



FABER-CASTELL
since 1761

Sustainability Fact Sheet



2021

Dear readers,

Fact Sheet 2021

We are delighted that we have made it onto the list of the most valuable companies in Germany according to a 2021 IMWF study¹: as the winner in the writing instruments category, Faber-Castell is now one of some 500 German companies that “offer especially good value to society” and “truly understand the triad of ecological, social and economic responsibility”. It also recognises that we are industry leaders in many aspects when it comes to sustainability.

Three examples:

- 1) Our production has been carbon-neutral since 2014.
- 2) We manage our own FSC-certified forests for our wood supply.
- 3) Around 85 percent of the energy we use comes from renewable sources – and we’re increasing that percentage all the time.

But that’s not yet enough. We are setting ambitious goals for ourselves and want to make our performances even more measurable. In 2019, we were one of the first SMEs in Germany to have ourselves audited for the ESG Rating. Our progress in terms of sustainability is evaluated annually by imug Beratungsgesellschaft, a business management consultancy, to a comprehensive rating standard. This helps us to continuously keep improving ourselves and to model our company values every day. This initiative, however, also gives us a real competitive edge as it provides the public and our customers with clarity about our sustainability performance.

And we still have plenty planned for the future! Here are just some of our current undertakings:

- 1) We regularly survey our stakeholders, not only to meet the expectations of our customers, but to exceed them. Read more about the current analysis (and the measures derived from it) on page 14.
- 2) Alongside our global climate-neutral production, we are also making more and more plastic products in a climate-neutral way. You can find examples of this on page 53.
- 3) We are formulating and updating global Group aims in order to further expand and track the Faber-Castell Group’s engagement with sustainability.

A materiality analysis that took account of stakeholder interests formed the basis for the definition of aims. Read more on page 40 and 41.

This report was created by our experts with plenty of passion, expertise and hard work. This is an extraordinary achievement, since we also occupy a leading industry position as regards the scope and transparency of regular data collection on sustainability. We hope you enjoy reading and look forward to your support with our initiatives aimed at protecting both people and the environment.

With kind regards,



Stefan Leitz
Chairman of the Board Faber-Castell AG

Our Company	
Faber-Castell Group Sites	6
Company Facts and Figures	7
Faber-Castell Cosmetics Business Data	8
Eberhard Faber Business Data	9
Faber-Castell's Mission Statement	10
Leadership Essentials	11
Three pillars model	12
Stakeholder Survey	14
Governance	15
 Our Progress	
2019/20 Financial Year Energy Consumption	18
2019/20 Financial Year Carbon Emissions	20
Faber-Castell Manufactures using carbon-neutral Methods	24
Forest in Brazil	26
Carbon-neutrality	29
2019/20 Financial Year Environmental Indicators	30
Certification, Seals and Management Systems	32
Social Developments	36
 Our Aims and Initiatives	
Corporate Targets	40
The United Nations' Sustainable Development Goals	44
Aims and Initiatives	32
 Appendix	
Detailed Input-Output Analysis	48
Detailed Social Indicators	62

The key indicators, data and consumption figures from this Fact Sheet relate to the 2019/20 financial year and to the entire Faber-Castell group. In addition, some more recent projects and initiatives up to and including 2021 are also 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

¹ Results from the “Deutschlands wertvollste Unternehmen” study [Germany’s most valuable companies by the Institut für Management- und Wirtschaftsforschung (IMWF) commissioned by FOCUS Money in 2021

² ESG Rating: Environment Social Governance

Our Company

Faber-Castell Group Sites



Company Facts & Figures

Faber-Castell Aktiengesellschaft
90546 Stein, Germany

Board

Stefan Leitz (CEO)
Constantin Neubeck (CFO)
Simon Hauser (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

Agents in more than 120 countries

Employees more than 6,500 in total worldwide

Group turnover 2019/20: 555 million euros

Certificates

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

Associations

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)

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

Company Facts & Figures

FABER-CASTELL
COSMETICS

A.W. Faber-Castell Cosmetics GmbH

Nürnberg Straße 2
90546 Stein
Germany

President

Dagmar Chlosta

Established in 1978

Marketing & Sales Regions

Europe & North America, Latin-America, Middle East, Asia-Pacific
5 production sites in 3 countries (Germany, Brazil, USA)
Sales sites in 3 countries (Germany, Brazil, USA)

Employees 652 in all countries (white and blue collar)

Revenue

2020/21: 55m €

Certificates

EcoVadis 2021 GOLD Siegel, ISO 14001 (TÜV Rheinland), ISO 9001 (TÜV Rheinland), IFS - ISO/IEC 17068, GMP - ISO 22716:2008, PEFC, FSC

Memberships

CosPaTox
Sedex Member

Further information about FC-Cosmetics can be found at
faber-castell-cosmetics.com



Company Facts & Figures

EBERHARD*FABER*

Eberhard Faber Vertrieb GmbH

90546 Stein
Germany

Board

Nikolaus Fliegerbauer (Managing Director)

Founded in 1861

Sales and marketing regions

Europe
Representatives in more than 20 countries

Certificates

FSC, PEFC

Commitment

Scientific Certification Systems for recycled content
Climate Partner
Peter Maffay Foundation for disadvantaged children and young people



Faber-Castell's Mission Statement

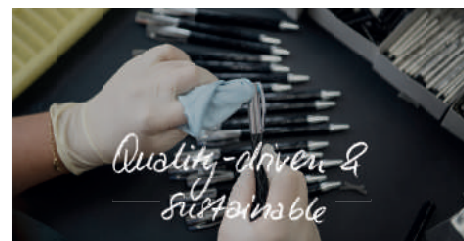
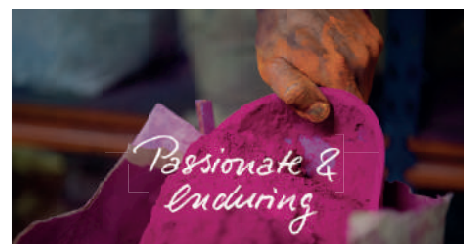
Society and the market are changing: the retail landscape and channels are shifting while digitalisation is progressing. This presents opportunities for Faber-Castell, with a longing for haptic experiences is emerging as a counter-movement and interest in creative abilities is growing. In 2018, Faber-Castell created its "Corporate Essentials", a mission statement building on our 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



Leadership Essentials

The Leadership Essentials set out five core characteristics of a good Faber-Castell leader. Each of these core characteristics was presented with three guiding principles plus various examples in order to help all leaders to put these traits into practice in daily work life.



Entrepreneurial

Take responsibility, as if it were my own company and money.

Inspirational

Able to inspire and motivate, as well as knowing the way and showing what is possible.

Resilient

The ability and willpower to withstand difficult situations and overcome them quickly.

Authentic

To see myself as a leadership **role model**.

Developing People

Believe in the **further development of people** and promote their personal growth.

Faber-Castell Sustainable



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



Ecological



300,000

Each year we plant around 300,000 seedlings

One truck load of wood grows every minute

10,000

10,000 hectares of our own pine forests in Brazil



1/3

A third of the forest area is dedicated to native environment preservation and a habitat for more than 716 native animals

Refillable



Many products are refillable



85%

85 percent renewable energy sources

900,000+ CO₂

900,000 tonnes of CO₂ absorbed by our forests



Recycled materials

Reducing plastics and/or replacing them with recycled materials



Social

Foundation

Graf von Faber-Castell Children's Fund Foundation



Social

Global Social Charter



Honourable Business person

Responsibility



Unleashing creative skills

Creative



Economic



2 billion

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

Writing, drawing and creative design and decorative cosmetic products

Portfolio



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

120

66

Improvement of +10% in the ESG Rating in 2021 with a total of 66 points achieved



> 6,500

More than 6,500 employees worldwide

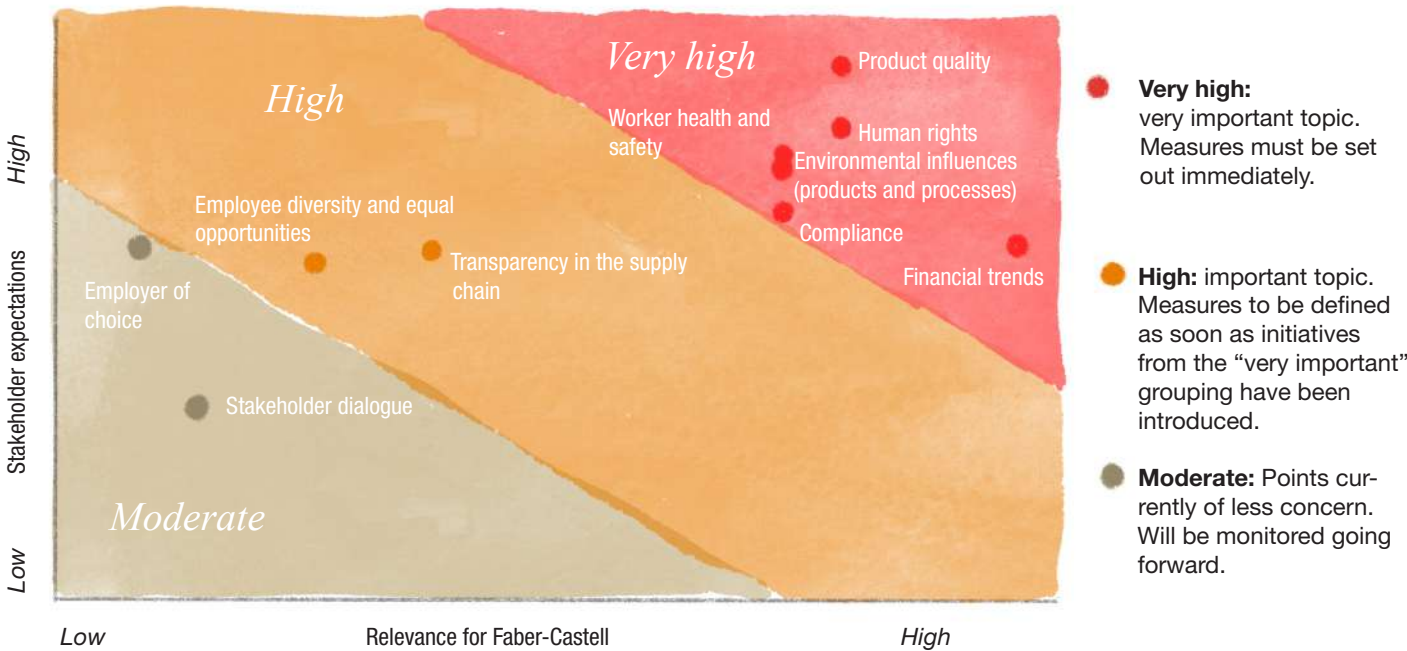
Sustainability is anchored in our Corporate Essentials

Stakeholder Survey

Materiality analysis

Faber-Castell has been carrying out a stakeholder survey every two years since 2016. While it may initially have been a small circle of less than 300 participants, 2020 saw 1,200 stakeholders surveyed about our sustainability work so far and about future focal points. The stakeholders were made up of customers, suppliers, employees, external authorities and investors. More focus is to be placed on environmental agencies and NGOs and more attention paid to a more balanced weighting of the stakeholders from the various countries in order to make the next survey, planned for late 2022, more informative. The stakeholder survey was a key basis for the implementation of a materiality analysis, so that Faber-Castell can do the right thing in the right areas in future. The materiality analysis primarily aimed to refine Faber-Castell's strategy in a sustainable direction and to derive goals to improve our sustainability achievements. In addition, it was intended to identify focal points for sustainability report creation and communication, recognise any need for action at an early stage along the supply chain

and meet the targets of external certification schemes. The stakeholders' answers were contrasted with the estimation of relevance for Faber-Castell from a global and functional perspective. Product quality, human rights, worker health and safety, environmental influences (of both products and processes), compliance and economic development were identified as very important areas for action. In the analysis of which areas already have associated activities and measures, the gaps were identified and goals derived for this.



Governance

Faber-Castell identified major fields in sustainability based on the materiality analysis. Group-wide, quantitative environmental goals were also adopted (see page 40 and 41).

Faber-Castell has corporate policies on all aspects relevant to sustainability. Our compliance management was evaluated as very good in the ESG Rating. This implements the extensive provisions of the Faber-Castell Charter. The compliance provisions are monitored through on-site audits.

Compliance

Faber-Castell's corporate success has always been based on the trusting and fair treatment of employees, business partners, customers and suppliers. Corresponding measures of value are already embedded in our company's long tradition, but are also enshrined in the Corporate Essentials. Central rules must apply within the company that promote a trusting and respectful way of dealing with each other in order to give our employees orientation and security.

The Faber-Castell Charter (Code of Conduct) summarises the key company positions and basic rules. Compliance with these rules is also essential for successful and sustainable business in the future. The Charter also sets out specific behaviours that are mandatory for all Faber-Castell Group employees (summarised in the Charter's text as "Faber-Castell"). The key contents have been modelled at Faber-Castell for generations.

Topic's relevant for compliance are addressed in the Faber-Castell Charter. Compliance officers ensure the Faber-Castell Charter guidelines are followed and the management is kept up to date. Violations can be reported anonymously. Comprehensive training is provided on compliance issues. Internal audits monitor compliance with Charter guidelines. One aspect that has either not been addressed or not been addressed sufficiently is tax compliance, which is not explicitly regulated in the Faber-Castell Charter. However, the company is currently working on introducing a tax compliance system that is intended to be present in every company in the future.

Corruption

Key aspects, such as the prohibition of accepting or paying bribes, rules on gift acceptance and the payment of kickbacks, are regulated in the Faber-Castell Charter and in specific anti-corruption and gifting guidelines. Faber-Castell communicates its corruption prevention guidelines to both its employees and its business partners. Due diligence reviews are carried out for certain industries prior to initiating business relationships. The Chief Compliance Officer (CCO) is responsible for anti-corruption. On-site audits are carried out as part of the Group-wide compliance audit, which includes areas such as the Faber-Castell Charter, ombudsman, and cartel and anti-corruption guidelines. Basic training on corruption is given to all employees, plus special training for relevant employees, for example, in purchasing.

Our Progress

2019/20 Financial Year Energy Consumption

Production sites' energy consumption



Our Progress

The Faber-Castell Group reports the key environmental and social data from every completed business year. Since this data comes from the last complete financial year, the process of data collection is the period in question here. 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 2019/20 financial year in comparison with the previous three years. The data is collected for each country and aggregated as a group figure.

Scope 2 Externally sourced energy: Purchased energy



Scope 1 Direct, internally sourced energy

Scope 1 – Energy

Internally sourced renewable energy

In the 2019/20, Faber-Castell generated 90% of the required process energy with renewable energy sources. The energy comes from the thermal recycling of industrial waste wood from the production of boards and pencils in our wood-processing plants. In addition, at our German headquarters in Stein, hydropower from the neighbouring river is used to generate electricity. Solar panels were installed in India and Malaysia in 2021 and we expect their influence on the ratio of renewable energy to become visible in the data over the next two years.

Internally sourced non-renewable energy

The total amount of internally sourced, non-renewable energy fell by 3% in the 2019/20 financial year. This was mostly a result of the 41% reduction in heating oil is the 41% reduction in heating oil required in the 2019/20 financial year at the Stein site.

Unit MWh	2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
Scope 1 non-renewable	14541	13673	12859	12485	-3%

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 gearbox were 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.

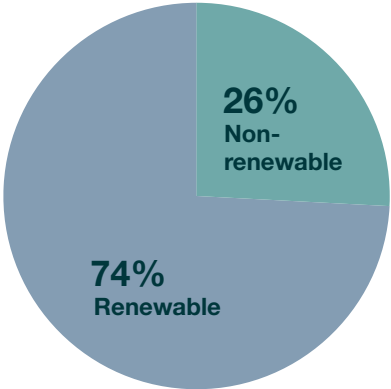


Exterior view of the pencil factory in Stein, hydroelectric power plant in the Rednitz river

Scope 2 – Energy

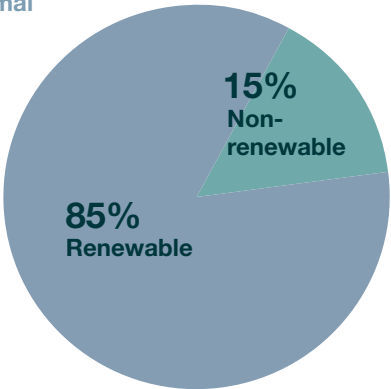
Purchased renewable and non-renewable energy

In total, the company covered 33% of its global energy consumption through purchased energy in the 2019/20 financial year. Of this, 74% comes from renewable sources; this proportion was increased in the last year and was still at 63% the year before. Overall, electricity demand has been reduced by 8%, which is somewhat more than the reduction of 3% of the output produced. The Brazil, Peru and Austria factories are already drawing 100% of their energy from regenerative sources, sources, while Germany has been powered by 100% renewables since January 2020, which is only proportionally represented in this data evaluation.



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

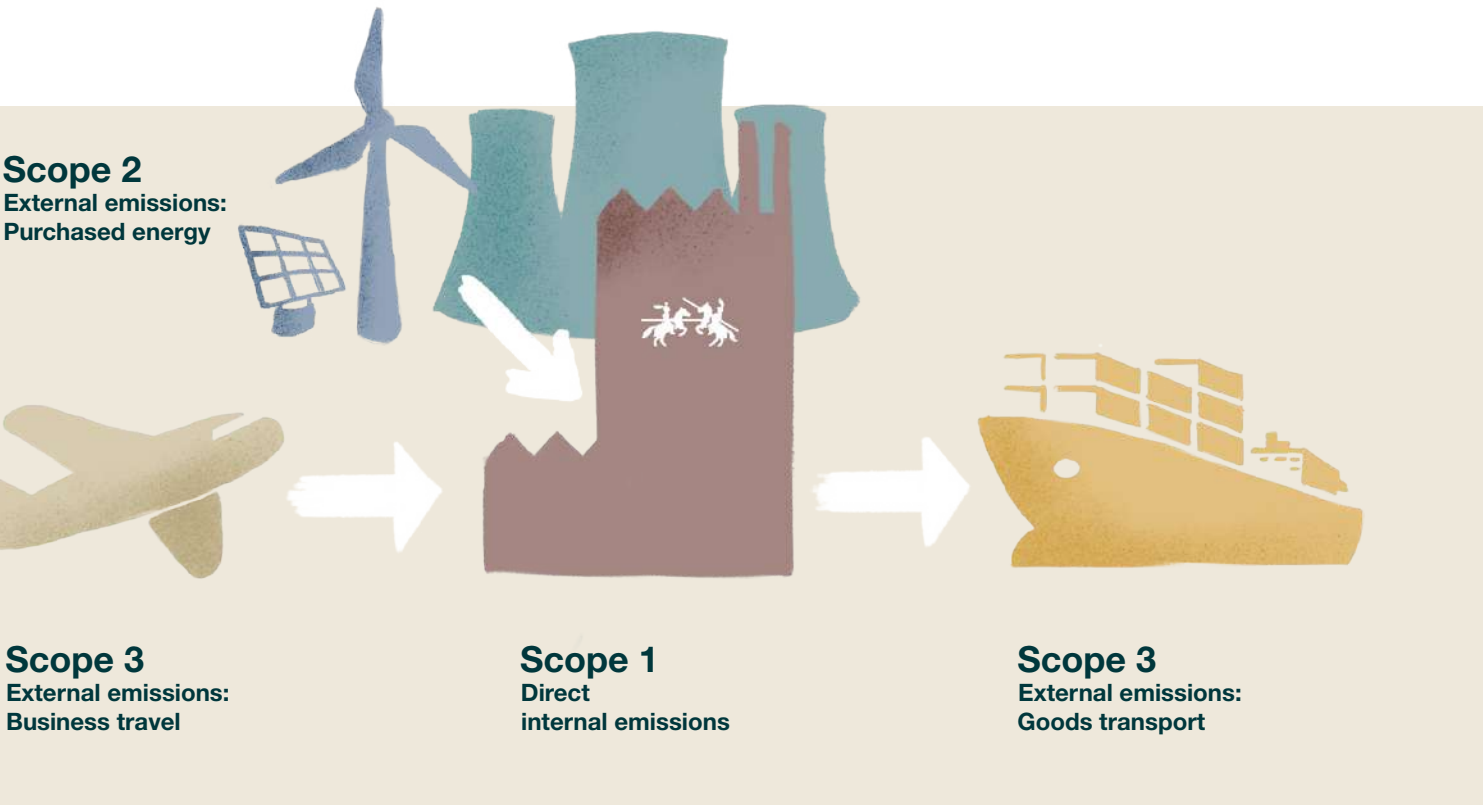
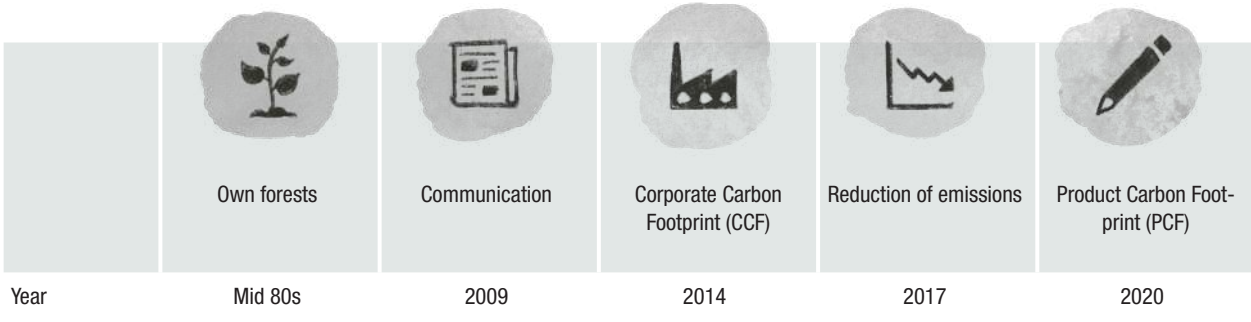
The measures we have introduced to be able to switch to environmentally-friendly energy supply are now paying off: the Faber-Castell factories across the Group are now using **85% thermal and electric energy** from regenerative sources, which is an increase in comparison to the previous year (82% renewable and 18% non-renewable).



2019/20 Financial Year Carbon Emissions

Production site emissions

The carbon emissions from all Faber-Castell production sites and the transport-related emissions for people and goods have been systematically recorded as per ISO 14064-1 and the GHG Protocol since 2013. This systematic recording of data formed the basis for a wholistic carbon reduction strategy for Faber-Castell. By analysing our company's carbon footprint, we have been able to derive and implement measures aimed at reducing 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 have been reduced by another 11% in the 2019/20 financial year compared to the previous year, when we also achieved an emissions reduction of 19%. Scope 1 emissions make up just twelve percent of the total emissions.

CO ₂ emissions (t CO ₂ e)		2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
Scope 1	t CO ₂ e	6770	6050	4906	4372	-11%

Scope 2 – Emissions:

Emissions from energy purchased from external service providers

Scope 2 includes emissions produced by external service providers through the generation of the energy we purchase. We were able to reduce these emissions by 24%, as Peru purchased 100% of its energy from renewable sources in the 2019/20 financial year. We expect further emissions reduction in the following year, as Germany has now also switched to buying in renewable energy. (See page 58 energy consumption input analysis Scope 2)

CO ₂ emissions (t CO ₂ e)		2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
Scope 2	t CO ₂ e	34286	27742	27554	20843	-24%

Scope 3 – Emissions:

External emissions

Scope 3 covers emissions that can only be indirectly attributed to the company. Here, Faber-Castell integrates the upstream and downstream corporate processes, business travel and goods transit throughout the company. The latter remains the main factor within Scope 3. After external emissions had increased by 16% the previous financial year, in the 2019/20 financial year they were reduced by 35%. Brazil's, Peru's and Germany's reduction in international air freight compared to the previous year is the main reason for this decrease in emissions. In the past, transport was included that Faber-Castell had no influence since it was carried out by customer request. For this reason the system limits for freight transport were adapted for the 2019/20 calculation. However, even after deducting this influence, which mainly affected Brazil, a reduction in Scope 3 emissions of 22% was achieved.

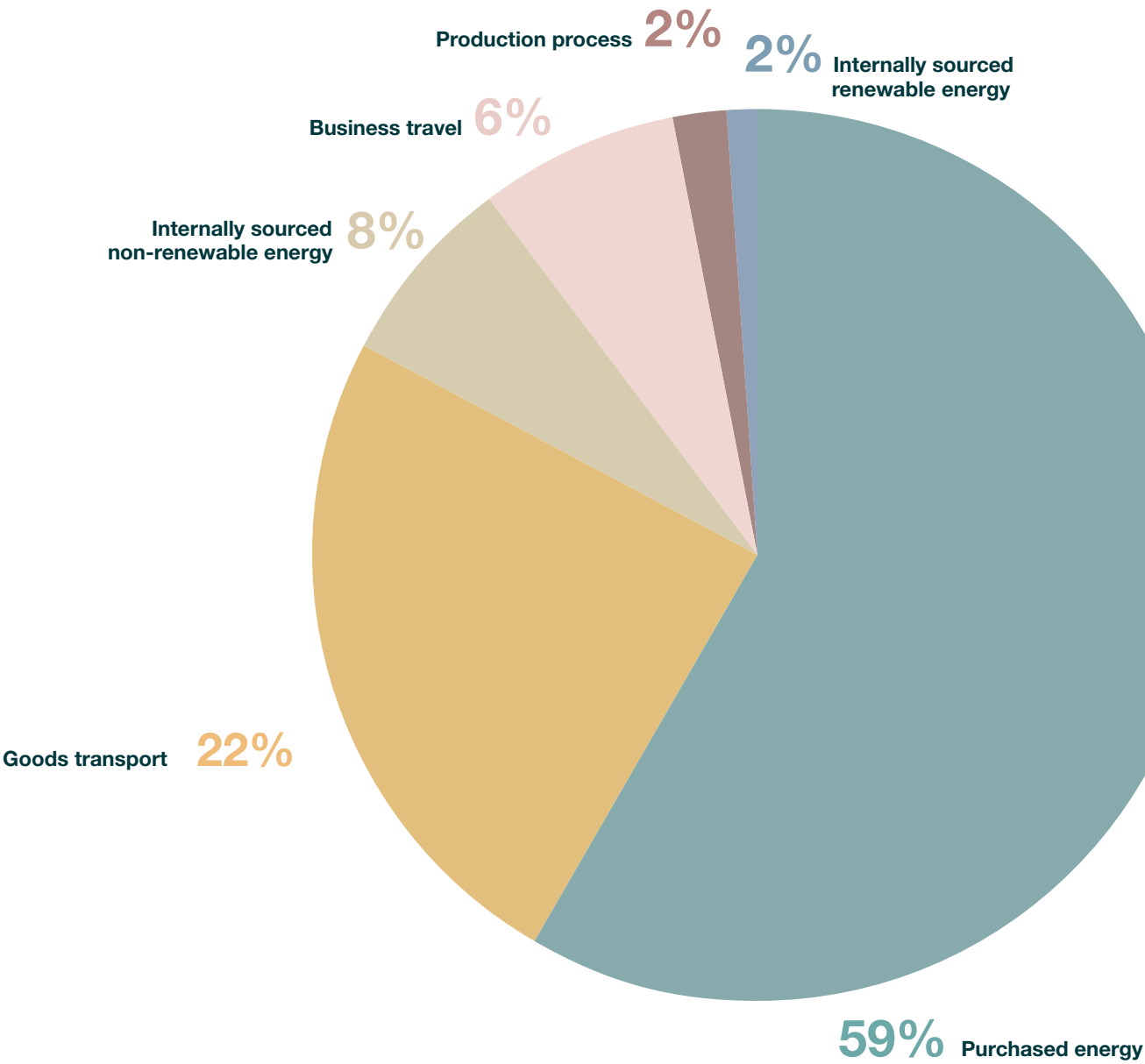
CO ₂ emissions (t CO ₂ e)		2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
Scope 3	t CO ₂ e	23163	13663	15786	9871	-35%

Carbon Emissions 2019/20 Financial Year

Production site emissions

Total Faber-Castell Group Emissions

In the 2019/20 financial year, the Faber-Castell production sites reduced their carbon emissions by 12,000 tonnes in comparison to the previous year (-26%). This is roughly equivalent to the carbon emissions of an average car with more than 70 million kilometres on the clock. Emissions were reduced by 20% in regards to the number of globally produced products. Per 1 million pieces produced, emissions decreased from over 13 to almost 11 tonnes – a successful development due mostly to the further increase in the proportion of energy from renewable sources. The Faber-Castell Group's largest sites account for the highest share of carbon emissions: Brazil (28%), closely followed by Germany (22%). Indirect energy consumption, i.e. purchased energy, has the greatest impact on total emissions at 59%, while freight transport accounts for 22%.



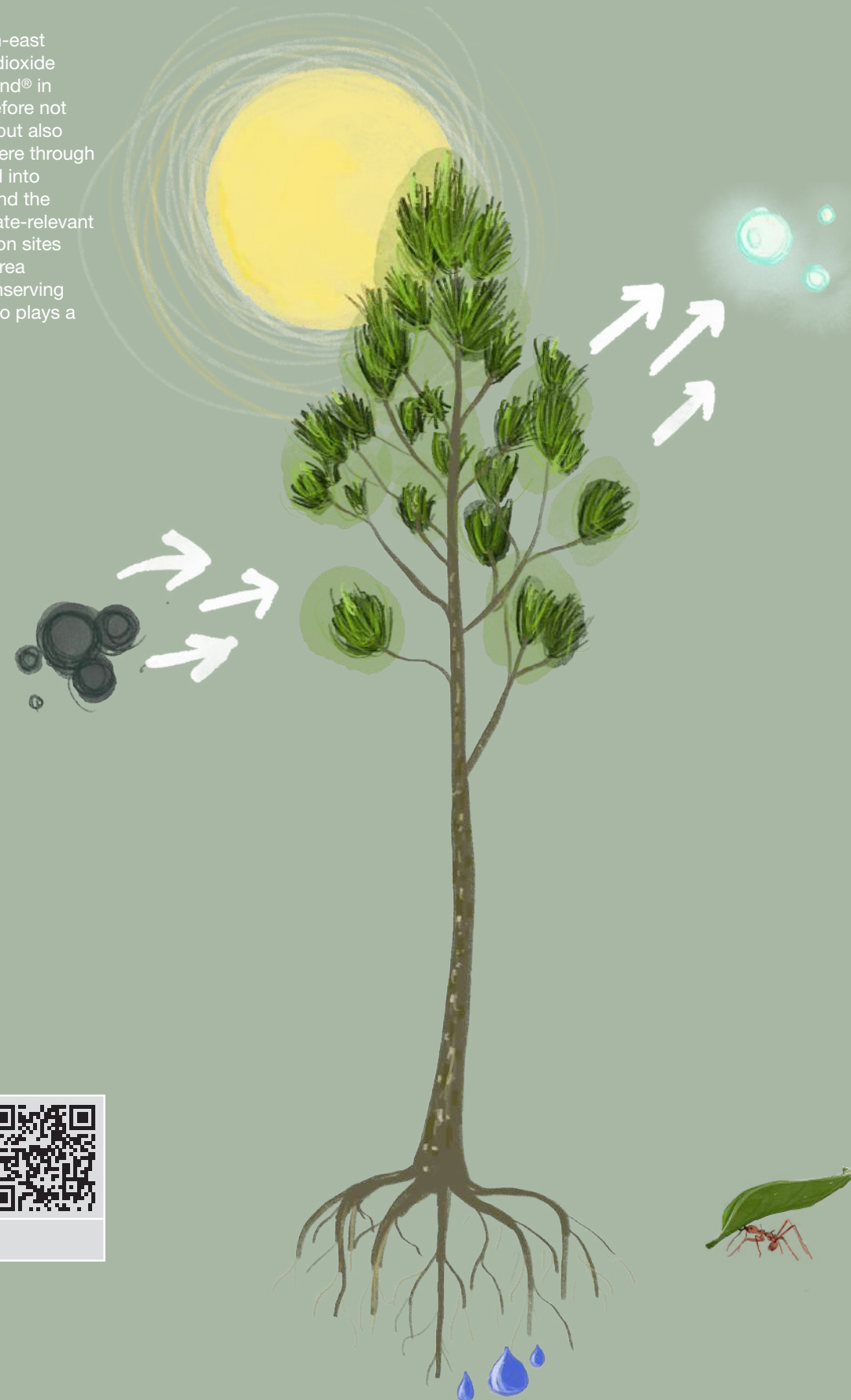
Challenges

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 proportion 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. Our energy contracts, some of which have long terms, only allow for a gradual changeover. Reducing greenhouse gas emissions is essential to curbing climate change. Faber-Castell is committed to continuously reducing carbon 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.

Faber-Castell's production is carbon-neutral

Faber-Castell's own forests in Prata, south-east Brazil, capture 900,000 tonnes of carbon dioxide (CO₂). 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 CO₂ 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 forest area remains native preserve. In addition to conserving resources, respect for the environment also plays a key role for Faber-Castell.



Klimaneutral
Regelmäßige
Überwachung
Corporate Carbon
Footprint

www.tuv.com
ID 0000040930



Protecting biodiversity

Faber-Castell makes an excellent contribution to the preservation of the Brazilian Cerrado, an ecosystem present in our parks and one of the most threatened ecosystems in Brazil and in the world. One third of the area of Faber-Castell's forests in Brazil is dedicated to preserving the native environment. These preservation areas have become biotopes for rare animal and plant species, and are now home to more than 716 species, such as the macaw, the maned wolf, the porcupine, or the white-eared puffbird. Of these, 50 species face extinction elsewhere. There are currently four preservation projects underway, which have garnered both national and international recognition and awards.

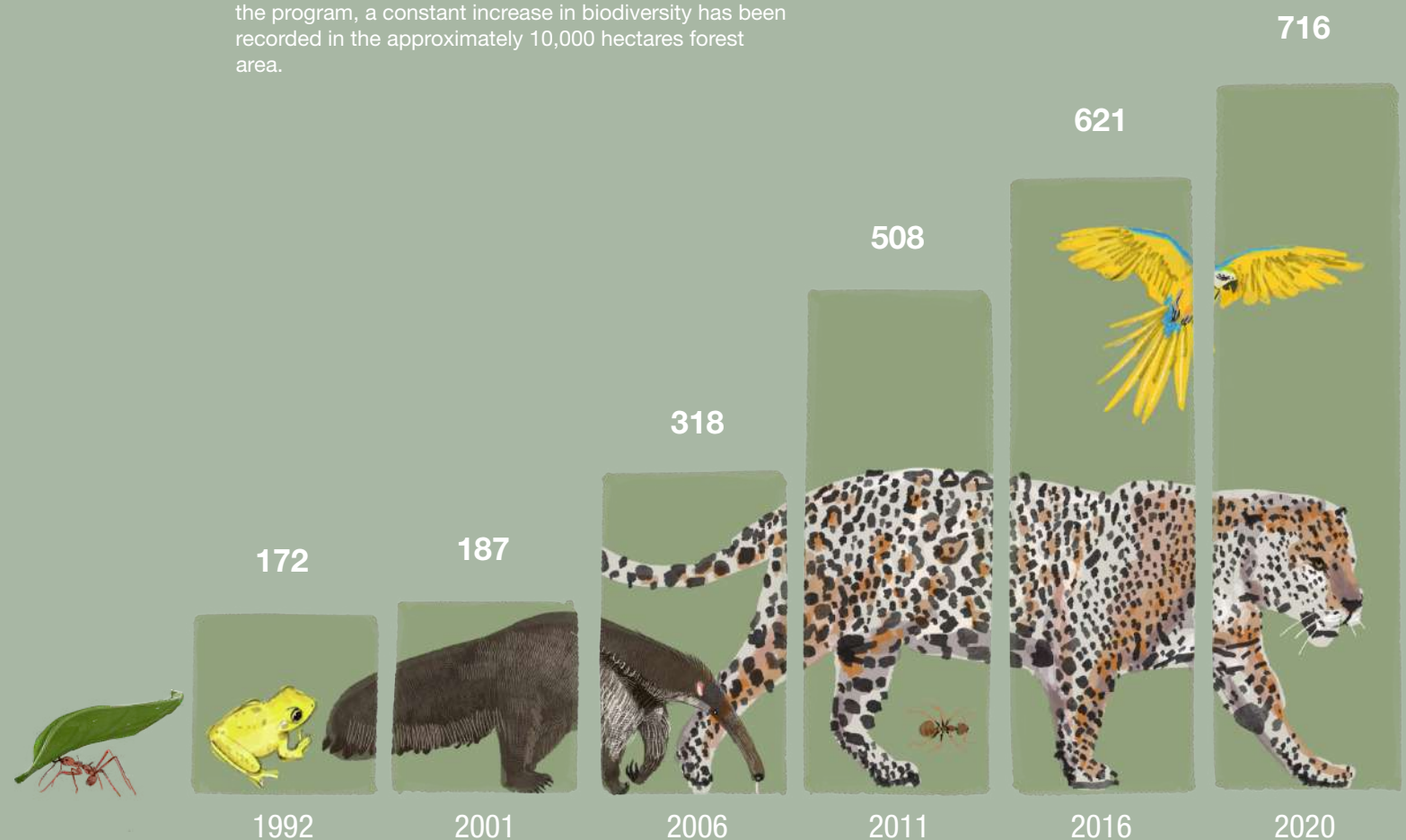
In 2001, two biodiversity programs were launched: were launched called Animalis and Arboris. The goal of these long-term biodiversity initiatives in the company's forests in Prata (Minas Gerais, Brazil) is to preserve and establish the native fauna and flora. Scientists regularly monitor the variety of animal and plant species, and their distribution and colonization are documented. Since the beginning of the program, a constant increase in biodiversity has been recorded in the approximately 10,000 hectares forest area.

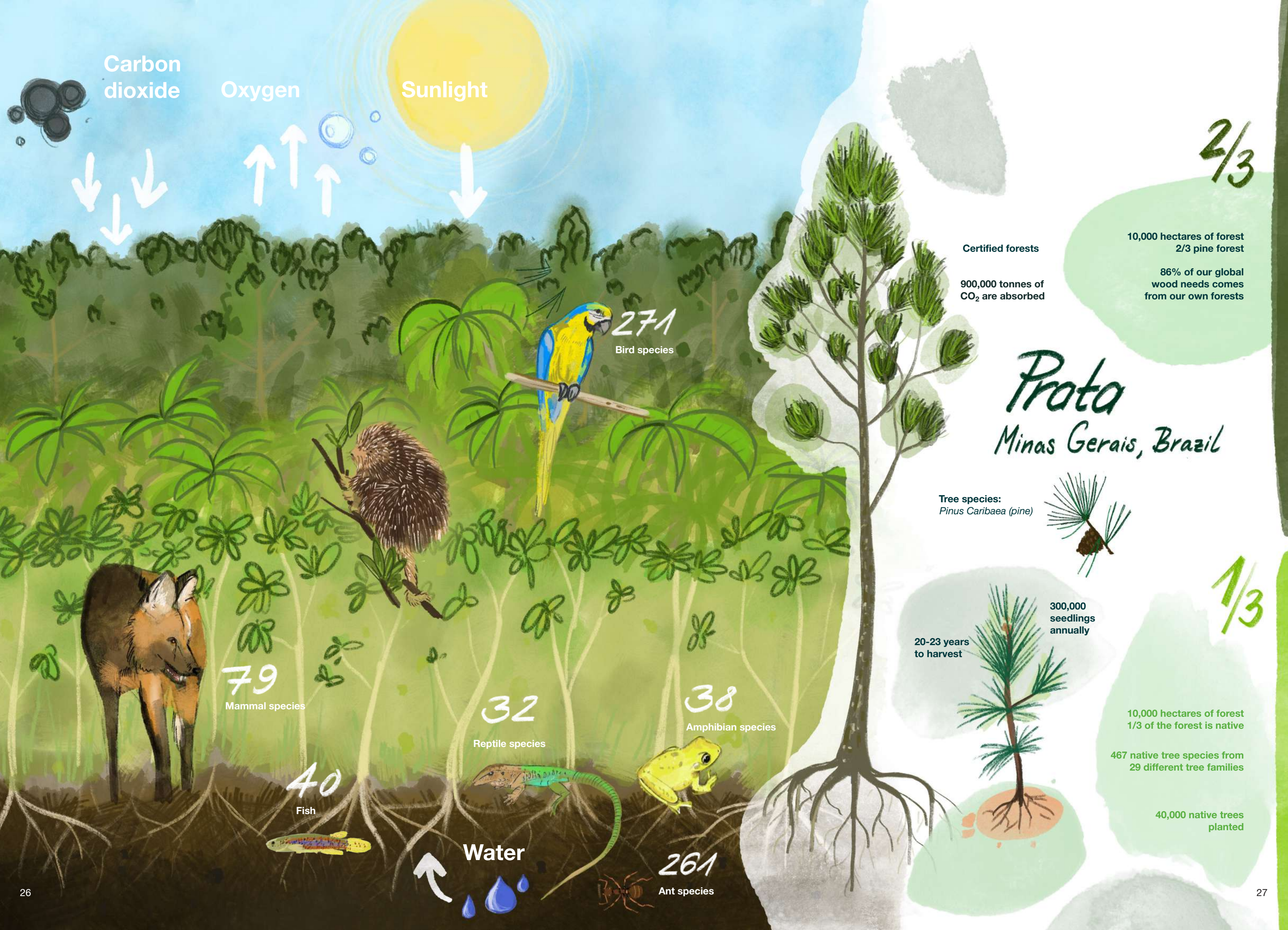
Furthermore, a project called Aqua monitors the water quality and water levels in the forests of Faber-Castell which is essential to detect at an early-stage possible contamination of neighboring areas of cultivation or drought periods and allows appropriate measures to be taken. The results:

› Due to the preservation of the riparian forest, it is possible to see that the streams running through the company's areas is greater than in other agricultural lands in the region.

› Awareness-raising activities for rural communities and implementation of environmental projects in neighboring areas.

Another project called Soils has the objective to characterise and map the soil throughout the company's forest parks to optimise its use, monitor its evolution and take measures to minimise erosion.





Carbon dioxide

Oxygen

Sunlight

2/3

Certified forests

900,000 tonnes of CO₂ are absorbed

10,000 hectares of forest
2/3 pine forest

86% of our global wood needs comes from our own forests

271

Bird species

79

Mammal species

32

Reptile species

38

Amphibian species

40

Fish

Water

261

Ant species

Prata Minas Gerais, Brazil

Tree species:
Pinus Caribaea (pine)



20-23 years
to harvest

300,000
seedlings
annually

1/3

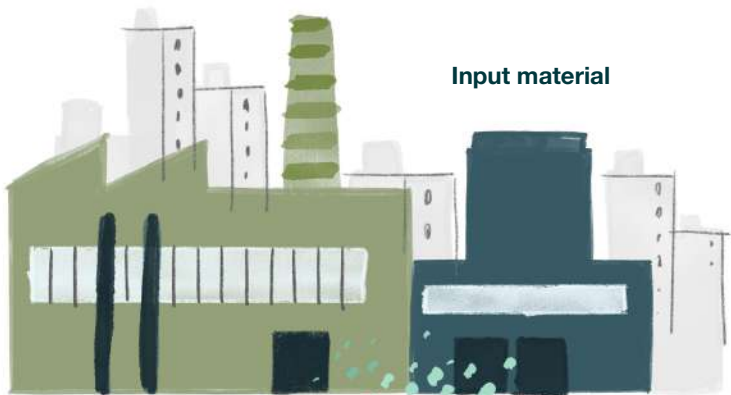
10,000 hectares of forest
1/3 of the forest is native

467 native tree species from
29 different tree families

40,000 native trees
planted

Carbon-neutrality

Carbon neutrality means keeping a balance between emitting carbon and absorbing it from the atmosphere. Carbon-neutral production means that the CO₂-emissions caused by Faber-Castell's own production sites worldwide are neutralised by the company's forests in Brazil. When talking about carbon-neutral products, the CO₂ emissions of the input material, transport and production of one product line are considered in the calculation. Meanwhile there are different external partners to work with for the certification of carbon-neutral products. These partners calculate the amount of CO₂ that is emitted for a particular product line and provide information of the offset-projects that can be chosen.



Input material



Transport

Carbon-neutral production

According to a study by TÜV Rheinland®, the company's own forests absorb more than 900,000 tonnes of CO₂ from the atmosphere. They simultaneously neutralise the CO₂ emissions of Faber-Castell's production sites throughout the world.



Transport



CO₂

O₂

O₂



Usage



Carbon-neutral product

The emissions caused during the material sourcing process, during production, and from the transport to production, are all calculated and offset through the support of corresponding projects. The Climate Partner label certifies the offsetting of the remaining greenhouse gas emissions for the respective products.



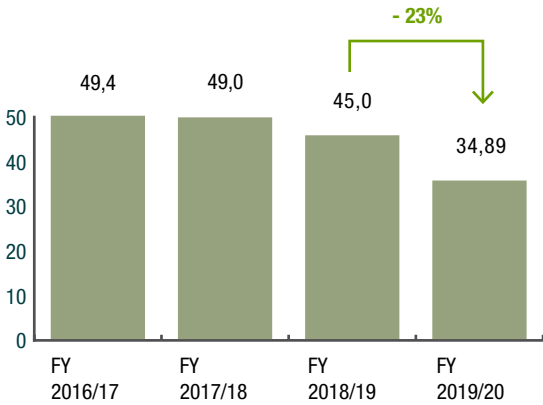
Environmental Indicators 2019/20

Financial Year

In order to assess the environmental impact of material and energy consumption independently of changes in production and demand, such consumption is linked to the production of one million products.

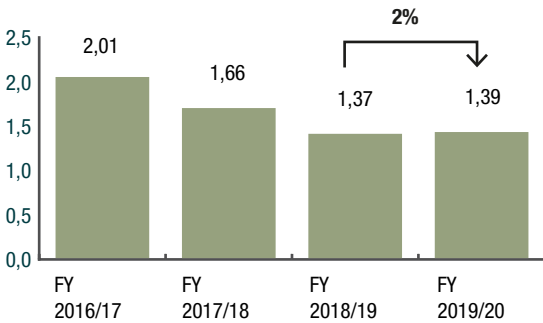
Waste water

(m³/million products)
Waste water intensity was reduced by 23% in 2019/20. This improvement is the result of two measures: Brazil implemented a new water reuse system, and in Germany, lead production was switched to a less water-intensive manufacturing method.



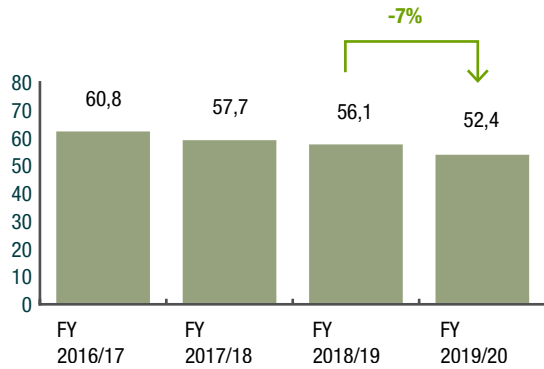
Waste

(tonnes/million products)
The amount of waste per million products increased by at least 1% after a reduction of 18% was achieved thanks to a new plant built in Brazil in the 2018/19 financial year that makes thermal use of production waste.



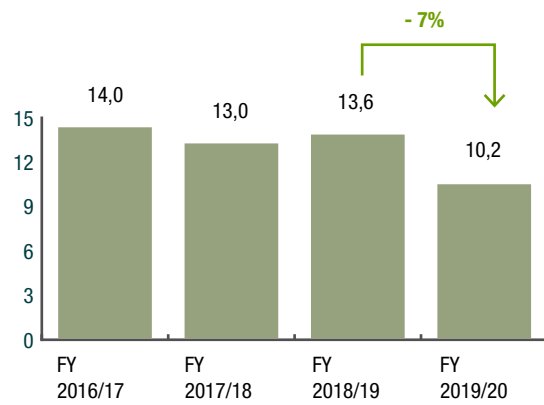
Energy used

(Scope 1 + Scope 2; MWh/million products)
Due to a lower use of direct energy sources from renewable and non-renewable sources by around -10%, the energy used per million units in the 2019/20 financial year has been reduced by 7%.



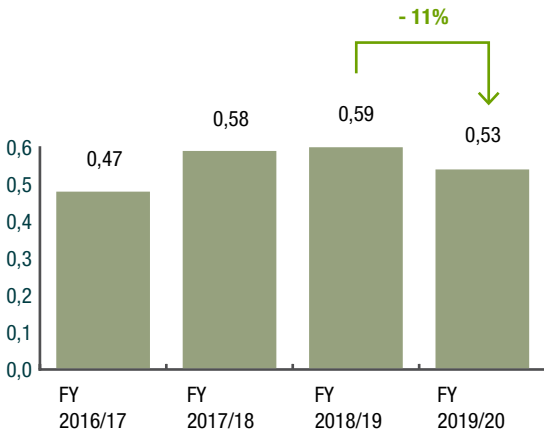
CO₂ emissions

(tonnes/million products)
Carbon emissions per million products have been reduced by 25%. This is mainly due to another increase in the proportion of purchased renewable energy within the Group, which led to a significant reduction of 24% in Scope 2 emissions. Less air freight directly attributable to Faber-Castell has, however, also contributed to this reduction. Faber-Castell adjusted the calculation limits for the 2019/20 financial year. Goods transport organised by customers is no longer included as the company has no way of influencing this whatsoever. The reduction in carbon emissions is, however, also reflected independently of this in a general reduction of goods transport.



Plastic packaging

(tonnes/million products)
The proportion of plastic packaging per million products has been reduced by 11%. This is a reflection of previous measures to avoid plastic packaging.





Klimaneutral
Regelmäßige
Überwachung
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 CO₂ emissions generated by manufacturing this product are offset by our forest in Brazil.



ClimatePartner

Climate-neutral products whose greenhouse gas emissions are calculated and compensated for through the support of internationally recognised climate protection projects.



Carbon neutral product

All carbon emissions incurred in materials extraction, the production process and the transport to the production sites were compensated for through certified projects.



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 quality and environmental protection standards are met.



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.

Das Zeichen für
verantwortungsvolle
Waldwirtschaft



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.

Certification, Seals and Management Systems



Refillable

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



PVC-free

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



Recycled plastic / recycled cardboard

Faber-Castell works on reducing plastics or replacing them with recycled materials, so that products and packaging are made of.



Recyclable cardboard

Our packaging is made of recyclable cardboard.

Recycling

Sedex Member

Sedex

A social audit focussing on safe, ethical and sustainable business. Sedex is one of the world's leading organizations promoting compliance and improvement of safe, ethical and sustainable business practices while safeguarding the working conditions of workers within the supply chain.



Ecovadis

A signal to customers that we take our responsibility seriously in terms of environment, labour and human rights, ethics and sustainable procurement in the manufacture of cosmetic products.

CosPaTox

CosPaTox

The industry consortium CosPaTox stands for Cosmetics, Packaging and Toxicology. The aim is to develop specific safety standards for high-value post-consumer. The aim is to achieve specific safety standards for high-quality post-consumer plastic recyclates (PCRs) for cosmetics and other household packaging, as well as the implementation of on-site measurement methods for recycling companies.



IFS

An international standard certification to evaluate the conformity of household and body care products and their processes in terms of safety and quality.

ISO 22716

ISO 22716 is an international standard for good manufacturing practice (GMP) in the cosmetics industry. This guideline provides structured, practical guidance for dealing with hygiene, product safety and their traceable technical and management factors that impact product quality.

Cosmetics

Certification and Management Systems

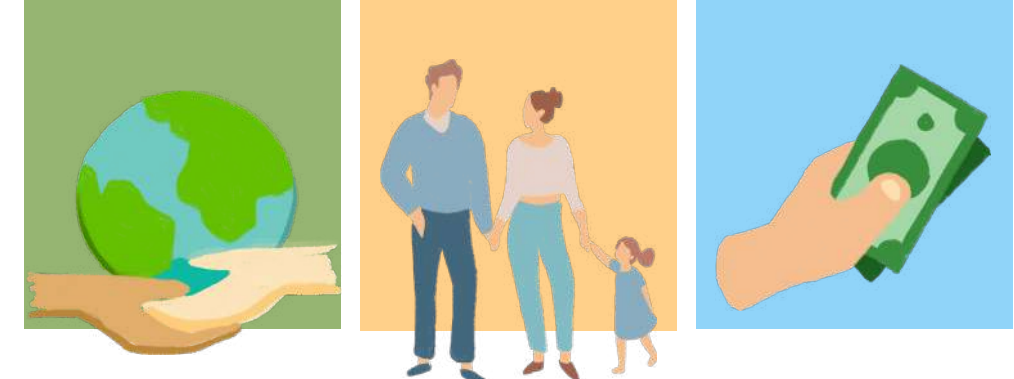
By implementing different types of certification and establishing management systems, Faber-Castell ensures that quality, sustainability and social standards are maintained at a global level. The initial certification for ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) began in 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. 36.

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, Germany, and České Budějovice, Czech Republic

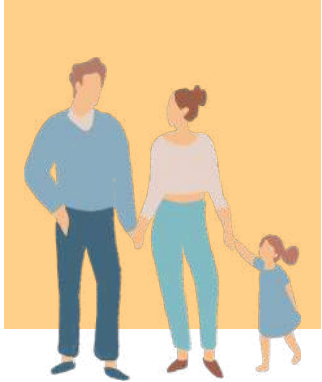
Challenges:

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 COVID-19 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

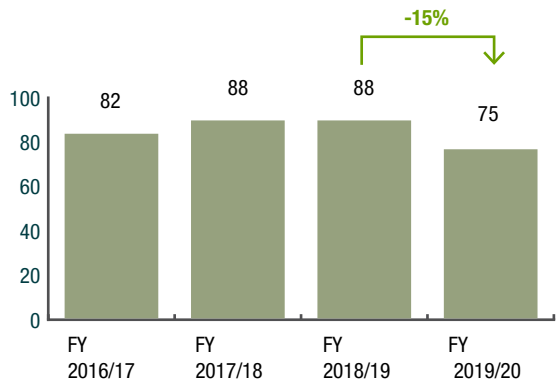
Faber-Castell's corporate success is based on the trusting and fair treatment of employees, business partners, customers and suppliers. These values have not only been practised in the company for many generations, they are also the principles of the "Honourable Businessman", a model dating back to the 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 (or her) 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**.

Social Indicators in the 19/20 Financial Year

Employees
Out of all our employees, 67% work in (extended) production, 33% in administration and management. The proportion of women has remained at a constant level over the years at 44%. 119 Faber-Castell employees live with a disability, which corresponds to 2% of the global workforce (115 employees in the previous year, 1% respectively). The proportion of women in management positions, in management themselves or reporting to management, is 34% in the 2019/20 financial year (33% the previous year) and we aim to increase this to 50% in the long term. (see page 40)

Work-related accidents
The number of reported work-related accidents (including accidents that occur during the commute to or from work) has decreased by 15% from 88 to 75 accidents in comparison to 2018/19. The numbers here usually stay roughly the same over the years.



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" was also used to support creative activities and workshops for employees in pre-Covid-19 times and we hope to be able to restart these soon. Each employee's training needs are determined during an annual interview between the employee and their 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, 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. Happily, there were no cases of corruption or discrimination reported over these last few years.



Our Aims and Initiatives

Corporate Targets



The company's carbon footprint

We strive to continuously reduce our company's carbon footprint by increasing energy efficiency, switching to renewable energy sources and becoming energy self-sufficient.

Aim
(reference year 2019/20): Reduction in company-wide carbon footprint by 55% by 2029/30

Gender equality

We want to achieve an even distribution of male and female managers.

Aim
(reference year 2019/20): 50% proportion of women in management positions by 2029/30

Plastic

We want to avoid single-use plastic-based packaging and replace it with cardboard or other more eco-friendly materials where possible.

Aim
(reference year 2019/20): Increase the proportion of alternative plastics to 55% by 2029/30

We aim to replace the new plastics we use in our products with alternatives such as recycled, organically-based or biodegradable plastics without affecting quality.

Aim
(reference year 2019/20): Reduce the proportion of new plastics in single-use packaging to less than 5% by 2029/30

Energy

We aim to keep reducing our company's energy needs. To do so, we make every effort to switch to more energy-efficient equipment in all our international production sites.

Aim
(reference year 2019/20): Reduction in energy consumption by 55% by 2029/30

We want to work in an energy self-sufficient manner using independent, in-house energy supplies with renewable energy, for instance by installing solar collectors, heat pumps or water turbines.

Aim
(reference year 2019/20): Energy self-sufficient from 2034/45

SUSTAINABLE DEVELOPMENT GOALS

The United Nations' Sustainable Development Goals

The United Nations General Assembly adopted the Sustainable Development Goals (SDGs) in 2015. 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.

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 projects already initiated by Faber-Castell were compared and associated with the SDGs. Over the coming years, the analysis and work on the UN goals is to be further expanded.

The 17 Sustainable Development Goals of the United Nations



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: Fewer 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. Last year, the donations made by Count von Faber-Castell Children's Fund Foundation allowed for bunk beds to be built, mattresses to be bought and the furniture to be improved. It also provided teaching materials.

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 a 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.

f.) Donations and campaign against hunger

Understanding that the impacts of the pandemic are a common challenge and that we could go beyond actions for our employees and their families, we also took action in order to help the communities around our operations in Brazil. Our actions were divided in two fronts:

- 1) Donations: We donated liquid alcohol to Health Institutions in São Carlos, Prata and Manaus, ICU Equipment to Santa Casa (Hospital) in São Carlos, Oxygen to a Hospital in Prata and Cleaning Supplies and Food for institutions in São Carlos, Prata and Manaus.
- 2) Campaign against hunger: In the first quarter of 2021, we started a campaign through the Faber-Castell Institute aiming to provide food to almost 2,000 children and families in needs. The value of voluntary donation from our employees are matched by the Faber-Castell Institute and then reverted into food baskets donated to institutions in the cities where are factories are located in Brazil.

g.) Diversity and inclusion

Respect and integrity have always been part of the Faber-Castell culture. In order to further these issues in the light of current debate, we started a program in 2020 that is aimed at stimulating more diversity and inclusion to our sites in Brazil.

We reinforced our commitments by implementing a policy dedicated to the Diversity & Inclusion theme and created four action fronts: People with Disabilities, Women, Racial and LGBTQIA+. In addition to campaigns and training focused on these themes, we created committees that, through regular meetings, allow the participation of all our employees to discuss needs and actions for an increasingly diverse and inclusive culture.



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 Peru:
Faber-Castell Peru focusses 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, (as per EN ISO 14021).



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).



The Eberhard Faber paintbox made from 100% recycled plastic
One of Eberhard Faber's primary concerns is closing loops and making waste products usable again as secondary raw materials. This means we save natural resources and achieve a sustainable improvement in our environmental and climate protection. The Green Winner paintbox is made from 100% recycled plastic and is made in Germany. Eberhard Faber has taken the next step in climate protection and has produced the Green Winner, among other products, in a carbon-neutral manner in collaboration with ClimatePartner.



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 46s 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.



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
Here, 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. Faber-Castell is also currently working on using more local resources to minimise transport routes.



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 climate-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.



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 paint and their manufacture in Germany is climate-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 plasticisers. 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.



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 CO₂ 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 climate-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 CO₂.



Power consumption reduction project in Faber-Castell's cooling tower in Indonesia
Replacing the pump motor and installing a temperature regulator in the cooling tower at the Faber at 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.

Carbon neutral products

What is the actual climate impact of a product along the supply chain, i.e. from raw material procurement to disposal? Calculating a product's footprint generates transparency in the supply chain, forms the basis for product improvements and changes to reduce environmental impact, and is relevant to eco-conscious customer purchase decisions. In 2020, Eberhard Faber started analysing a wide range of products. Pencils, colour pencils, felt tip pens, watercolours, finger paints and street marking crayons were analysed and evaluated in terms of their overall climate impact. In 2021, this included the highlighter range made by Faber-Castell plus the Multimark pens and fabric markers. The results in terms of the impact of various raw materials, packaging and transport routes can now be used to make products more sustainable in the future. Emissions certificates are gained from climate protection projects to offset emissions. Currently, for example, we are supporting a Plastic Bank project that combines social and environmental factors by offering to exchange plastic waste gathered on the coasts of Haiti, Indonesia and the Philippines for money or food.



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 (see page 14).



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.



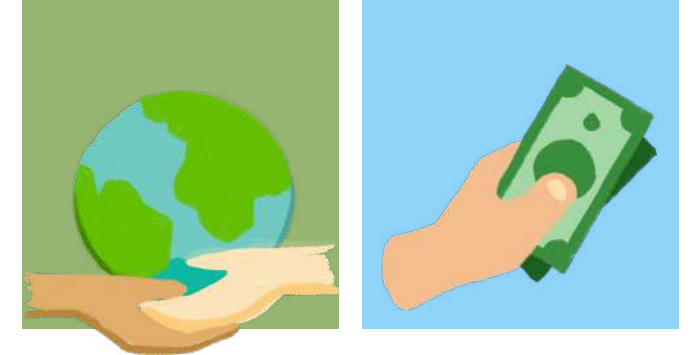
The efficient use of water project by Faber-Castell Indonesia

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.



Appendix

Input



GRI	Raw materials (tonnes)	Unit	2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
301	Wood (boards)	t	22,898	17,850	16,645	15,891	-5%
	Plastics (conventional)	t	8,016	9,932	8,773	7,261	-17%
	Plastics (recycled)	t	3	3	47	347	638%
	Clay	t	312	322	358	349	-2%
	Graphite	t	565	413	444	335	-25%
	Kaolin	t	5,360	3,675	3,586	3,138	-12%
	Water-based varnish	t	89	82	98	86	-12%
	Paint with organic solvents	t	1,125	872	855	785	-8%
	Paper packaging	t	8,438	7,209	6,312	6,016	-5%
	Plastic packaging	t	2,120	2,134	2,087	1,802	-14%
	Total packaging	t	10557	9,343	8,399	7,817	-7%
GRI	Raw materials (tonnes)	Unit	2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
303	Total water	m³	352,140	307,398	307,977	273,602	-11%
GRI	Non-renewable energy	Unit	2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
302	Natural gas	MWh	9,311	9,711	9,581	9,373	-2%
	Liquid gas	MWh	1,863	1,048	1,021	1,018	0%
	Diesel	MWh	1,629	1,650	1,293	1,242	-4%
	Petrol	MWh	1,380	1,132	836	776	-7%
	Heating oil	MWh	357	132	128	76	-41%
	Total non-renewable energy	MWh	14,541	13,673	12,859	12,485	-3%
GRI	Renewable energy	Unit	2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
302	Energy (hydropower)	MWh	1,587	1444	1,703	1,856	9%
	Bioethanol	MWh	33	40	11	28	157%
	Biodiesel	MWh	68	189	206	243	18%
	Biomass	MWh	183,595	126,844	116,834	10,2343	-12%
	Wood pellets	MWh	2,635	3018	2,933	2,949	1%
	Total renewable energy	MWh	187,919	131,535	12,1687	107,420	-12%
GRI	Electricity	Unit	2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
302	Renewable energy	MWh	45,682	40,849	40,902	44,551	9%
	Non-renewable energy	MWh	25,579	21,347	20,346	12,121	-40%
	Mix	MWh	3,149	2,756	3,013	2,397	-20%
	Total electricity	MWh	74,410	64,952	64,261	59,069	-8%
	District heating	MWh	499	542	456	434	-5%

Wood

As a result of weaker sales, the quantity of purchased wood has steadily declined in recent years. This decline was a slight reduction of 5% in comparison to the 2018/19 financial year. 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 the Australian Illegal Logging Prohibition Act.

Plastic

The demand for conventional plastic fell by 17% in the 2019/20 financial year. In contrast, the proportion of recycled plastic rose sharply: 347 tonnes were purchased in the 2019/20 financial year – an increase of more than 600% compared to the previous year, when only 47 tonnes were purchased. The recycled material was used in the plants in Austria, Germany and Peru. Overall, the use of conventional and recycled plastic fell by 14%.

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.

Graphite

Purchased volumes of graphite fell by 25% in the 2019/20 financial year as fewer graphite leads were produced in the German lead factory at the Stein site.

Water

The amount of water used by our production sites was reduced by 11% compared with the 2018/19 financial year. This is mainly due to measures used in two production sites: in Germany, lead production was switched to extruded leads, which needs less water. Fewer graphite leads were also produced, which need more water than colour leads. A broken water pipe was also repaired in Peru.

Furthermore, Faber-Castell carried out a risk analysis specially aimed at water resources in 2021, evaluating the risk of polluting ground water and above-ground water. No corporate risks were determined in water management here. Compliance with national standards

and laws ensures that no kind of water is polluted. This is also reviewed through external audits such as ISO 14001, for example. There is also no corporate, process-specific risk of a lack of water as Faber-Castell is not active in any particularly water-intensive industry.

Heating oil

The demand for heating oil fell by 41% in the 2019/20 financial year. The reason for this is that Germany required less heating oil, meaning they did not need to purchase any.

Bioethanol

The use of bioethanol increased by 17 tonnes to 28 tonnes in the 2019/20 financial year, after the amount fell by 72% in the previous year. Brazil uses bioethanol for part of its vehicle fleet.

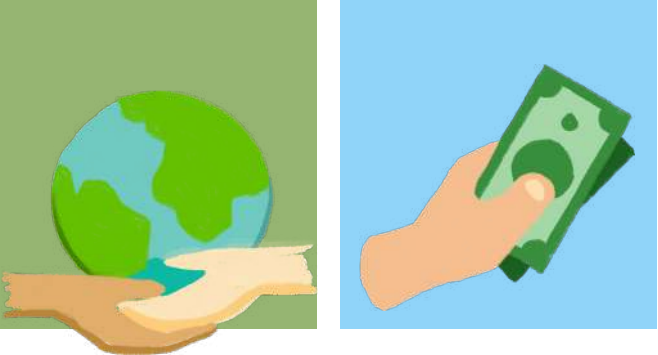
Biodiesel

The Indonesian fleet switched from diesel to biodiesel vehicles in the 2018/19 financial year. Their demand for biodiesel has since risen, leading to an increase of 18% in the 2019/20 financial year.

Electricity

Overall, the purchased energy demand has fallen by 8%, which is also due to lower production volumes in the 2019/20 financial year. Energy from renewable sources was increased by 9%. Austria, Brazil and Peru buy only green energy, Germany has been doing this since January 2020. Electricity from non-renewable sources fell by 40% in the relevant period.

Output



	Products	Unit	2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
	Wood-cased pencils in million pcs.	Million pcs.	3,142	2211	2106	2,120	1%
	Ink writing instruments, markers, erasers and writing accessories	Million pcs.	1,055	1,083	1,084	982	-9%
	Other products	Million pcs.	359	356	356	325	-9%
	Produced ink	Litres / kg	794,956	937,702	947,746	893,393	-6%
	Total writing instruments	Million pcs.	4,198	3,295	3,190	3,102	-3%
	All products (excluding ink)	Million pcs.	4,557	3,651	3,546	3,427	-3%
GRI	Waste water (m³)		2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
306	Waste water	m³	225,107	179,011	159,661	119,583	-25%
GRI	Emissions		2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
305	VOC emissions from paint coating	t	213	143	142	116	-18%
	Boundaries – average during the day	dB(A)	65	63	61	60	-1%
	Boundaries – average at night	dB(A)	60	56	54	53	-2%
GRI	CO₂ emissions (t CO₂e)		2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
305	Scope 1	t CO₂e	6,770	6,050	4,906	4,372	-11%
	Scope 2	t CO₂e	34,286	27,742	27,554	20,843	-24%
	Scope 3	t CO₂e	23,163	13,663	15,786	9,871	-37%
	Total CO₂e	t CO₂e	64,219	47,454	48,246	35,085	-27%
GRI	Waste (t)		2016/17 FY	2017/18 FY	2018/19 FY	2019/20 FY	Δ 18/19 - 19/20
306	Hazardous waste	t	726	630	674	630	-7%
	Household waste	t	8,448	5,423	4,167	4,135	-1%
	Total waste	t	9,174	6,054	4,841	4,764	-2%

Wood-cased pencils

Analogous to the wood input, the output of wood-cased pencils also fell by 1% in comparison to the 2018/19 financial year.

Plastic-based writing instruments and products

The proportion of plastic-based writing instruments fell by 9% in comparison with the 2018/19 financial year.

Waste water

Waste water was reduced, as in previous years, by 25% in fact in the 2019/20 financial year. This is down to lower water requirements in Germany for lead production, which therefore produces less waste water. In addition, a project was initiated at the São Carlos site in Brazil in late 2018, which processes waste water, stores it in a lake and uses it for external cleaning and gardening. Each site has its own waste water treatment system that meets national and local requirements.

CO₂ emissions

Total emissions were reduced by 27% in the 2019/20 financial year due to the increased use of renewable energy and less air freight.

Waste disposal

The total volume of waste in 2019/20 fell by 2% compared with the previous year.



Social Indicators

GRI	Employees	Unit	2016/17 FY	2017/18 FY	2018/19 FY	FY 2019/20	Δ 18/19 - 19/20
405	Number of employees worldwide	Number	8,581	8,215	7,864	7,176	-9%
	Proportion of women	Number	3,804	3,478	3,409	3,154	-7%
		%	44%	42%	43%	44%	
	Proportion of employees with a disability	Number	139	128	115	119	4%
		%	2%	2%	1%	2%	
	Proportion of employees in administration	Number	2,317	2,443	2,363	2,387	1%
		%	27%	30%	30%	33%	
	Proportion of employees in production	Number	6,264	5,772	5,501	4,789	-13%
		%	73%	70%	70%	67%	
	Proportion of employees with permanent contracts	Number	7,089	6,402	6,065	5,765	-5%
		%	83%	78%	77%	80%	
GRI	Proportion of employees with permanent contracts	Number	7,089	6,402	6,065	5,765	-5%
		%	83%	78%	77%	80%	
	Number of trainees (Germany)	Number	27	25	29	31	
	Proportion of women in management positions (level 1 and 2)	Number	59	56	62	54	-12%
		%	30%	30%	33%	34%	
	Social Charter	Unit	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	Δ 18/19 - 19/20
	407 Participation of production and sales sites	Number	38	38	38	38	
		%	100%	100%	100%	100%	
	Production sites with collective agreements	%	87%	87%	88%	88%	
	Unions and/or employee representation implemented	%	87%	87%	88%	88%	
GRI	Sickness, injuries, deaths	Unit	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	Δ 18/19 - 19/20
	403 First responders with training	Number	784	775	733	754	3%
		%	9%	9%	9%	11%	
	Reportable accidents (including commuting accidents)	Number	82	88	88	75	-15%
	Fatal workplace accidents	Number	0	0	0	0	
	GRI Employees	Unit	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	Δ 18/19 - 19/20
	406 Reported corruption and discrimination incidents	Number	0	0	0	0	



² Computer-aided quality
⁴ WWFs living planet report 2020, page 1 https://wwfeu.awsassets.panda.org/downloads/_lpr_2020_media_summary_em-bargo_10_09_20.pdf
⁵ <https://www.biodiversitya-z.org/content/megadiverse-countries>

