FABER-CASTELL

since 1761

Sustainability Fact Sheet 2019

The key indicators, data and consumption figures from this Fact Sheet relate to the 2017/18 financial year. General changes, projects and topics are shown until December 2019. Detailed information about the company and further information about sustainability can be found on our website: www.faber-castell.de/corporate/nachhaltigkeit

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

FABER-CASTELL
since 1761

Dear Reader,

Sustainability is reflected in many aspects of Faber-Castell's business activities. With a history spanning almost 260 years, the company can look back on a multitude of visionary and forward-thinking leaders. Alongside Lothar von Faber, who was already dedicated to social commitment in the middle of the 19th century, Count Anton-Wolfgang von Faber-Castell also led his company prospective into the future. He acted with conviction and set the right course for a sustainable company that is aware of its social and environmental responsibility. In cooperation with the ninth generation of the family, our Corporate Essentials, the company's guiding principles, have now been improved to meet future requirements. They explain what we stand for, what we want to achieve, and which values underlie our actions.

Our values "quality-driven and sustainable" are particularly evident in this fact sheet. Sustainability is a global issue and the resulting tasks and challenges can only be tackled jointly.

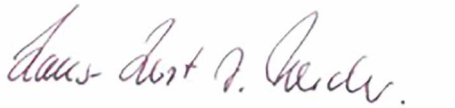
The Sustainable Development Goals defined by the United Nations for a sustainable global community include topics which also form the basis of Faber-Castell's corporate activities (page 26f and 30f).

We particularly focus on obtaining our most important raw material – the wood for our pencils – from socially and environmentally sustainable sources. As a pioneer in the industry, Faber-Castell launched our forestry project in Prata, south-east Brazil, as early as the beginning of the 1980s. Our company-owned, FSC®-certified forests absorb 900,000 tons of carbon dioxide (CO_2) from the atmosphere. They serve not only as a source of raw materials for our largest plant in Brazil, but also offset the carbon footprint of our production facilities worldwide (page 14f).

We are also pushing the use of renewable energies, which already account for 63 percent of the Group's energy consumption. Our sites in Brazil and Austria already draw their electricity entirely from these sources (page 22). At our headquarters in Stein, our own hydroelectric power plant produces electricity that drives our production process (page 22) and from 2020 we will obtain 100 percent of our purchased electricity from renewable sources. We are also developing a strategy to reduce or substitute plastics in our packaging and products.

The Sustainability Fact Sheet 2019 provides information on the current development status of our global commitment, reports on improvements achieved and addresses the challenges we face. We wish to have an active dialogue with you and invite you to accompany and support us on our journey. Please send us any feedback at sustainability@faber-castell.com. We look forward to hearing from you!

With kind regards



Dr. Hans-Kurt von Werder
Chief Technical Officer

Faber-Castell headquarter in Stein, Germany

FABER-CASTELL
since 1761

8,000
employees worldwide

1984
reforestation project in Prata, Brazil launched

900,000 t
CO_2e – Absorption

2,700 ha
unspoilt nature

€ 613 mio.
Group revenue 17/18

in 10 countries

around
10,000
hectares of forest

1761
foundation

Family owned for
9 generations

2.3 mio.
pencils and colour pencils per year

665
species

FSC® FM Certification

for environmentally sound, socially acceptable and economically sustainable forest management

20 m³
of wood renewed per hour

Corporate Essentials

the Faber-Castell mission statement and identity

Faber-Castell Charta

the code of conduct

Faber-Castell Social Charter

for fair employment and working conditions

Company Facts & Figures

Faber-Castell Aktiengesellschaft	90546 Stein, Deutschland
Managing Board	Daniel Rogger (CEO) Gräfin Mary von Faber-Castell (Cosmetics) André Wehrhahn (CFO) Rolf Schifferens (Europe & North America) until 12/19 Dr. Hans-Kurt von Werder (CTO)
Founded in	1761
Marketing and sales regions	Europe & North America, Asia & Pacific, Latin America
Production sites	In 10 countries
Sales companies	In 22 countries
Sales agents	In more than 120 countries
Employees	Approx. 8,000 worldwide
Group revenue 17/18	613 million euros
Certificates	ISO 9001, ISO 14001 FSC®-FM, FSC®-CoC PEFC™ NATRUE IFS HPC (household and personal care products)
Commitment	Faber-Castell Social Charter Faber-Castell sustainable forestry projects in Brazil UN Global Compact The German Environmental Management Association (B.A.U.M.) Bavarian Environmental Pact Association for Sustainability and Environmental Management (VNU)
Foundation	Graf von Faber-Castell Children's Fund Foundation

Detailed information on the financial performance of the Faber-Castell Group can be found at www.faber-castell.de and www.bundesanzeiger.de

Corporate Essentials

Faber-Castell's mission statement
Society and the market are changing: the retail landscape is in a state of transformation with the progress of digitalisation. Those dynamics present opportunities for Faber-Castell. Haptic experiences are emerging as a backlash while interest in creative abilities is growing. In 2018, Faber-Castell created its "Corporate Essentials", a mission statement building around its core brand values. This new statement focuses more on the core ideas of creativity and customer experience. As a "life companion", Faber-Castell wants to promote and enable creativity from young to old ages and inspire its customers to experience creativity with innovative products.

Our Vision

Our Values

Our Mission

Pinus caribaea hondurensis grows in the company's own forests in Brazil.

Certifications and Management System

We are determined to be the best of the class in all products and services.

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. Cosmetics' new North American 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 the 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 Indicators" section.

Faber-Castell continuously trains selected employees as internal auditors in order to ensure that all specifications are observed or implemented worldwide. These internal auditors 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 CAQ[1] system, to manage standardised documents and implemented processes in an optimal way. "FABIQUS 2.0" has already been rolled out in Germany, Austria and Switzerland. There are plans to incorporate additional global subsidiaries, starting with Peru and Malaysia.

[1] Computer-aided quality

Country, plant	ISO 9001	ISO 14001	FSC®	PEFC™	Social Charter
Brazil, São Carlos	Yes	Yes	Yes	n.r.	Yes
Brazil, Prata (Plantation)	Yes	Yes	Yes	n.r.	Yes
Brazil, Manaus	Yes	Yes	n.r.	n.r.	Yes
China, Guangzhou	Yes	Yes	Yes	n.r.	Yes
Colombia, Bogotá	Yes	Yes	Yes	n.r.	Yes
India, Goa	Yes	Yes	n.r.	n.r.	Yes
Indonesia, Bekasi (FCI)	Yes	Yes	Yes	Yes	Yes
Indonesia, Bekasi (FCII)	Yes	Yes	Yes	n.r.	Yes
Indonesia, Bekasi (PLI)	Yes	Yes	n.r.	n.r.	Yes
Malaysia, Selangor	Yes	Yes	Yes	n.r.	Yes
Peru, Lima	Yes	Yes	Yes	n.r.	Yes
Austria, Engelhartszell	Yes	Yes	n.r.	n.r.	Yes
Czech Republic, Budweis[2]	Yes	Yes	Yes	Yes	Yes
Germany, Stein	Yes	Yes	Yes	Yes	Yes
Germany, Geroldsgrün	Yes	Yes	n.r.	n.r.	Yes
Germany, Frauenaurach[3]	Yes	Yes	Yes	Yes	Yes
USA, Elgin	Yes	Yes	n.r.	n.r.	Yes

Challenges:
As a truly global player, 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 all this, meeting the various customer and market demands and maintaining competitiveness. Uniform global certifications allow us to standardise and optimise international processes and as a result make better use of competencies and resources.

Note: “n.r.” = “not relevant”, which is the case for wood-related certification at non-wood production sites.

[2] The plant in Budweis, Czech Republic will be included in the reporting scope for the Corporate Carbon Footprint and sustainability reporting from the next financial year.

[3] Distribution centre

The Faber-Castell Group's Greenhouse Gas Emissions

Challenges:
Lower greenhouse gas emissions are essential to curbing climate change and global warming. Faber-Castell, too, is committed to continuously reducing CO_2 emissions. However, to be able to take corporate decisions on environment-related actions, it is essential to have a comprehensive and robust record of all greenhouse gas emissions. That said, the broader you define system boundaries, the less reliable available data becomes and the less impactful it can be influenced. Faber-Castell has therefore decided to work within quite close boundaries 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 respect 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.

Faber-Castell is a climate protector
Faber-Castell's pine plantations in Brazil, originally planted more than 30 years ago, make a positive contribution to climate protection. As they grow, they absorb CO_2 from the atmosphere and bind carbon. The CO_2 bound in this way offsets the global emissions of Faber-Castell's production facilities.

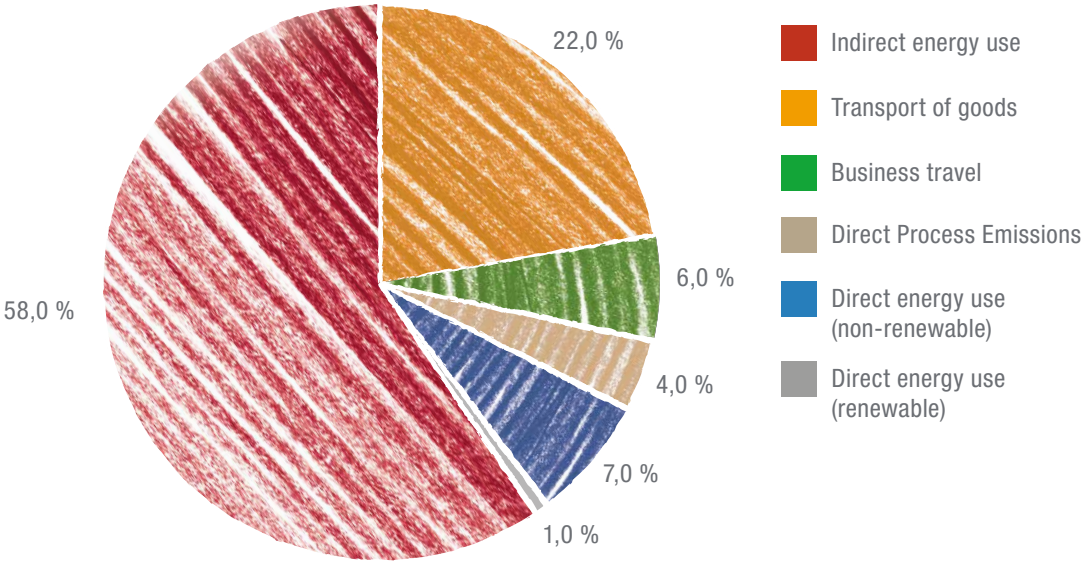
Scope 1: Direct GHG emissions
Scope 1 represents all emissions created by the company, including emissions from production processes, emissions from transport vehicles such as forklifts and the emissions resulting from captive energy production. Following a rise in the 2016/17 financial year, Scope 1 emissions have fallen slightly to 6,050 t CO_2e and thus account for only one eighth of total emissions.

Scope 2: Indirect GHG emissions from purchased energy
Scope 2 energy consumption, including purchases of energy and heating, has fallen by 13 percent and total carbon emissions by as much as 17 percent. This trend was mainly caused by a higher share of electricity from renewable sources (increase from 61 percent in 2016/17 to 63 percent in 2017/18). After Austria, our largest plant in Brazil has now also purchased 100 percent of its electricity from renewable energy sources. Furthermore, Faber-Castell has committed itself to further increase the share of renewable energies used.

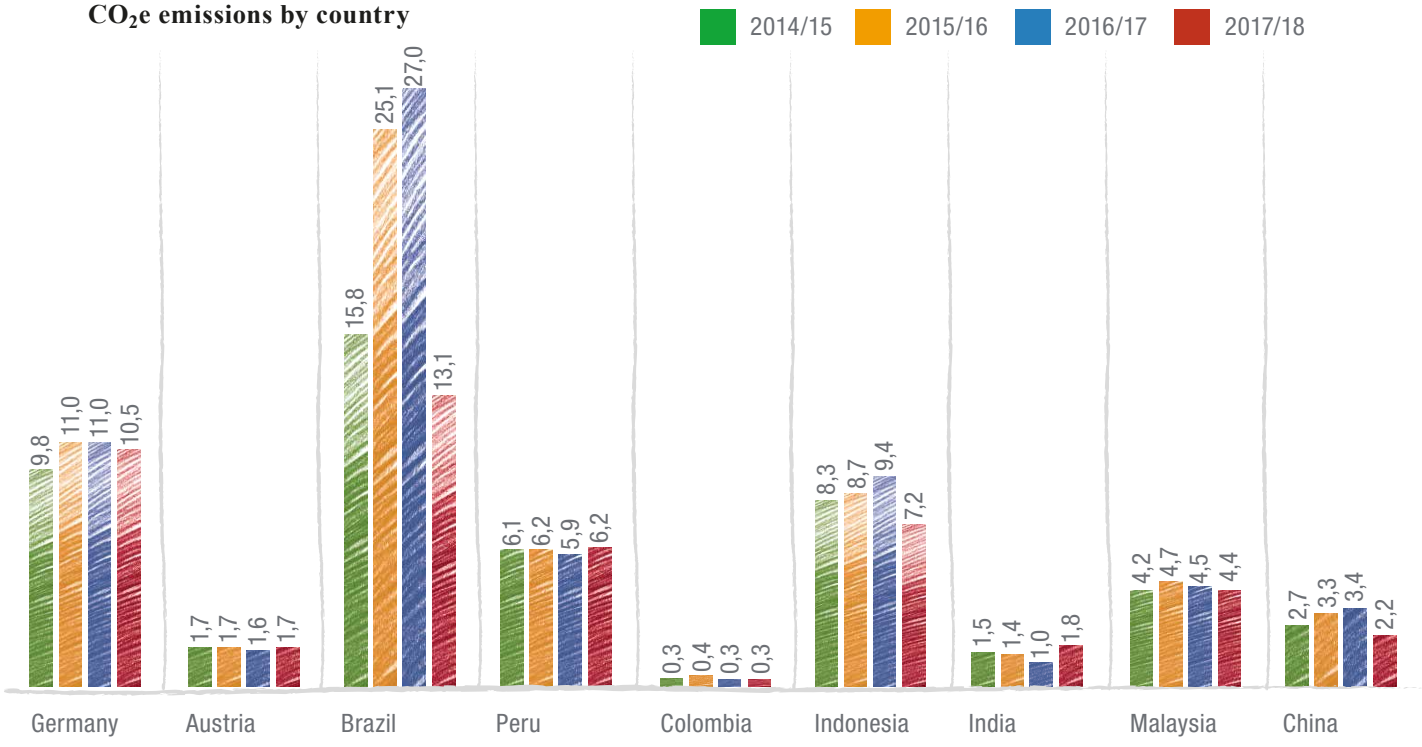
Scope 3: Other indirect GHG emissions
Scope 3 covers emissions that can only be indirectly attributed to the company. A distinction is made between business travel and freight transport. The latter remains the main factor within Scope 3. After rising continuously in recent years, indirect emissions decreased significantly by 26 percent in the 2017/18 financial year. Brazil's 66 percent reduction in international air freight compared to the previous year is the main reason for this fall in emissions.

Scope	Unit	2014 / 15	2015 / 16	2016 / 17	2017 / 18
Scope 1	t CO_2e	5,354	6,020	6,770	6,050
Scope 2	t CO_2e	32,027	36,337	34,286	27,742
Scope 3	t CO_2e	13,115	20,072	23,163	13,663
Total	t CO_2e	**50,496**	**62,428**	**64,087**	**47,454**

Total Faber-Castell emissions by origin



CO_2e emissions by country

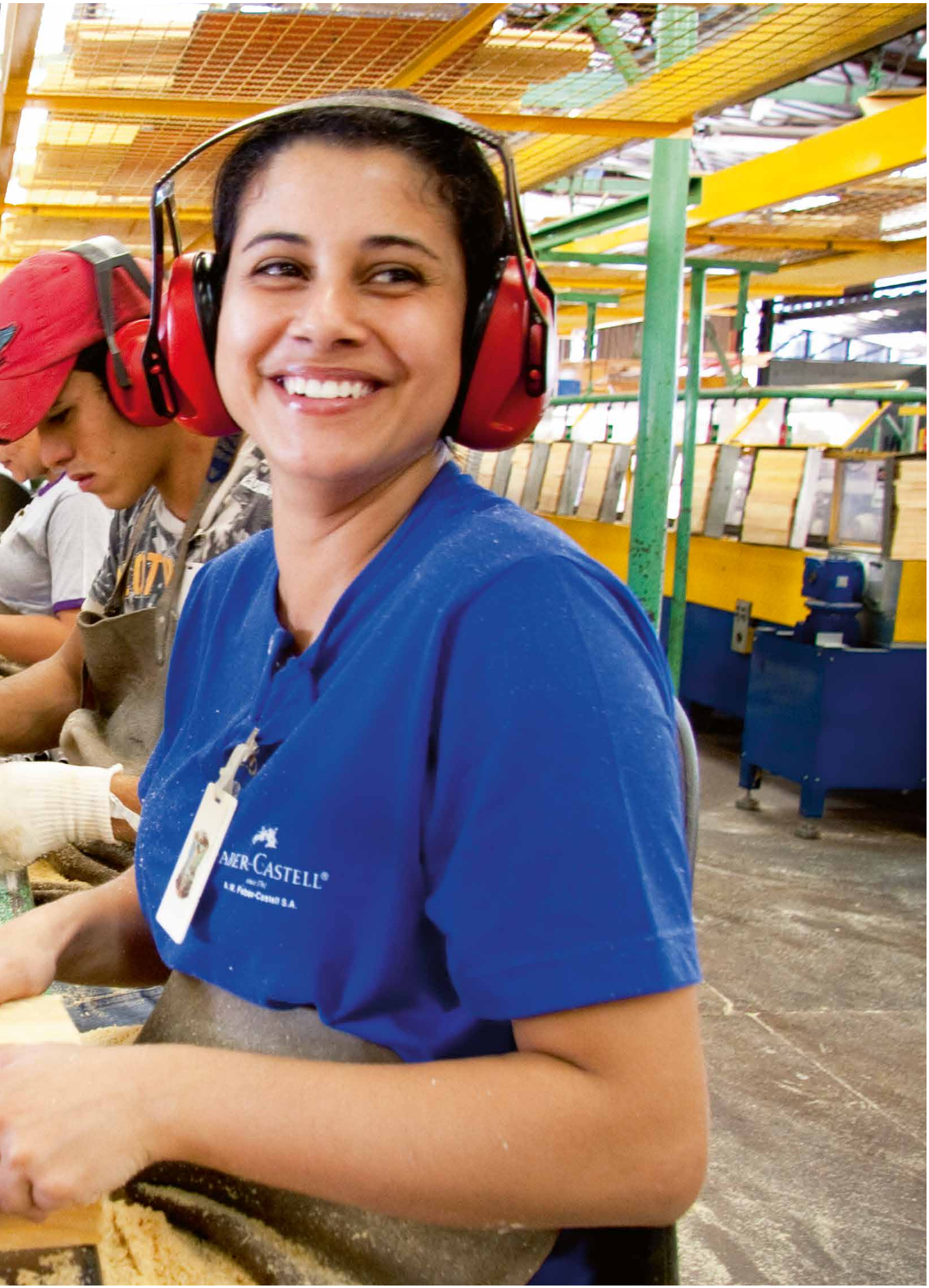


Overall trend

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 (GHG Protocol)[4]. Total carbon emissions dropped significantly by 26 percent in the 17/18 financial year, after years of growth. This is due to a slight decline in production, higher demand for electricity from renewable sources and less use of air freight. The Faber-Castell Group's largest site accounts for the highest share of CO_2 emissions: Brazil (28 percent compared to 42 percent in the prior year), closely followed by Germany (22 percent vs. 17 percent in 2017/18 financial year). Indirect energy consumption, i.e. purchased energy, has the greatest impact on total emissions at 58 percent, while freight transport accounts for 22 percent.

[4] The Greenhouse Gas Protocol (GHG) is commonly used accounting and reporting standard for quantifying greenhouse gas emissions

Production of pencil slats in São Carlos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Input/Output Balance of Production Sites

Input

GRI	Raw materials	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
	Wood (slats)	t	18,751	21,095	22,898	17,850	-22 %
	Plastics (conventional)	t	7,272	6,878	8,016	9,932	24 %
	Plastics (recycled)	t	not queried	not queried	3	3	0 %
	Clay	t	294	198	208	157	-24 %
	Graphite	t	580	527	565	413	-27 %
301	Kaolin	t	3,908	4,493	5,360	3,686	-31 %
	Water-based varnish	t	62	76	89	82	-8 %
	Varnish with organic solvent	t	1,083	1,057	1,125	872	-22 %
	Paper packaging	t	6,623	7,268	8,438	9,077	8 %
	Plastic packaging	t	1,793	2,151	2,120	1,959	-8 %
	Packaging total	**t**	**8,416**	**9,419**	**10,557**	**11,036**	**5 %**

GRI	Water	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
303	Water total	m^3	323,773	340,196	352,140	307,398	**13 %**

GRI	Non-renewable energy	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
	Natural gas	MWh	9,430	8,671	9,311	9,711	4 %
	LPG	MWh	950	1,311	1,863	1,048	-44 %
302	Diesel	MWh	1,574	1,470	1,629	1,650	1 %
	Petrol	MWh	1,264	1,378	1,380	1,132	-18 %
	Heating oil	MWh	848	1,316	357	132	-63 %
	Total non-renewable energy	**MWh**	**14,066**	**14,146**	**14,541**	**13,673**	**-6 %**

GRI	Renewable energy	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
	Energy (hydroelectric generators)	MWh	1,780	1,983	1,587	1,444	-9 %
	Bioethanol	MWh	54	57	33	40	20 %
	Biodiesel	MWh	53	108	68	189	176 %
302	Biomass	MWh	130,527	171,531	183,595	126,844	-31 %
	Wood pellets	MWh	2,593	2,656	2,635	3,018	15 %
	Total renewable energy	**MWh**	**135,006**	**176,335**	**187,919**	**131,535**	**-30 %**

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since 1761

Input

GRI	Electricity	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
	Renewable sources	MWh	37,412	41,615	45,682	40,849	-11 %
	Non-renewable sources	MWh	20,709	30,980	25,579	21,347	-17 %
302	Mixed	MWh	9,128	1,724	3,149	2,756	-12 %
	Electricity total	**MWh**	**67,249**	**74,318**	**74,410**	**64,952**	**-13 %**
	District heating	MWh	431	437	499	542	9 %

Output

	Products	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
	Wood-cased pencils	Mio. pcs.	2,482	2,728	3,142	2,211	-30 %
	Ink writing implements, markers, rubbers and writing accessories	Mio. pcs.	1,438	1,304	1,055	1,083	3 %
	Other products	Mio. pcs.	not queried	1,383	359	356	-1 %
	Ink produced	Liter / kg	988,460 L	1,284,473 L	794,956 kg	937,702	18 %
	Total writing instruments	**Mio. pcs.**	**3,919**	**4,033**	**4,198**	**3,294**	**-15 %**
	Total products (excluding ink)	**Mio. pcs.**	**3,919**	**5,416**	**4,557**	**3,650**	**-14 %**

GRI	Effluent	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
306	Effluent	m^3	204,298	222,681	225,107	179,011	-20 %

GRI	Emissions	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
	VOC emissions from varnish	t	171	194	213	143	-33 %
305	Site boundary daytime average noise level	dB(A)	62	63	65	78	20 %
	Site boundary nighttime average noise level	dB(A)	58	58	60	64	7 %

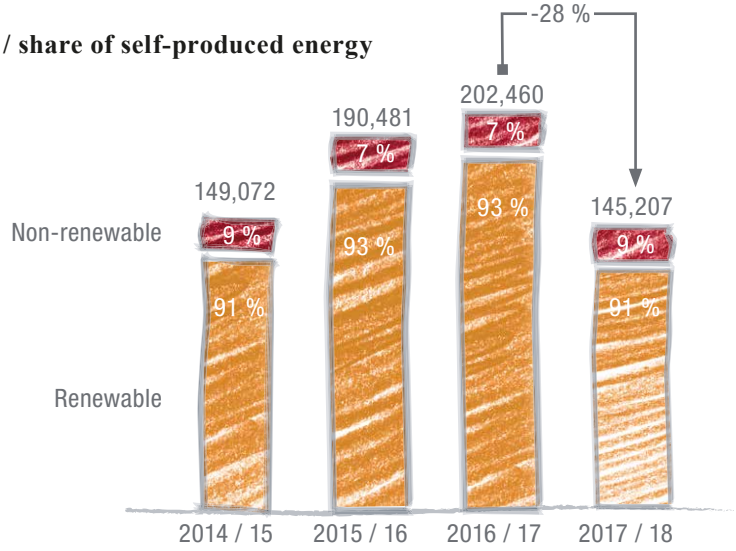
Input/Output Balance of Production Sites

Output

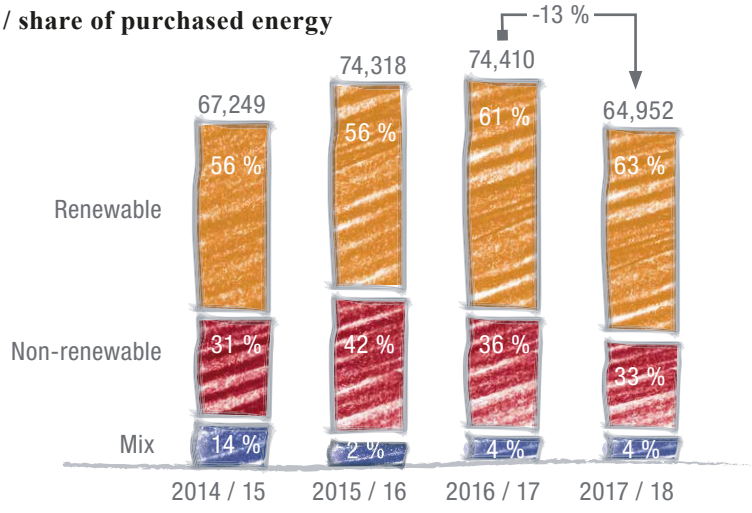
GRI	CO_2-Emissions	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
305	Scope 1	t CO_2e	5,354	6,020	6,770	6,050	-11 %
	Scope 2	t CO_2e	32,027	36,337	34,286	27,742	-19 %
	Scope 3	t CO_2e	13,115	20,072	23,163	13,663	-41 %
	Total CO_2e	**t CO_2e**	**50,496**	**62,429**	**64,219**	**47,454**	**-26 %**

GRI	Waste	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
306	Hazardous waste	t	650	688	726	630	-13 %
	Domestic waste	t	7,058	6,490	8,448	5,423	-36 %
	Total waste	**t**	**7,708**	**7,178**	**9,174**	**6,054**	**-34 %**

Scope 1 – Amount / share of self-produced energy



Scope 2 – Amount / share of purchased energy



Notes on the input/output balance (page 18–20)

Purchased raw materials and manufactured products
The declining trend in colouring book sales has led to a drop in demand for coloured pencils in the 2017/18 financial year (30 percent vs. prior year). The consumption of raw materials to produce wood-cased pencils, such as wood, clay, graphite, kaolin or paint, fell in line with this trend. By contrast, the production of ink pens, markers and other pens with plastic barrel increased by almost three percent. Since the Faber-Castell Group strives to continuously reduce the use of plastic, the company is researching alternatives to plastic for packaging and product materials. Textliner and the Ecco-Pigment, for instance, are already predominantly made of recycled plastic, and highlighters are refillable, which helps to reduce waste. The alternatives to plastic currently being researched are subject to stringent quality standards: they must equally well protect the pencils from drying out and, for example, maintain their function and stability even in hot, tropical climates

Non-renewable energy
Following slight increases in the past, the total amount of direct, non-renewable energy fell by six percent in the 2017/18 financial year. This is due to lower demand for liquefied petroleum gas (-44 percent), which is mainly needed for the forklift trucks in the Brazilian sawmill. Furthermore, heating oil demand was reduced by further 63 percent to 132 MWh after a 73 percent reduction during 2016/17 financial year. The decisive factor here is the significant reduction of 83 percent in heating oil demand in Germany. Some heating oil has been replaced by natural gas, which also has a positive effect on the CO_2 balance. The mild winter in Germany in 2016/17 also contributed to a lower demand for heating oil.

Renewable energy
In the 2017/18, Faber-Castell generated 91 percent of the required energy from renewable energy sources. One main driver for this is the high amount of energy that is generated from 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. The 176 percent increase in biodiesel can be attributed to better data collection in Indonesia.
Overall, the consumption of direct renewable energies fell by 30 percent due to the reduced use of biomass in Brazil. The Faber-Castell Group generates more than 82 percent of its required thermal and electrical energy from renewable sources. At our largest production site in Brazil and at our plant in Austria, energy demand is covered entirely by renewable resources. Germany has concluded a green electricity contract for 2020 and will in future obtain 100 percent of its electricity from hydropower.

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

Article: 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 2017/18 financial year, the hydropower turbine covered around 15 percent of the total electricity consumption of the town of Stein.

"The decision we took over 60 years ago to use hydropower to generate sustainable energy has had a groundbreaking effect on our current environmental commitment at the site," says Oskar Helmbrecht, Head of Technical Engineering. "We continue to give priority to modernising existing plants and optimising them with a view to reducing their environmental impact."

Notes on the input/output balance (page 18–20)

Purchased energy
In the 2017/18 financial year, Faber-Castell purchased 13 percent less electricity than in the previous year. A total of 63 percent of this came from renewable sources. Austria and Brazil have switched over to purchasing entirely green electricity. In the long term, the share of electricity from renewable sources is set to be increased further. In total, the company covered 31 percent of its global energy consumption through purchased energy.

Water and waste water
The amount of water used by our production sites declined by 13 percent compared with the 2016/17 financial year. This also allowed us to reduce the amount of waste water (-20 percent). Each site has its own waste water treatment system that meets national and local requirements.

Emissions
Noise emissions are always within the legal requirements and are measured regularly. If certain limits laid down in the respective national legislation are exceeded, appropriate improvement measures are initiated.

Waste
The total volume of waste in 2017/18 fell by 34 percent compared with the previous year. During the 2016/17 financial year, the construction of water tanks at the main plant in Stein had required the excavation of earth and caused a corresponding 28 percent increase in non-hazardous waste.

Challenges
The biggest potential for improvements in the company's input/output balance lies in the materials used and energy purchased. The self-imposed standard of using only certified wood with a focus on FSC® to produce wood-cased pencils ensures the wood originates from sustainable sources and complies with legal requirements such as the EU Timber Regulation.
As mentioned before, the use of virgin plastic as a product component and as a packaging material is currently being reviewed. The Faber-Castell Group aims to continuously reduce the use of plastic and to increase the share of alternative materials, for instance fibre-based (paper) packaging. All initiatives are of course subject to high quality standards: they must equally well protect our products from drying out and, for example, maintain their function and stability even in hot, tropical climates. 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.
Another topic that Faber-Castell intends to examine in the next few years is the incorporation of electromobility into the existing vehicle fleet.

Environmental Indicators

KPI based Mio. pcs of products

Category	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
Effluent (waste water)	m^3 / Mio. pcs.	52,13	41,12	49,40	49,04	-1 %
CO_2 emissions	t CO_2e / Mio. pcs.	12,88	11,53	14,09	13,00	-8 %
Total waste	t / Mio. pcs.	1,97	1,33	2,01	1,66	-18 %
Energy from Scope 1 & Scope 2	MWh / Mio. pcs.	55,30	48,97	60,87	57,72	-5 %
Plastic packaging	t / Mio. pcs.	0,46	0,40	0,47	0,54	15 %

The KPIs shown here have changed compared to the factsheet 2018 due to a changed database.

In order to assess the environmental impact of material and energy consumption independently of changes in production and demand, such consumption is linked to a functional unit (production of one million writing instruments).

In 2017/18, waste water intensity has been reduced by one percent and CO_2 emissions by eight percent. At 18 percent, the amount of waste per million writing instruments has fallen significantly. The reason for the previous increase was the construction of a water tank at the Stein site (Germany), whose excavated earth caused waste quantities to rise. If we consider direct energy used from non-renewable and renewable sources in combination with energy purchased, the intensity decreases by five percent. This is because less direct energy was produced from renewable energy sources. In the long term, Faber-Castell intends to counter the slight increase in plastic packaging with a global changeover to fibre-based (paper) packaging.

Challenges
The decentralised organisational structure of the Faber-Castell Group and regional product lines means product variety ranges from wood-cased pencils and coloured pencils, plastic pencils and markers, erasers, modelling clay, wax crayons through to cosmetic pencils and applications. Work is being undertaken on the cross-national implementation of targets and projects by means of regular exchange between the countries in a joint sustainability cluster. This requires an analysis of individual markets, the availability of resources and the consideration of specific restrictions in order to be able to achieve the overriding targets with custom measures.

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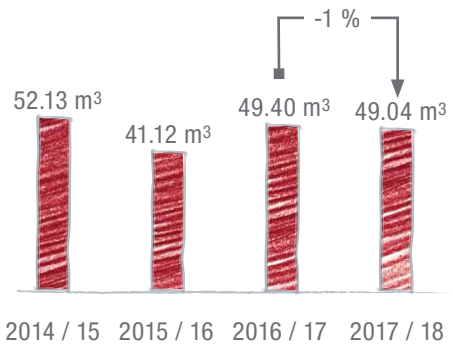
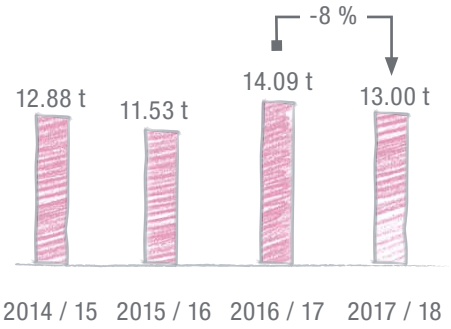
Environmental figures

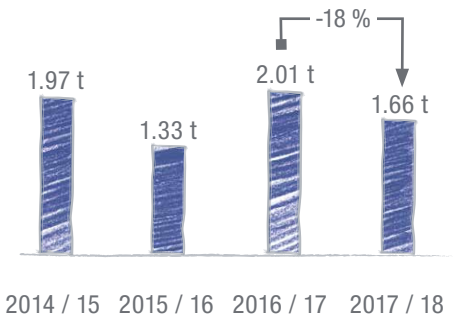
Effluent
(m^3 / Mio. pcs. writing instruments)



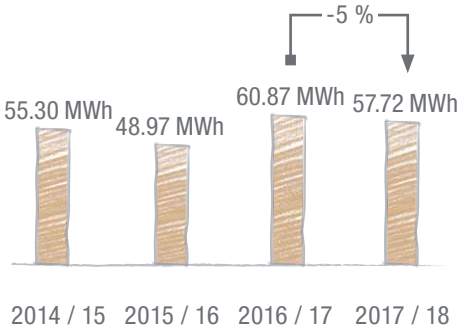
CO_2-Emissons
(t / Mio. pcs. writing instruments)



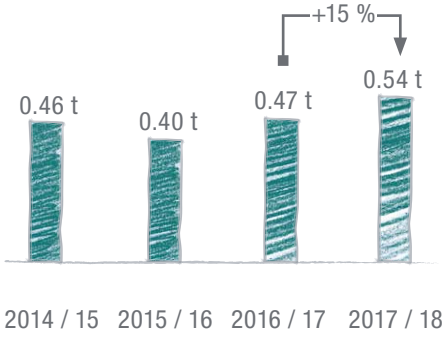
Total waste
(t / Mio. pcs. writing instruments)



Energy from Scope 1 & Scope 2
(MWh / Mio. pcs. writing instruments)



Plastic Packaging
(t / Mio. pcs. writing instruments)



The United Nations' Sustainable Development Goals

The United Nations General Assembly adopted the Sustainable Development Goals (SDGs) in 2015. Five core messages[5] 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. 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 contribute and integrate the relevant SDGs into its strategy.

Implementation of the SDGs at Faber-Castell
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. Faber-Castell considers the following goals to be decisive for the company to make a positive contribution:

› Nr. 8: Decent work and economic growth

› Nr. 9: Industry, innovation and infrastructure

› Nr. 12: Responsible consumption and production

› Nr. 13: Climate action

› Nr. 15 Life on land

For Faber-Castell, the goals No. 1 (No poverty), No. 2 (Zero hunger), No. 3 (Good health and well-being), No. 4 (Quality education), No. 5 (Gender equality) and No. 10 (Reduced inequalities) are an integral part of the goal of decent work and economic growth. 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 have access to clean drinking water.
The goals already set by Faber-Castell were compared and linked with the SDGs (see page 30f). 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 based on the results.

[5] **The 5 core messages (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 climate change measures 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.

FABER-CASTELL
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The 17 Sustainable Development Goals of the United Nations

Social Indicators

	Employees	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
405	Total number of employees	Number	8,076	8,285	8,581	8,063	-6.04 %
	of which are females	Number	3,543	3,752	3,805	3,478	-8.60 %
		%	44	45	44	43	
	of which are handicapped	Number	132	143	139	128	-7.94 %
		%	2	2	2	2	
	of which work in management / administration	Number	2,288	2,275	2,317	2,276	-1.77 %
		%	28	27	27	28	
	of which work in production	Number	5,788	6,010	6,264	5787	-7.62 %
		%	72	73	73	72	

	Social Charter	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18
407	Total number of production and sales sites within the scope of the Social Charter	Number	38	38	38	38
		%	100	100	100	100
	Total number of production Sites with a collective agreement	%	not queried	87	87	87

	Diseases, injuries and deaths	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18	Δ 2016 / 17 2017 / 18
403	Total number of first-aid responders	Number	580	623	784	775	-1.15 %
		%	7	8	9	10	–
	Total number of reportable injuries (including commute)	Number	121	114	82	85	3.66 %
	Total number of reportable deaths	Number	0	0	0	0	0 %

	Human rights	Unit	FY 2014 / 15	FY 2015 / 16	FY 2016 / 17	FY 2017 / 18
406	Total number of reported cases of discrimination and corruption	Number	0	0	0	0

Employees

› Out of all our employees, 72 percent work in (extended) production, 28 percent in administration and management. The proportion of women has remained constant at 44 percent.
Although the global proportion of employees with disabilities has fallen slightly in absolute terms, it has remained constant over the years at two percent.

Faber-Castell 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 are planned for 2020.

Sickness, injuries, deaths

› The number of reported work-related accidents (including accidents which occur during the commute to or from work) has risen slightly from 82 to 85 accidents in comparison to 2016/17. Compared to the 2014/15 financial year, however, the number of reportable accidents fell by almost 30 percent.

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

The corporate success of Faber-Castell is based on trusting and fair dealings with 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 Merchant", a model dating back to the Middle Ages, which is still relevant centuries later. The honourable merchant 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 merchant.

Training and further education

› 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 "We unleash creative potential" is also promoted by creative activities and workshops for employees.

Each employee's training needs are determined during an annual interview between the employee and his or her supervisor as part of the "Employee Development Programme" and, if possible, appropriate training is planned for the following year.

Human rights

› As part of the data collection process for the FIS report[6] , cases of discrimination and corruption can also 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.

Challenges

Faber-Castell adopted a socially responsible approach at an early stage. One of the first company health insurance funds in Germany was founded as early as 1844, the first nursery school was opened in Stein in 1851 and in 1865 apartments were made available for workers. The signing of the Social Charter in 2000 was another important step forward in terms of working and employment conditions. Strict cooperation with local companies and independent partners such as trade unions, adapted to the conditions in each country, is crucial for implementing the Social Charter in practice. Being successful as a company in the long term requires motivated and satisfied employees to carry the company into the future through creativity, innovation, enthusiasm and curiosity. Rapidly changing market conditions, rapid technological progress, compatibility of family and career and the work/life balance are basic conditions that demand flexible working conditions. Custom continuing education and further training programmes, attractive employment conditions and respect for social responsibility on the part of a family business are indispensable for Faber-Castell.

6 The FIS report is based on the FABIQUS Information System. FABIQUS is the abbreviation for the Faber-Castell integrated management system for quality, environment and social affairs. Faber-Castell collects and analyses all of this non-financial information from all its production sites, and consolidates it annually in the FIS report.

Status	Targets and progress
Continuous	**Extended use of local wood resources and use of certified wood** All wood-cased pencils produced by Faber-Castell are made of certified wood Faber-Castell's next step is to make even greater use of local resources in order to minimise transport distances. Currently, regional and local wood is tested regarding its suitability for the production of high quality pencils.
In progress	**Plastics: strategy for alternative plastics resources** The Faber-Castell Group is committed to improve the environmental balance in the future by increasing the proportion of recycled plastics or non-conventional plastics. This applies both to packaging and to the products. The company is currently examining several alternative materials. Two product groups are already manufactured from recycled plastics: both the Ecco Pigment and the Textilmarker consist mainly of recycled material.
In progress	**Packaging: Reduction of plastic packaging** The aim is to reduce the proportion of plastic in packaging by five percent each year. In the coming years, existing plastic packaging will gradually be replaced by degradable materials such as paper fibres, or recycled plastic. Pilot projects and actions are currently being initiated. The results and experiences will be incorporated into a Group-wide strategy.
In progress	**Monitoring carbon emissions** An annual analysis of the carbon emissions from all production sites is used as a tool to identify hotspots and to develop strategies to reduce emissions. According to current analyses, freight transport, as well as the amount of purchased energy, also offer considerable savings potential for the coming year.

In progress

Increasing the share of renewable energy through purchasing

Currently, 31 percent of the Group's global energy demand is purchased, 63 percent of which comes from renewable sources. Brazil and Austria have already been able to switch entirely to green electricity, and other countries are set to follow. Among others, 100 percent of the electricity purchased for the sites in Germany is to come from renewable sources from 2020 onwards.

In progress

Life cycle assessment

After a life cycle assessment for wood-cased pencils manufactured in Brazil was prepared in 2017, further quantitative assessments of other product groups are to follow to detail the product-specific environmental impacts. The next step is to analyse the highlighters produced in Austria and Brazil.

In progress

Updating the stakeholder analysis

The existing stakeholder survey is to be updated for 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.

In progress

Modernisation of the Stein pelletising furnace

By modernising the existing furnace, in future it will be possible to maintain the combustion of waste wood for 72 hours. This increase in capacity will result in less waste and will significantly reduce the oil and gas resources required for heating.

Completed

Customer Care Centre (CCC): Optimisation of processes in complaint handling through new software with a SAP connection, including invoicing and inventory management, as well as through the introduction of a warranty policy

The warranty policy was introduced worldwide

Regarding the return of goods, the customer care centre in Stein reduced packaging waste by 60 percent and plastic waste by 92 percent. The CCC software is integrated into the worldwide Customer Care Centres and the global processes are continuously being analysed and optimised.

Projects

Project 1: TerraCycle

Faber-Castell Brazil, the largest manufacturing subsidiary within the Faber-Castell Group, cooperates with the national 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. The money paid by TerraCycle is donated to schools and non-profit organisations.

	June 2018	June 2019	
Participants	3,736	4,383	17 % more participants
Number of items collected	1,389,145	1,773,093	+ 28 %
Amount raised	33,480 $R	42,216 $R	+26 %

Project 2: Volunteering and promoting local communities

For many years, Faber-Castell has been working closely with local communities to allow the population to participate in the economic success of the company, especially in emerging markets, by providing a support system and educational measures. Faber-Castell Brazil also helps its employees recognise their responsibility for society. For every Brazilian real donated by employees, the company invests the same amount again to increase the donation pot and to specifically support the communities where the need is greatest. To a large extent, employees are also involved in communities on a voluntary basis.

A few examples:

Creche Dalela Tannús, Prata
Financial assistance for a local nursery school in Prata for around 160 children up to 6 years old. The children are currently supervised by 17 carers.

Madre Cabrini, São Carlos
After-school care club in São Carlos with around 120 children aged from 6–14 years old. The children who attend this facility come from backgrounds which make them vulnerable to poverty, domestic violence and other types of abuse. They are looked after by nine permanent employees and 20 volunteers. Further education options for young adults are also offered in the evenings.

Comunidade do Juião, Manaus
This community is located on the bank of the Rio Negro, which is a 30-minute boat ride from Manaus. There are 60 families living here which mostly depend on the "bolsa família" government welfare programme. About 40 children aged from 3–12 years attend the state school, and most of them finish their early childhood education in 5th grade. Financial support from Faber-Castell has helped build a multi-sports ground with toilets and a dining area.

Project 3: Arboris and Animalis

The aim of this long-term biodiversity initiative in the company's own forests in Prata (Minas Gerais, Brazil) is to preserve and establish native flora and fauna. The variety of animal and plant species is regularly monitored by scientists and their distribution and colonisation documented. Since the programme started, a constant increase in biodiversity has been recorded in the 10,000-hectare forest area.

Recent scientific evidence supports the following findings:

Species	Number
Birds	262
Mammals	76
Reptiles	29
Amphibians	37
Ants	261

Furthermore, 423 tree species have been counted, belonging to 29 different tree families. Faber-Castell's support has enabled 40,000 indigenous trees to be planted in designated reserve areas.

Project 4: Aqua

Constant monitoring of the water quality and water levels in the Faber-Castell forests is essential to detect possible contamination from neighbouring growing areas or drought periods at an early stage and to enable appropriate countermeasures to be taken.

The result:
› Greater proliferation of flowing waters in the company's own forests compared to other agricultural land in the region.
› Scientific support from governmental organisations
› Raising awareness and solidarity among neighbouring farmers through the water project.

Project 5: Graf von Faber-Castell Children's Fund Foundation

In 2001, the Graf von Faber-Castell Children's Fund Foundation was founded in Germany with the aim of supporting disadvantaged children's development through national and international projects. In addition to numerous product donations to charitable organisations, the following projects have been supported:

Little Flower
The "Little Flower" project is dedicated to the care and support of young and adult patients in a leprosy village in northern India. Last year, the donations made by Graf von Faber-Castell Children's Foundation allowed for bunk beds to be built, mattresses to be bought and the furniture to be improved. Teaching materials were also purchased.


Vanga mission hospital
The hospital was founded more than a century ago by missionary doctors as a health station in the bushland, about 400 km east of Kinshasa in the Congo. A large hospital has been built thanks to German development aid. European and American missionary doctors and experts share responsibility on site.



Project 6: Tabaluga

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 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 supports its work.

Project 7: Children of the world

We believe that 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 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 Organisation, which supports children in crisis areas with painting therapies.

Certifications and Seals

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

PEFC™
Faber-Castell uses PEFC-certified wood as an alternative to FSC-certified wood. Both certification schemes ensure the sustainable management and use for forest resources.

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

Recyclable cardboard
The packaging is made of recyclable cardboard.

Recycled plastic / recycled cardboard
The products or packaging are made of recycled plastic or cardboard.

NATRUE
The product-specific NATRUE label guarantees that the cosmetic products contain natural and organic ingredients (Only used by Faber-Castell Cosmetics).

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

Waterbased 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.

Carbon Neutral
Faber-Castell contributes to climate protection through the annual calculation and management of our carbon footprint from all production sites. Furthermore, the emissions are neutralized through the sequestration of carbon in our forests in Brazil.

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.

IFS household and personal care products (version 2 April 2016)
As a supplier to large retail chains, the products of Faber-Castell Cosmetics comply with the regulations of the International Featured Standard for manufacturers of food and food packaging.

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