Honourable Businessman", a model dating back to the Middle Ages, which is still relevant centuries later. The Honourable Businessman is committed to adhering to values and rules, but also creates the conditions for honourable action and assumes responsibility for his deeds. As part of the Compliance Management System ("CMS"), a Code of Conduct was drawn up in cooperation between the Faber-Castell family, the Supervisory Board, the Executive Board and the Compliance Committee: the Faber-Castell Charter. It lists 15 points that help every employee to act fairly and transparently – in line with our corporate values. "The binding Code of Conduct is intended to give employees throughout the company guidance and security," says Thomas Wagner, Head of Compliance. An independent lawyer also provides support as an ombudsman, whom employees can contact anonymously. The Code of Conduct sets out what has been part of our philosophy for centuries: fairness, transparency and respect. Only in this way can we maintain the high brand confidence among our customers and ensure the profitable growth of the company – in the spirit of an **Honourable Businessman.**

57%
male



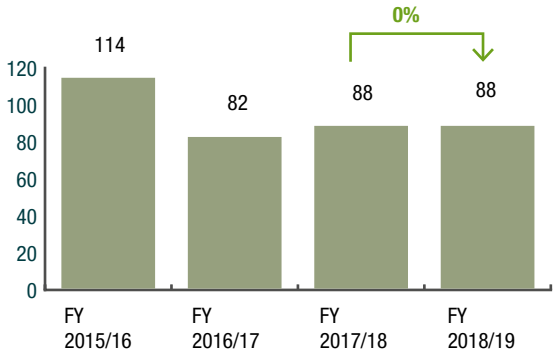
Social Indicators in the 18/19 Financial Year

Employees
Out of all our employees, 70% work in (extended) production, 30% in administration and management. The proportion of women has remained constant at 43%. Although the global proportion of employees with disabilities has fallen slightly in absolute terms, it has remained constant over the years at 1%.



Sickness, injuries, deaths

The number of reported work-related accidents (including accidents which occur during the commute to or from work) has not risen in comparison to 2017/18. Compared to the 2015/16 financial year, however, the number of reportable accidents fell by more than 20%.



Employee training and development
In addition to the legally required training courses, such as on occupational safety, the company also offers language and IT courses as well as intercultural workshops. The Faber-Castell vision of “We unleash creative potential” is also promoted through creative activities and workshops for employees. Each staff member’s training needs are determined in an annual meeting with their supervisor as part of the “Employee Development Programme” and taken into account the following year where possible.

Human rights
As part of the data collection process, cases of discrimination and corruption can be reported and monitored. Compliance with human rights is also regularly checked by the social audits. Violations of applicable law, human rights and working conditions can also be reported via the Compliance Management System.

Our Aims and Initiatives

The Sustainable Development Goals at Faber-Castell

The United Nations General Assembly adopted the Sustainable Development Goals (SDGs) in 2015. Five pillars[3] were defined, which precede the 17 sustainability goals (with 169 sub-goals) as a code of conduct. The UN's sustainability goals reflect the most important factors for the creation of a world community by 2030 that is economically, socially and environmentally sustainable. It is groundbreaking in this respect that all associated states of the United Nations have committed themselves to the concrete goals and that a broad civil society has worked together to develop the goals. In order for the ambitious goals to be achieved, all central actors – from the general population, science, states, local authorities and the private sector – are called upon to participate in Agenda 2030 and the change process. Faber-Castell, too, wishes to make a contribution and integrate the relevant SDGs into its strategy.

The 17 Sustainable Development Goals of the United Nations

As a first step, Faber-Castell prepared an environment analysis in order to prioritise the 17 goals in terms of their relevance to the company and to define fields of action. The goals already set by Faber-Castell were compared and associated with the SDGs. In the coming years, the analysis and work on the United Nations' goals will be integrated into the stakeholder survey for 2020 and further concrete goals and indicators will be defined on the basis of the results.

SUSTAINABLE DEVELOPMENT GOALS

Aims and Initiatives

Community involvement

The aims
No. 1: No poverty
No. 2: Zero hunger
No. 3: Good health and well-being
No. 4: Quality education
No. 5: Gender equality
No. 10: Reduced inequalities

are an integral part of the aim of humane work and economic growth for Faber-Castell. The goals can be supported through complying with the Social Charter, since Faber-Castell employees, for example, have safe working conditions, receive regular fair payments and also have access to clean drinking water.

Graf von Faber-Castell Children's Fund Foundation
The well-being of children has always played an important role for Faber-Castell. This is why Count Anton Wolfgang von Faber-Castell (8th generation) launched a children's fund foundation in 2001. Ever since then, this charity has supported humanitarian children's aid projects in nurseries, schools, children's hospitals and orphanages, especially in emerging countries. The "Little Flower" project, for example, is dedicated to the care and support of young and adult patients in a small village in northern India. Thanks to donations from the Graf von Faber-Castell Children's Fund Foundation, bunk beds could be built, mattresses bought and the furniture improved. Teaching materials could also be purchased.

Project Tabaluga from Eberhard Faber
Tabaluga is a small green dragon who is sent on an adventurous journey by his father. On this journey he has experiences that are familiar to children: he is scared, he encounters hatred, he seeks love, finds friendship and discovers joy for life. Tabaluga stands for a world in which tolerance, social competence and non-violence take centre stage. The little dragon is the mascot of the Peter Maffay Foundation for traumatised children. Every year about 500 children take advantage of the foundation's therapeutic services. One particular aim of the foundation is to encourage children's imagination and creativity. The foundation seeks to make children strong: it helps them overcome negative experiences and gain new strength. Some of the proceeds from the sale of Eberhard Faber's Tabaluga products go directly to the Peter Maffay Foundation and thus support its work.

Children of the World Project (“Caras & Cores”)
Giving children the opportunity to draw a good representation of their own skin colour strengthens their self-image and identity. However, the colour spectrum of many coloured pencil sets, especially for children, is limited. To date it has not been possible to represent the different pigmentation of the skin without compromise. The six skin colour pencils developed with the help of make-up experts can be mixed together to create every shade of colour. They are part of a standard coloured pencil set, so there is no need to buy a separate skin colour set. The pencils used to represent skin tones are therefore a valuable, creative tool in the important phase of self-discovery and growing up. In this way Faber-Castell is supporting parents and teachers in their educational work. Proceeds from the sale go to the Red Pencil Humanitarian Mission, which supports children in crisis areas with painting therapies.

Faber-Castell Brazil’s social engagement
Faber-Castell has worked closely with local communities for many years to allow the population to partake in the company's economic success. The “Faber-Castell Institute” offers a system of support and education measures, supported by voluntary donations from our employees. The company doubles every Brazilian real (R$) voluntarily donated by our employees, increasing the donation fund to support communities where the need is greatest.

Some of our latest projects:

a) Crèche Dalela Tannús, Prata
Financial support for a local daycare centre in Prata for around 160 children up to six years old. Currently, there are 17 carers looking after the children.

b) Madre Cabrini, São Carlos
The project in São Carlos supports about 120 children from precarious family situations who, among other things, are facing domestic violence and other types of abuse. This day care facility provides children aged 6 to 14 years with protection and care, leisure activities, homework help and food. It also offers training courses to teens and adults. 9 full-time employees and 20 volunteers have kept this flagship project alive for many years.

c) ADEFAV, São Paulo
The NGO has set itself the goal of socially and educationally supporting people with deafblindness, visual impairments and/or multiple disabilities through intervention, rehabilitation and family training. The aid for 45 children with multiple disabilities aged 0 to 18 years is supported through donations from individuals and state enterprises. The support of Faber-Castell meant the swimming pool could be renovated and the building refurbished.

d) Julião community, Manaus
This community is located on the banks of the Rio Negro, 30 minutes by boat from Manaus. 60 families live there, mainly on welfare. Around 40 children aged from 3 to 12 years attend the state school and usually leave after year 5. Faber-Castell helped set up a better social infrastructure, for example by building a sports field with toilets and a multi-purpose area.

Strategy for alternative plastic resources and initiatives

Faber-Castell has set itself the aim of continuously reducing the use of conventional plastics. This aim will be achieved through the increased use of recycled plastic as a raw material (especially for products). In addition, single-use or disposable packaging is to be replaced by more eco-friendly materials like paper or recycled plastic.

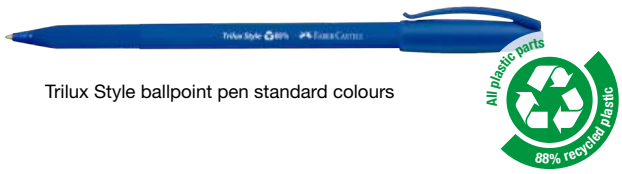
Recycled plastic products from Faber-Castell Germany in sustainable packaging
Working closely with the production site in Austria, some environmental improvements have been made in the markers produced there. Firstly, the Textliner 46 was converted to recycled plastic. The housing (cap and barrel) consists of 100% recycled plastic. The packaging is also completely made from recycled plastic, putting the finishing touch on the concept.

Furthermore, there is a Special Edition on the theme of “Travel” with the Textliner 46s in eco-friendly cardboard packaging. The promotional display consists of 100% recycled plastic.

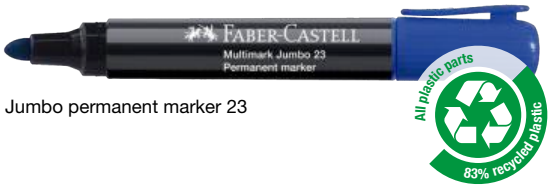
Faber-Castell Germany is converting the blister packs to recycled material
Another project from Germany to reduce conventional plastics is the conversion of the blister packs. Their conventional plastic blister packs have been switched to 95% recycled plastic packs.

Faber-Castell Peru is switching from plastic to cardboard packaging
Plastic packaging is an increasing environmental problem. This is why Faber-Castell Peru has taken its first step and switched children's marker packaging to cardboard. By 2020, 23 items (SKUs) had already been switched to recyclable cardboard packaging. On this basis, new packaging designs and alternatives made from cardboard will be developed for the blister cards (plastic covers).

Recycled plastic products from Faber-Castell Peru
Faber-Castell Peru is also focusing on the use of recycled materials. They are working with local and North American suppliers to also keep the environmental impact of the supply chain and transport routes low. One ballpoint pen and seven markers have already been produced using recycled post-industrial materials.



Trilux Style ballpoint pen standard colours



Jumbo permanent marker 23

The cooperation between Faber-Castell Brazil and TerraCycle
Faber-Castell Brazil is cooperating with the recycling company TerraCycle, which organises the reuse of plastic from pencil waste. Non-refillable plastic writing instruments and accessories such as ballpoint pens, markers, erasers or sharpeners are collected centrally and processed into new raw materials. In this way Faber-Castell not only reduces its waste volumes, but also optimises the use of resources.

	June 2018	June 2019	October 2020	Change
Participants	3,736	4,383	5,252	20 %
Total number of items collected	1,389,145	1,773,093	2,034,825	15 %

Faber-Castell New Zealand is switching to sustainable blister packs
The packaging was switched to 100% FSC-certified card, the printed colours are made from food-grade soy inks – all made in New Zealand and 100% recyclable. The new (locally produced) blister packs are made from soft, food-grade PVC with the #R3 stamp, which means that they have already been recycled for the third time, meaning that they are both recycled and recyclable.

Use of certified wood and extended use of local timber resources

All wood-cased pencils produced by Faber-Castell are made of certified wood. Currently, Faber-Castell is also working on using local resources to minimise transport routes in the future.

The Grip colour and graphite pencils from Faber-Castell Germany
All Colour and Jumbo Grip pencils make a significant contribution to climate protection: They are made from wood from sustainably managed forests, covered with eco-friendly water-based varnish and their manufacture in Germany is carbon-neutral.

The “Naturals” concept of Faber-Castell Australia
The "Naturals” range consists of sustainable colour pencils, graphite pencils and erasers. The wood-cased pencils are made from FSC-certified wood, meaning they come from sustainably managed forests. The erasers are PVC-free and are manufactured without harmful softeners. No plastic is used in the packaging, 100% recycled cardboard is used instead. The wood-cased pencils are made by Faber-Castell Indonesia and the erasers by Faber-Castell Malaysia.

The cooperation between Faber-Castell Malaysia and WWF Malaysia

The extinction of species is progressing rapidly: the number of wild animal species has declined by 70% since 1970.[4] Malaysia is one of 17 megadiversity countries, which means that together these countries have a high density of biodiversity and are home to around 70% of terrestrial species[5]. Faber-Castell Malaysia began cooperating with WWF Malaysia in order to raise awareness of the problem of endangered species in the country. Together with Malaysian artist Marty Wood, Faber-Castell designed postcards with motifs of endangered species to colour in. They are part of a themed set with Goldfarber colour pencils made from sustainable wood and in a carbon-neutral fashion. By purchasing this Limited Edition, the consumer is helping to protect the species through WWF Malaysia projects. Cardboard sleeve and postcards are certified FSC Mix or FSC Recycled.

Reducing the carbon footprint

Alongside the annual compensation for the corporate carbon footprint, Faber-Castell has set itself the aim of also continuously reducing this footprint. Across the Group, freight and power consumption are the main CO_2 sources that are to be reduced by a number of targeted initiatives. For example, Faber-Castell is already using 100% green electricity in our plants in Peru, Brazil, Austria and Germany (since January 2020). In order to further increase the proportion of carbon-neutral energy sources, solar projects are currently being implemented in our Southeast Asian sites. In addition, we have also begun to observe the environmental impact of selected products (in-house production and retail products).

Faber-Castell Malaysia installed a solar power system
Solar cells are currently being installed on the roof of the factory in Kuala Lumpur in order to reduce both the carbon footprint and costs. The project is due to be commissioned in December 2020. Initial estimates result in an annual savings potential of 1.2 tonnes of CO_2.

Power consumption reduction project in the cooling tower of Faber-Castell Indonesia
Replacing the pump motor and installing a temperature regulator in the cooling tower of the Faber-Castell factory in Indonesia meant that its average daily power consumption was halved from 0.50 MWh to 0.25 MWh. At the desired temperature, the pump motor shuts down and interrupts the electricity and water supply for cooling, so that resources are used more efficiently.

Life cycle assessment

After a life cycle assessment for wood-cased pencils manufactured in Brazil was conducted in 2017, the environmental impact of further product groups are currently being observed, including for markers, highlighters, etc. Specific results will be communicated in the next Fact Sheet.

Updating the stakeholder analysis

The existing stakeholder survey will be updated in 2020 and adapted to existing standards and targets, such as the Sustainable Development Goals (SDGs) or Global Reporting Initiative (GRI). The aim of the stakeholder survey is to define and prioritise relevant topics.

Other CSR projects

Faber-Castell Brazil installed a water treatment plant
A waste water recycling system was installed at the factory in São Carlos in Brazil in 2018. An additional treatment stage of the sanitary sewage through an ultrafiltration membrane meant that waste water was reduced in the factory. The purified water is used for cleaning outdoor areas and garden irrigation. This meant that, in just over one year after implementation, more than 12,000 m³ of waste water was prevented from entering the urban network.

The efficient use of water project by Faber-Castell Indonesia
Three water tanks, each with a 1,200 litre capacity, collect rain water and deliver efficient use of water resources. Using the rain water instead of fresh water in sewage treatment meant that 5 months of fresh water were saved in waste water treatment.


Carbon dioxide
Oxygen
Sunlight
76
Mammal species
29
Reptile species
Water

FSC

2/3

2/3 pine forest

86% of our global wood needs from our own forest

10,000 hectares of forest

900,000 tonnes of CO_2 are absorbed

62
pecies

Prata
Minas Gerais, Brazil

Tree species: Pinus Caribaea (pine)

300,000 seedlings annually

20-23 years to harvest

1/3

1/3 of the forest is natural

423 native tree species from 29 different tree families

40,000 native trees planted

37
Amphibian species

261
Ant species

Appendix

Input

GRI	Raw materials (tonnes)	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
301	Wood (boards)	t	21,095	22,898	17,850	16,645	-7%
	Plastics (conventional)	t	6,878	8,016	9,932	9,677	-3%
	Plastics (recycled)	t	n.a.	3	3	47	1467%
	Clay	t	198	312	322	358	11%
	Graphite lead	t	527	565	413	444	7%
	Kaolin	t	4,493	5,360	3,675	3,586	-2%
	Water-based varnish	t	76	89	82	98	19%
	Paint with organic solvents	t	1,057	1,125	872	855	-2%
	Paper packaging	t	7,268	8,438	7,209	6,312	-12%
	Plastic packaging	t	2,151	2,120	2,134	2,087	-2%
	Total packaging	t	9,419	10,557	9,343	8,399	-10%
GRI	Raw materials (tonnes)	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
303	Total water	m^3	340,196	352,140	307,398	307,977	**0%**
GRI	Non-renewable energy	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
302	Natural gas	MWh	8,671	9,311	9,711	9,581	-1%
	Liquid gas	MWh	1,311	1,863	1,048	1,021	-3%
	Diesel	MWh	1,470	1,629	1,650	1,293	-22%
	Petrol	MWh	1,378	1,380	1,132	836	-26%
	Heating oil	MWh	1,316	357	132	128	-2%
	Total non-renewable energy	MWh	14,146	14,541	13,673	12,859	-6%
GRI	Renewable energy	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
302	Energy (hydropower)	MWh	1,983	1,587	1,444	1,703	**18%**
	Bioethanol	MWh	57	33	40	11	-72%
	Biodiesel	MWh	108	68	189	206	**9%**
	Biomass	MWh	171,531	183,595	126,844	116,834	-8%
	Wood pellets	MWh	2,656	2,635	3,018	2,933	-3%
	Total renewable energy	MWh	176,335	187,919	131,535	121,687	-7%
GRI	Electricity	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
302	Renewable energy	MWh	41,615	45,682	40,849	40,902	**0%**
	Non-renewable energy	MWh	30,980	25,579	21,347	20,346	-5%
	Mix	MWh	1,724	3,149	2,756	3,013	**9%**
	Total electricity	MWh	74,318	74,410	64,952	64,261	-1%
	District heating	MWh	437	499	542	456	-16%

Wood
As a result of weaker sales, the quantity of purchased wood has declined in recent years. This decline was 7% compared to 2017/18.
Faber-Castell only uses wood from sustainably managed sources for the production of wood-cased pencils. This self-imposed standard of only using externally certified wood (FSC®, PEFC) for the production of wood-cased pencils is just as important as regulatory compliance, for example with the EU Timber Regulation, SVLK system (Indonesia), Lacey Act (USA) and Australian Illegal Logging Prohibition Act.

Plastic
The demand for conventional plastic fell slightly by 3% in 2017/18. In contrast, the proportion of recycled plastic rose sharply: 47 tonnes were used in 2018/19 whereas it was only 3 tonnes in 2017/18. The recycled material was used in the plants in Austria and Germany. The use of conventional plastic as a product component as well as a packaging material is already being gradually reduced worldwide. Faber-Castell is currently working on a concept for the use of alternative materials, alongside the use of recycled plastic. For example, more fibre-based (paper) packaging will be used. The alternatives to plastic currently being researched are subject to stringent quality standards: they must equally well protect our pencils from drying out and, for example, maintain their function and stability even in hot, tropical climates.

Water
The amount of water used by our production sites stayed at almost the same level compared with 2017/18 .

Bioethanol
The consumption of bioethanol fell by 72% in 2018/19 as the demand for bioethanol was mainly attributed to business travel via Scope 3 emissions.

Biodiesel
Biodiesel increased by 9% due to the conversion from diesel to biodiesel-powered vehicles in the Indonesian fleet.

Output

	Products	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
	Wood-cased pencils in million pcs.	Million pcs.	2,728	3,142	2,211	2,106	**-5%**
	Ink writing instruments, markers, erasers and writing accessories	Million pcs.	1,304	1,055	1,083	1,084	**0%**
	Other products	Million pcs.	1383	359	356	356	**0%**
	Produced ink	Litres / kg	1,284,473	794,956	937,702	947,746	**1%**
	Total writing instruments	Million pcs.	4,033	4,198	3,295	3,190	**-3%**
	All products (excluding ink)	Million pcs.	5,416	4,557	3,651	3,546	**-3%**
GRI	Waste water (m^3)		2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
306	Waste water	m^3	222,681	225,107	179,011	159,661	**-11%**
GRI	Emissions		2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
305	VOC emissions from paint coating	t	194	213	143	142	**-1%**
	Boundaries – average during the day	dB(A)	63	65	63	61	**-4%**
	Boundaries – average at night	dB(A)	58	60	56	54	**-2%**
GRI	CO_2 emissions (t CO_2e)		2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
305	Scope 1	t CO_2e	6,020	6,770	6,050	4,906	**-19%**
	Scope 2	t CO_2e	36,337	34,286	27,742	27,554	**-1%**
	Scope 3	t CO_2e	20,072	23,163	13,663	15,786	**16%**
	Total CO_2e	t CO_2e	62,428	64,219	47,454	48,246	**2%**
GRI	Waste (t)		2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
306	Hazardous waste	t	688	726	630	674	**7%**
	Household waste	t	6,490	8,448	5,423	4,167	**-23%**
	Total waste	t	7,178	9,174	6,054	4,841	**-20%**

Wood-cased pencils
Like the wood input, the output of wood-cased pencils also fell.
By 5% in comparison with 2017/18.

Plastic-based writing instruments
The proportion of plastic-based writing instruments stayed the same in comparison with the 2017/18 financial year.

Waste water
Waste water was reduced to a total of 11% due to the use of a new system for water reuse in Brazil. Each site has its own waste water treatment system that meets national and local requirements.

Waste disposal
The total volume of waste in 2018/19 fell by another 20% compared with the previous year. The main reason for this is the installation of a new system in Brazil that allows for production waste to be converted to biomass that can be used thermally.

Social Indicators

GRI	Employees	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
405	Number of employees worldwide	Number	8,285	8,581	8,215	7,864	-4%
	Proportion of women	Number	3,752	3,804	3,478	3,409	-2%
		%	45%	44%	42%	43%	
	Proportion of employees with a disability	Number	143	139	128	115	-10%
		%	2%	2%	2%	1%	
	Proportion of employees in administration	Number	2,275	2,317	2,443	2,363	-3%
		%	27%	27%	30%	30%	
	Proportion of employees in production	Number	6,010	6,264	5,772	5501	-5%
		%	73%	73%	70%	70%	
GRI	Social Charter	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
407	Participation of the production and sales sites	Number	38	38	38	38	
		%	100%	100%	100%	100%	
	Production sites with collective agreements	%	87%	87%	87%	88%	
GRI	Sickness, injuries, deaths	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
403	First responders with training	Number	623	784	775	733	-5%
		%	8%	9%	9%	9%	
	Reportable accidents (including commuting accidents)	Number	114	82	88	88	0%
	Fatal workplace accidents	Number	0	0	0	0	
GRI	Employees	Unit	2015/16 FY	2016/17 FY	2017/18 FY	2018/19 FY	Δ 17/18 - 18/19
406	Reported corruption and discrimination incidents	Number	0	0	0	0	

1 The Greenhouse Gas Protocol (GHG) is an accounting and reporting standard for quantifying greenhouse gas emissions.

2 Computer-aided quality

3 The 5 pillars (5 Ps):
People – Poverty and hunger must be brought to an end so that people can live their lives and fulfil their potential with dignity.
Planet – Natural resources must be preserved and measures against climate change taken to ensure that present and future generations can live in an intact environment.
Prosperity – Prosperity for all must be encouraged and all people should participate in economic, social and technical progress.
Peace – A life in peace must be promoted, with a society without fear and violence.
Partnerships – Global partnerships must be developed so that the goals can be achieved together through international cooperation.

4 WWFs living planet report 2020 page 1 https://wwfeu.awsassets.panda.org/downloads/lpr_2020_media_summary_embargo_10_09_20.pdf

5 https://www.biodiversitya-z.org/content/megadiverse-countries


FABER-CASTELL
since 1761

Publisher
Faber-Castell Aktiengesellschaft, Nürnberger Straße 2, D-90546 Stein

Lead editor
Dr Mathias Makowski, Head of Sustainability
Tatiana Schöneberger, Head of Corporate Marketing Processes

Project management
Carina Mehl

Editor
Carina Mehl, Sarah Riffelmacher, Andreas Hufnagel

Layout
Susanne Pickl - (N)aimless

Photos
Page 31 @bill_oxford from unsplash.com
Page 45 @filipz from unsplash.com

www.faber-castell.com