



FABER-CASTELL
since 1761

Forests get
~~cleared~~ for pencils.

ReplAnte



You will find the explanation of
our cover picture on page 12

Sustainability Report 2022

Dear readers,

We have just sharpened our view of the future with our new corporate strategy: Where do we want to go? What ambitious goals are we setting ourselves? What significance will creativity have and what role will sustainable management and action play in this?

The symbol for our new strategic orientation "One Faber-Castell – creating a colourful future" is the tree. Its roots are the people who make this company thrive. But its roots are also the values that guide us:

- entrepreneurial and responsible
- passionate and tradition-conscious
- quality-conscious and sustainable
- ambitious and innovative

These values guide us in our day-to-day decisions. They unite us as "One Faber-Castell" – as an organisation that works together worldwide. And they have been part of our philosophy as a ninth-generation family business for many years.

We have already achieved a great deal and are aware of the remaining tasks for the future. In our industry, we have been pioneers in the environmentally conscious use of resources: we have been managing our own forests in Brazil since the 1980s. We have been using hydropower to generate electricity in Stein since the 1950s. At other locations, we rely on regenerative energy generation, for example with our own solar plants. We will continue along this path and want to remain a leader in the industry in terms of sustainable and fair business practices. Rarely has this been more important and at the same time more challenging than at present: rising raw material prices, interrupted supply chains and the current energy crisis in Europe present us with major tasks. However, they are also an incentive to further increase our innovation and creativity worldwide. We have set ourselves major goals against which we will be measured by our consumers, trading partners and the public. Will we be able to achieve these goals? The last two years have shown that conditions are often unpredictable. Nevertheless, we firmly believe in our sustainable success and are working

hard to achieve it. With our annual Sustainability Report, we will share this journey into our colourful future with you. Why not accompany and support us in realising our ambitious plans?

Read more about our sustainability goals on pages 40 and 41, and take a look at pages 52 and 53 for information on our milestone victories in reducing our carbon footprint, which fill us with pride and joy.

I wish you an exciting read.

Yours



Stefan Leitz
Chairman of the Board Faber-Castell AG

Sustainability Report 2022

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The key indicators, data and consumption figures from this Sustainability Report relate to the 2020/21 financial year and to the entire production sites and affiliated distribution sites. 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 Sustainability Report or sustainability in general? Then please get in touch: sustainability@faber-castell.com

Our Company

Faber-Castell Group Sites



Company Facts & Figures

Faber-Castell Aktiengesellschaft
90546 Stein, Germany

Board

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

Founded 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 2020/21 452 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

Nürnbergger Straße 2
90546 Stein
Germany

President

Dagmar Chlosta

Founded 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 55 million euros

Certificates

Ecovadis 2021 Silver Siegel
ISO 14001 (TÜV Rheinland)
ISO 9001 (TÜV Rheinland)
IFS-HPC
GMP – ISO 22716:2008
PEFC
FSC®

Memberships

CosPaTox
Sedex Member

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

Company Facts & Figures

EBERHARD **F**ABER

Eberhard Faber Vertrieb GmbH
90546 Stein, Germany

Managing Director
Nikolaus Fliegerbauer

Founded 1861

Sales and marketing regions
Europe
Representatives in more than 20 countries

Certificates
FSC® and PEFC

Commitment
Scientific Certification Systems for recycled content
ClimatePartner
Peter Maffay Foundation for disadvantaged children and young people

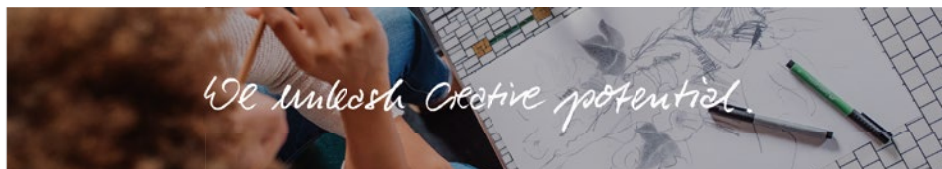


Faber-Castell's Mission Statement

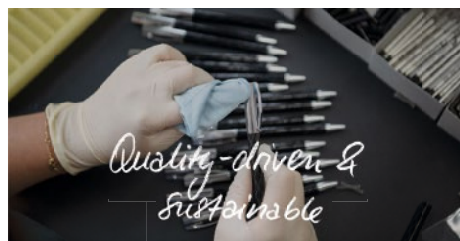
Society and the market are changing: the retail landscape and channels are shifting while digitalisation is progressing. This presents opportunities for Faber-Castell, with a longing for haptic experiences is emerging as a counter-movement and interest in creative abilities is growing. In 2018, Faber-Castell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



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 hour

10,000

10,000 hectares of our own 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



87%

87 percent renewable energy sources



Reducing plastics and/or replacing them with recycled materials

Recycled materials



900,000+ CO₂

900,000 tonnes of CO₂ absorbed by our forests

Sustainability is anchored in our Corp

Sustainable



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

Around 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



120

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

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

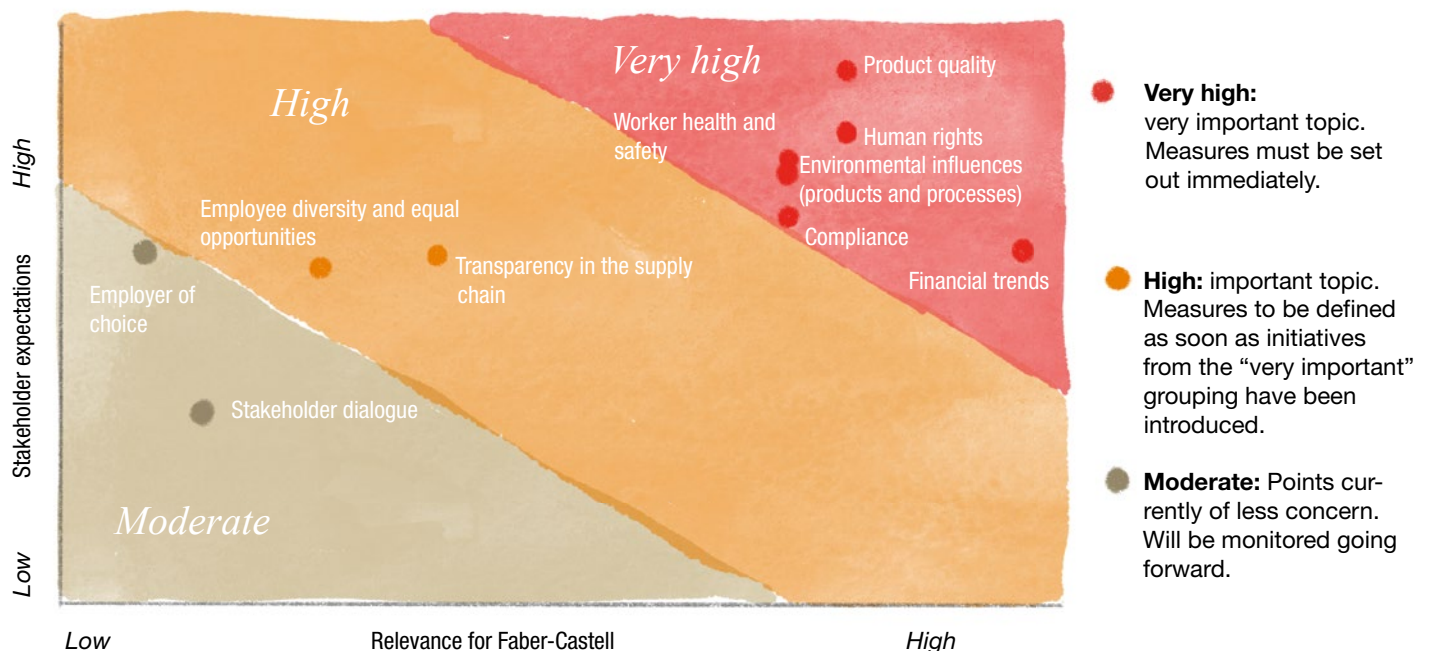
Stakeholder Survey

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 1,200 stakeholders were 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 sustainability targets 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 Developments

2020/21 Financial Year Energy Consumption

Production sites' energy consumption

Our Developments

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 2020/21 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

Faber-Castell generated 90 per cent of its process energy in the 2020/21 financial year on the basis of renewable energy sources. The energy comes from the energy recovery of industrial waste wood from board and pencil production in the wood-processing plants. In addition, hydropower from the neighbouring river is used to generate electricity at the Stein site. In 2021, solar panels were installed in India and Malaysia. The impact of the Indian solar panels on the ratio of renewable to non-renewable energy will be evident in the next two years of data. Malaysia was already able to produce 295,880 kWh of solar energy by the end of the 2021 financial year.

Internally sourced non-renewable energy

The total amount of self-produced non-renewable energy increased by nine per cent in the 2020/21 financial year. The reason for this is that the consumption of natural gas increased by 19 per cent, as the cosmetics location USA was included in the data analysis for the first time and Germany also had a slightly increased demand for natural gas. Without the production location USA, there would have been an overall increase in self-produced non-renewable energies of three per cent.

Unit MWh	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 - 20/21
Scope 1 non-renewable	13,673	12,859	12,485	13,613	+9%



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. For the Stein production site, 4,087 MWh were purchased in the 2020/21 financial year, and 2,002 MWh were generated by the hydropower turbine.

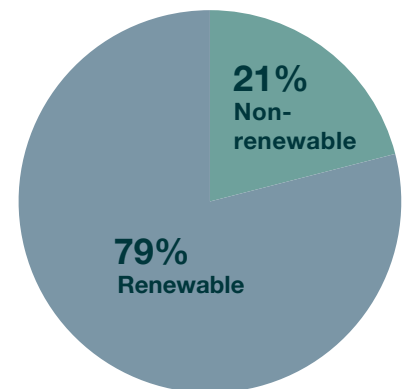


Exterior view of the pencil factory in Stein, hydroelectric power plant in the Rednitz river

Scope 2 Energy

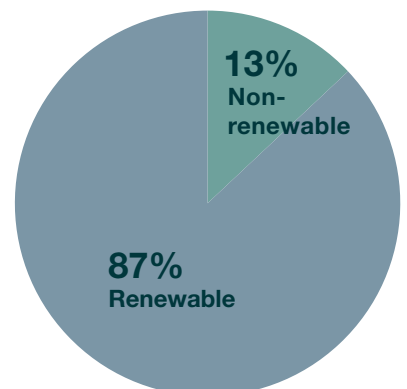
Purchased renewable and non-renewable energy

Overall, the company covered 27 per cent of its global energy consumption through purchased energy in the 2020/21 financial year. Of this, 79 per cent comes from renewable sources; this share increased significantly last year and was 74 per cent in the previous year. Overall, the demand for electricity has decreased by 17 per cent, which is roughly in line with the 20 per cent decrease in the output volume produced. The plants in Brazil, Peru, Austria and Germany already cover 100 per cent of their electricity needs from renewable resources.



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

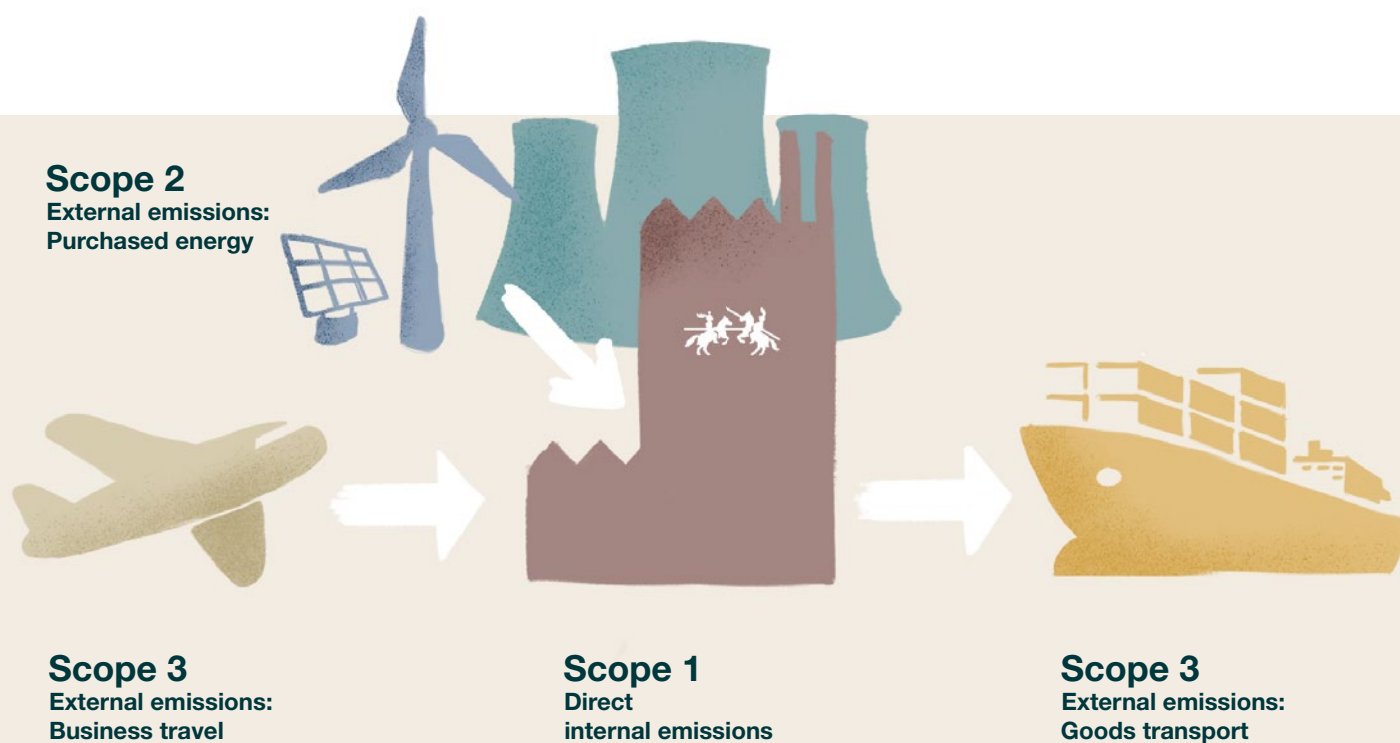
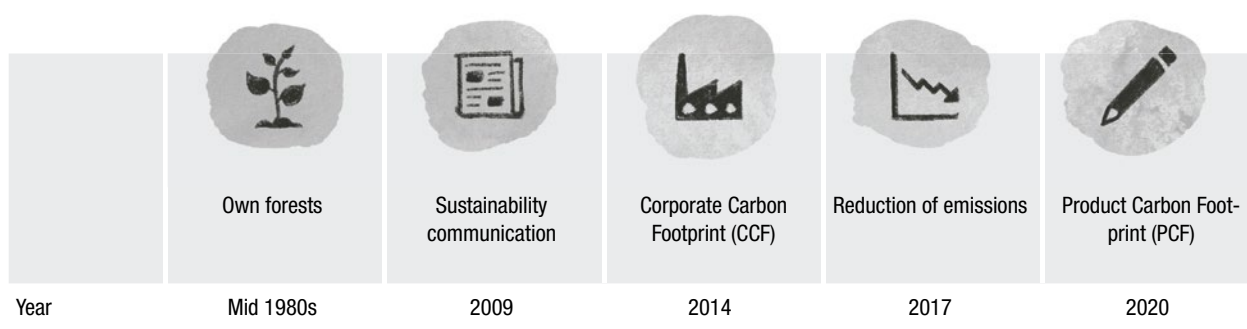
The measures we have introduced to be able to switch to environmentally-friendly energy supply are now paying off: the Faber-Castell factories across the Group are now using **87 per cent thermal and electric energy** from regenerative sources, which is an increase in comparison to the previous year (85 per cent renewable and 15 per cent non-renewable).



2020/21 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. Scope 1 emissions increased by 16 per cent in the 2020/21 financial year compared to the previous year for the first time in four years, after a reduction of 11 per cent was achieved in the previous year. The reasons for this are a higher demand for natural gas due to the cosmetics plant in the USA newly included in the reporting and an increased demand for acetylenes. Scope 1 emissions account for 19 per cent of total emissions.

CO ₂ emissions (t CO ₂ e)		2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 - 20/21
Scope 1	t CO ₂ e	6,050	4,906	4,372	5,060	+16%

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. Emissions decreased by 28 per cent as Germany purchased 100 per cent electricity from renewable sources in the 2020/21 financial year. In addition, the total demand for purchased electricity decreased by 17 per cent, as some locations produced less due to the COVID-19 pandemic. A further reduction in emissions is also expected in the following financial year, as Malaysia has also switched its electricity purchasing to renewable energies.

CO ₂ emissions (t CO ₂ e)		2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 - 20/21
Scope 2	t CO ₂ e	27,742	27,554	20,843	14,940	-28%

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. External emissions fell both in the previous financial year (-35 per cent) and in the 2020/21 financial year by a further 36 per cent. This is mainly an effect of the COVID-19 pandemic, as virtually no business travel took place and the tonne-kilometres shipped also fell by 12 per cent, resulting in fewer emissions.

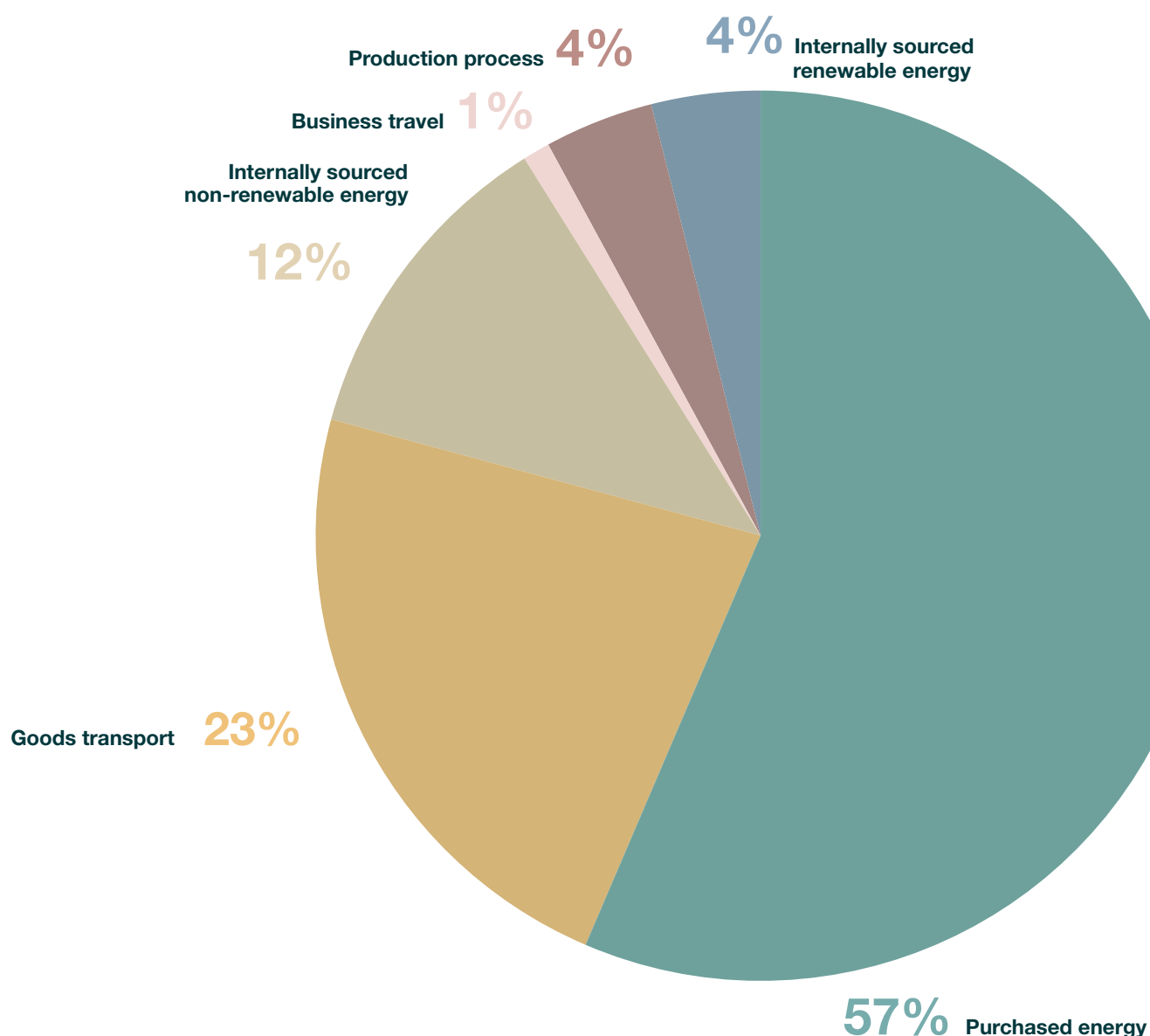
CO ₂ emissions (t CO ₂ e)		2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 - 20/21
Scope 3	t CO ₂ e	13,663	15,234	9,871	6,312	-36%

Carbon Emissions 2020/21 Financial Year

Production site emissions

Total Faber-Castell Group Emissions

In the 2020/21 financial year, the Faber-Castell production sites reduced their carbon emissions by 8,773 tonnes in comparison to the previous year (-25%). This is roughly equivalent to the carbon emissions of an average car with more than 50 million kilometres on the clock. Emissions were reduced by 5 per cent in regards to the number of globally produced products. Per million items produced, emissions fell from 10.3 to 9.8 tonnes – a successful development that is mainly due to the further increase in the share of electricity from renewable sources. The highest share of CO₂ emissions is attributable to the largest Faber-Castell Group sites: Brazil (33 per cent), followed by Indonesia (20 per cent). Indirect energy consumption, i.e. purchased energy and goods transport have the greatest influence on total emissions at 57 per cent and 23 per cent respectively.





CO₂

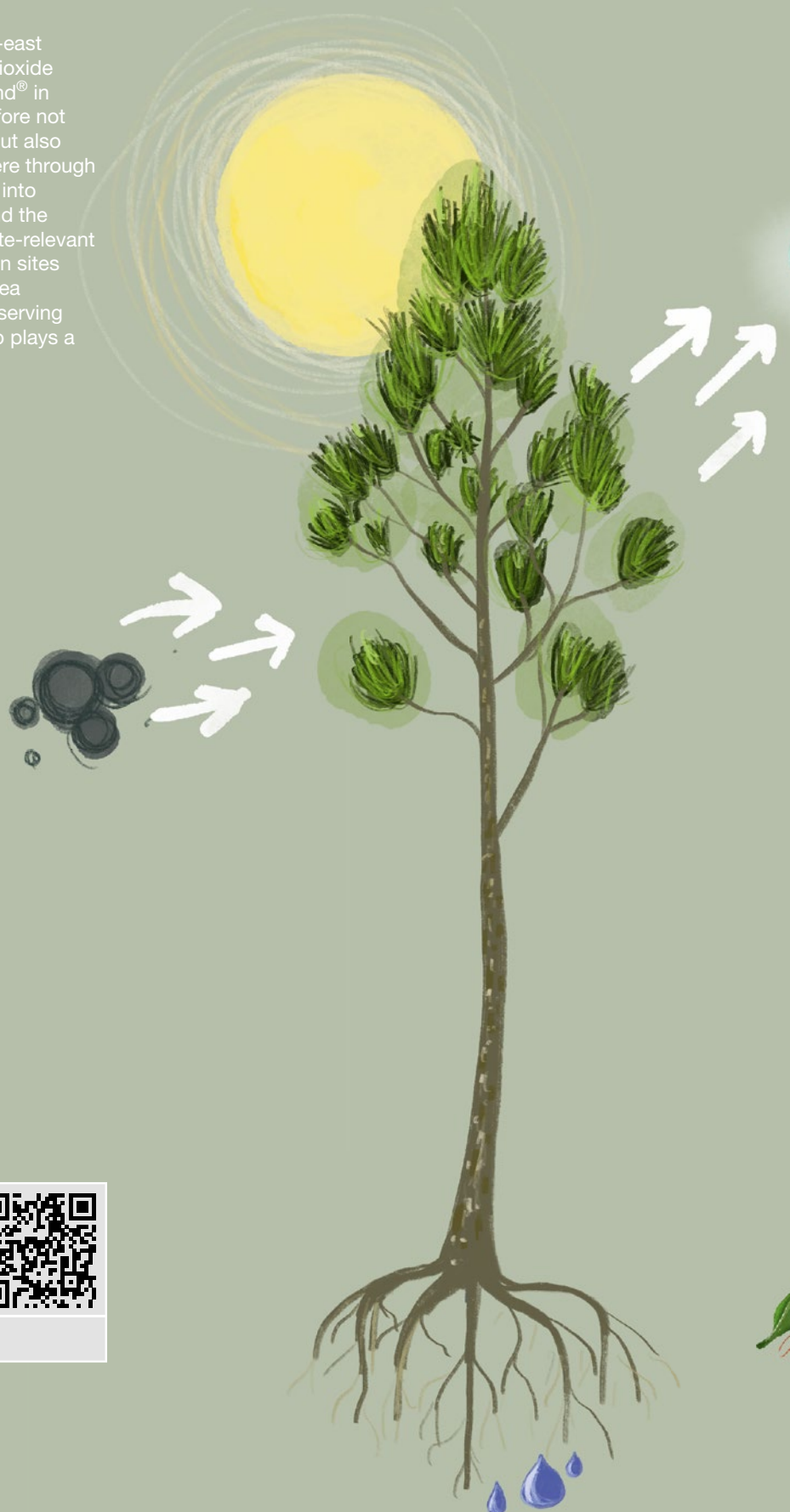
Challenges

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

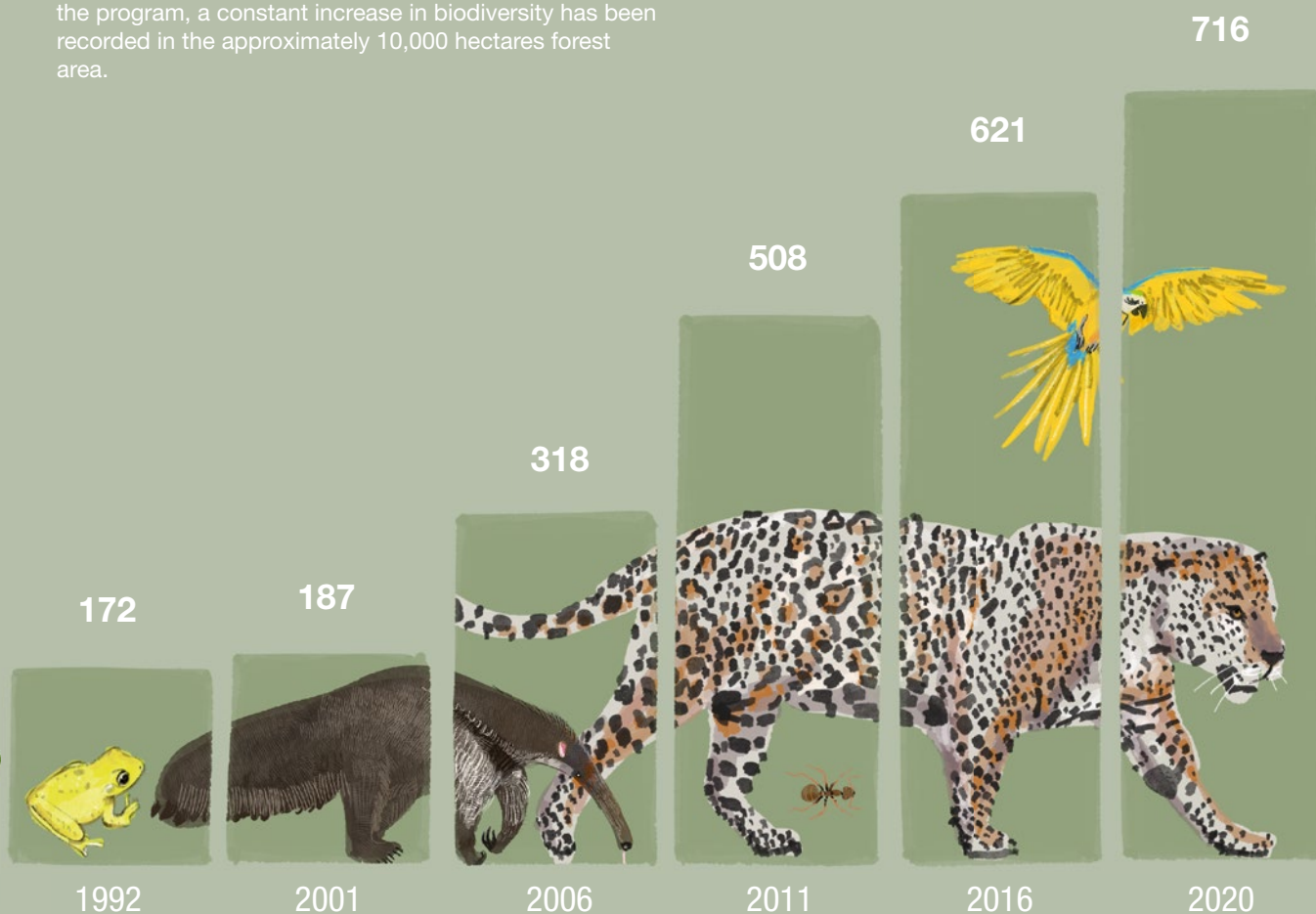
Faber-Castell makes an excellent contribution to the preservation of the Brazilian Cerrado, an ecosystem present in our parks and one of the most threatened ecosystems in Brazil and in the world. One third of the area of Faber-Castell's forests in Brazil is dedicated to preserving the native environment. 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

27
Bird sp

79
Mammal species

32
Reptile species

40
Fish

Water

2/3

10,000 hectares of forest
2/3 are pine forest

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

Certified forests

900,000 tonnes of
CO₂ are absorbed

Prata

Minas Gerais Brasilien

Tree species:
Pinus Caribaea (pine)



300,000
seedlings
annually

20-23 years
to harvest



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

71
species

38

Amphibian species

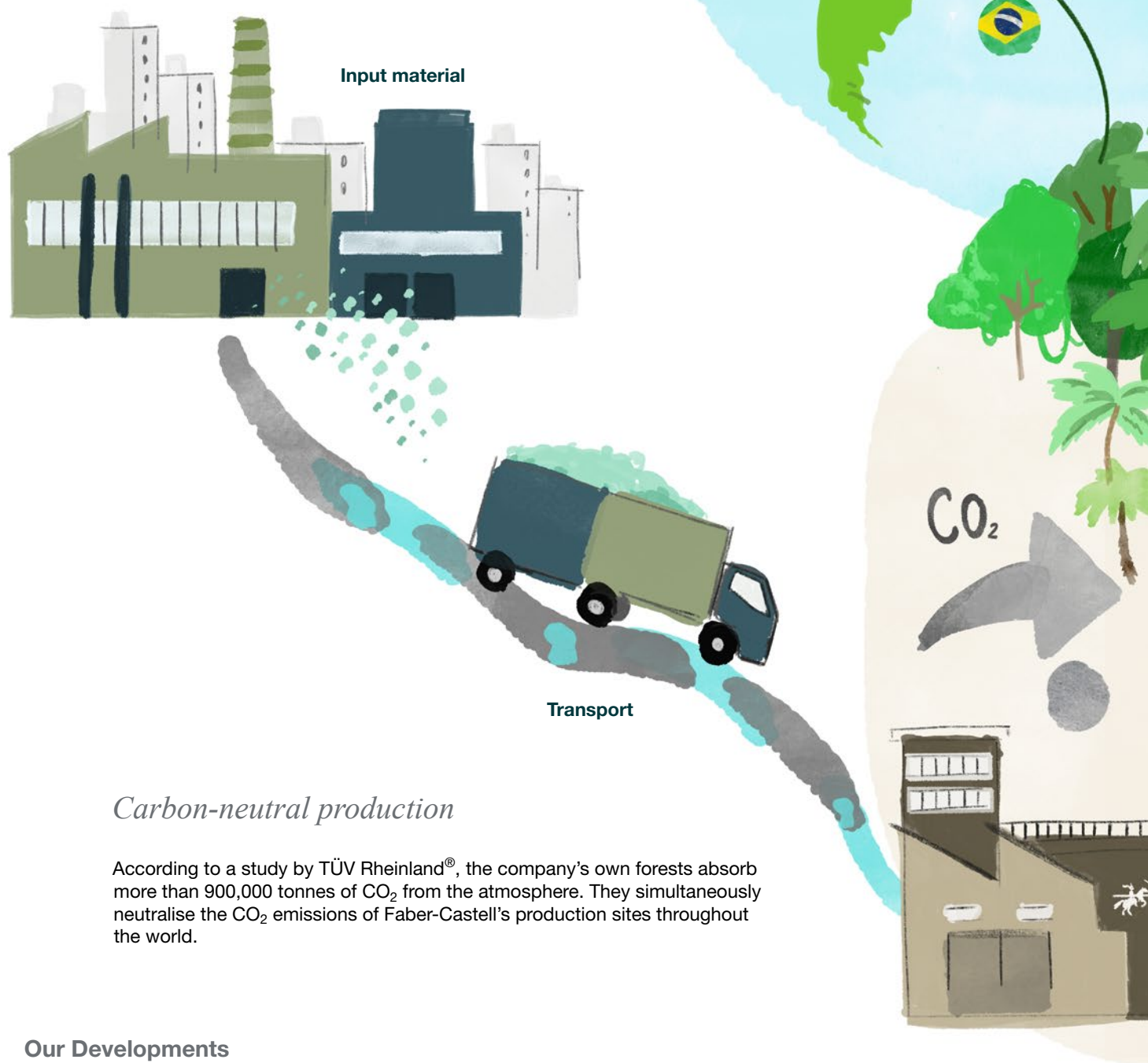


261

Ant species

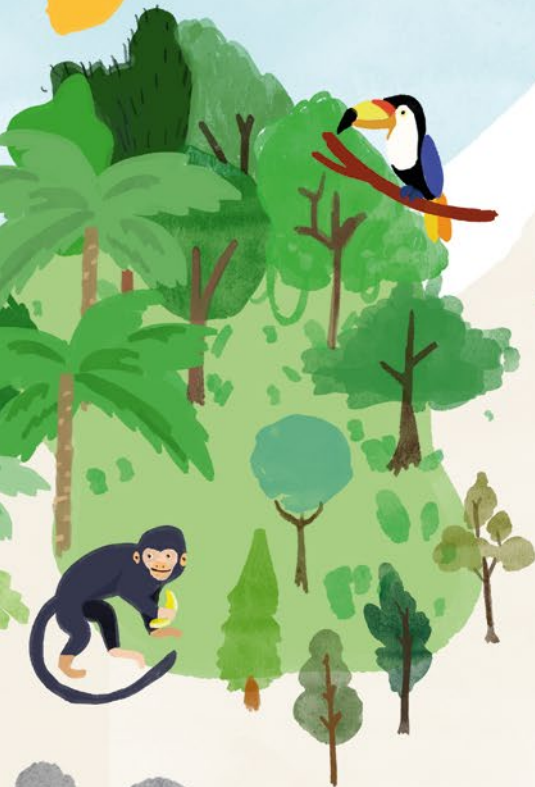
Carbon Neutrality

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.



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.



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 ClimatePartner label certifies the offsetting of the remaining greenhouse gas emissions for the respective products.

Transport



Environmental Indicators 2020/21

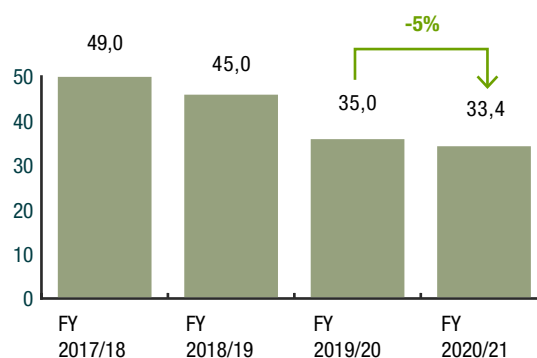
Financial Year

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)

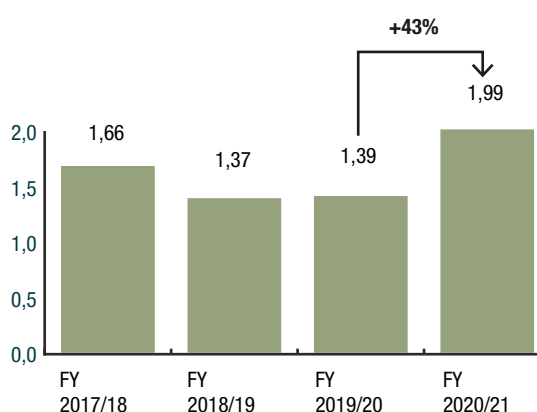
As Brazil implemented a new water reuse system in 2019/20 and mine production in Germany was switched to a less water-intensive manufacturing process, waste water intensity was reduced by 23 per cent. In the 2020/21 financial year, waste water intensity decreased by a further five per cent.



Waste

(tonnes/million products)

The amount of waste per million products increased by 43 per cent. This increase is due to the production plant in the USA, as this was included in the 2020/21 financial year. Without the cosmetics plant, waste intensity would be 1.51 – an increase of eight per cent.

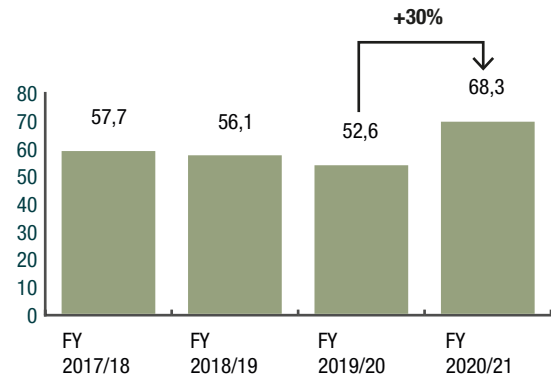




Energy used

(Scope 1 + Scope 2; MWh/million products)

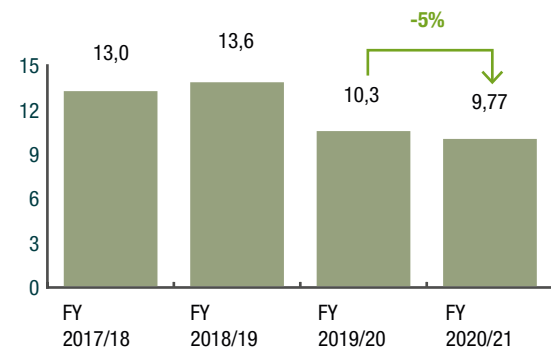
The energy used per million products produced increased by 30 per cent from 52.6 to 68.3. Despite the lower production utilisation, the specific energy consumption increased because the base load of electricity consumption of the production machines was high. In part, COVID-19 protection measures, such as staggered employee break times, also led to machines running longer.



CO₂ emissions

(tonnes/million products)

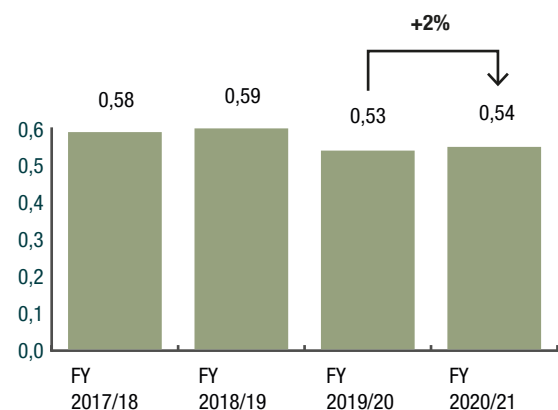
CO₂ emissions per million products fell slightly by five per cent. In addition to lower electricity requirements, this was mainly due to the fact that the share of purchased renewable energies within the Group was further increased, reducing the emissions burden in Scope 2 by 28 per cent. However, lower air freight, which can be directly attributed to Faber-Castell, and less business travel also contributed to the reduction.



Plastic packaging

(tonnes/million products)

The proportion of plastic packaging per million products has increased minimally by 2 per cent. The measures initiated to date to reduce plastic packaging will presumably be reflected in the next few years.





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.



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.



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 recycled plastic or cardboard.



Recyclable cardboard

Our packaging is made of recyclable cardboard.



Recycling



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.

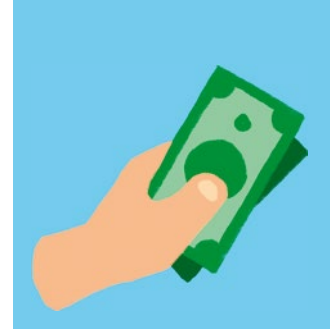
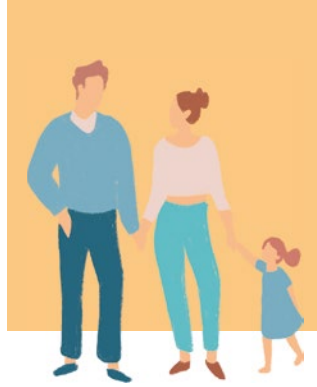
All production sites producing wood-cased pencils are certified to FSC® or PEFC standards. For sites which do not produce wood products, these two certification schemes are not relevant. All 22 sales companies are certified according to FSC® Chain of Custody standard. This means that every product can 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 CAQ¹ 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.

¹ Computer-aided quality



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, Engelhartzell	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.

Unfortunately, due to the COVID-19 pandemic and the resulting contact restrictions, the audits could not be carried out on site at the locations as planned. In autumn 2022, the audit cycle is to be resumed with Peru. 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.

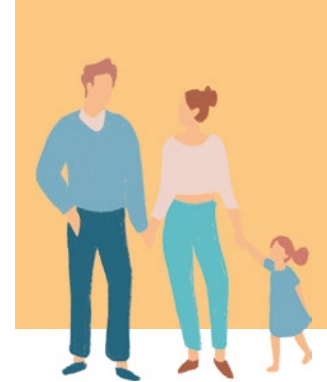
How we act fairly and correctly: The new Faber-Castell Charter

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.

58%
male

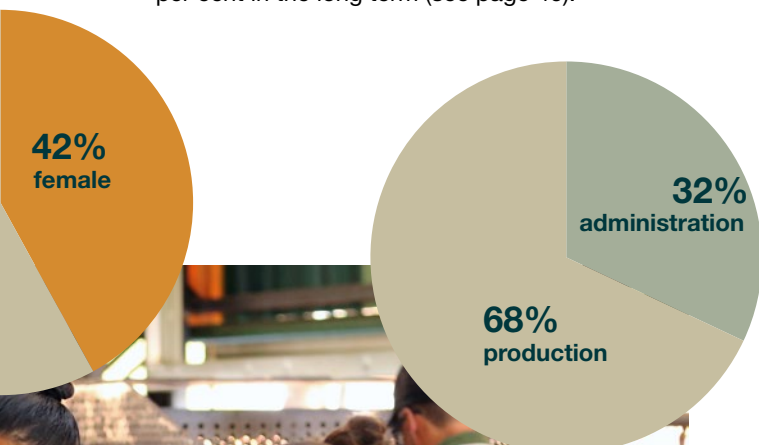




Social Indicators in the 2020/21 Financial Year

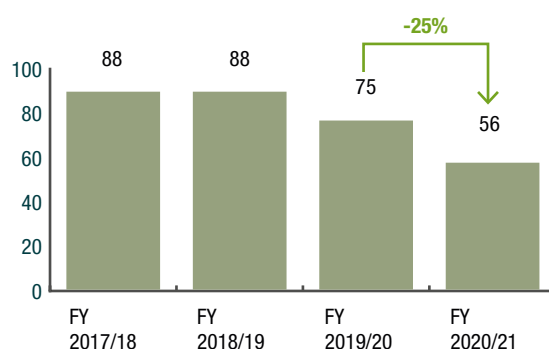
Employees

68 per cent of employees work in (extended) production, 32 per cent in administration and management. The proportion of female employees worldwide has remained constant over the years at 42 per cent. At Faber-Castell, 142 employees live with a disability, which corresponds to 2.1 per cent of the global workforce (previous year: 119 employees or 1.7 per cent). The proportion of women in management positions who are themselves on the management board or report to the management board was 30 per cent in the 2020/21 financial year (previous year: 34 per cent, but these figures did not include the European production sites) and is to be increased to 50 per cent in the long term (see page 40).



Work-related accidents

The number of reported occupational accidents – including accidents on the way to work – has decreased by 25 per cent compared to 2019/20, from 75 to 56 accidents. The lower number of commuting accidents due to people working at home more led to the sharply reduced number.



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 Targets and Initiatives

Our Sustainability 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.

Target

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

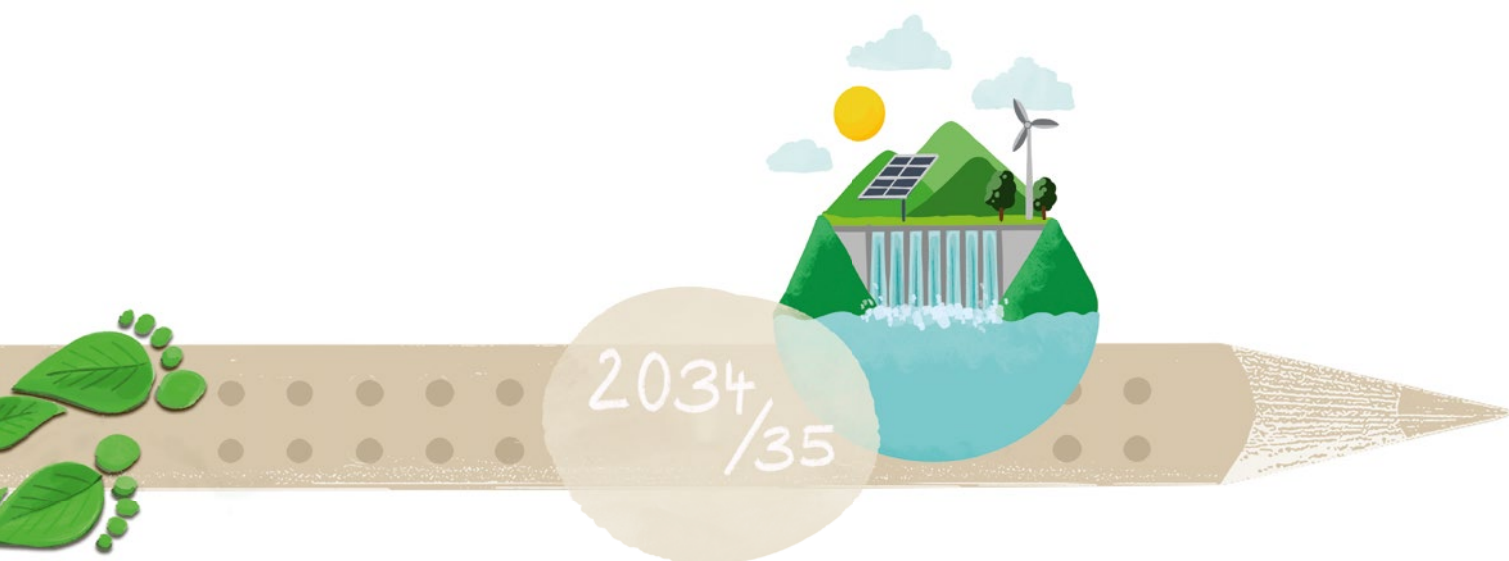
Gender equality



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

Target

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



Plastic



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

Target

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

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.

Target

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

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.

Target

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

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.

Target

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

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



Targets 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 Graf 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

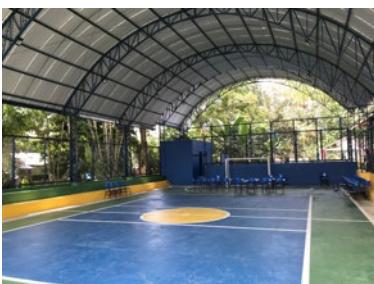
The project in São Carlos supports about 120 children from precarious family situations who, among other things, are facing domestic violence and other types of abuse. This day care facility provides children aged 6 to 14 years with protection and care, leisure activities, homework help and food. It 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) ADEFAP, 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.



e) 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.

f) 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 focuses 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).



Trilux Style ballpoint pen standard colours

88%



Jumbo water-based marker 47

82%



Jumbo whiteboard marker 123, 123R

82%



Winner whiteboard marker 123, 152

84%



Winner water-based marker 47

84%



Jumbo permanent marker 23

83%

Faber-Castell Peru is switching from plastic to cardboard packaging

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



Recycled plastic products from Faber-Castell Germany in sustainable packaging

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

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



Faber-Castell Germany is converting the blister packs to recycled material

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



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.



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 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.



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 1970.² 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.³ 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.



² WWF's living planet report 2020, page 1 https://wwf-eu.awsassets.panda.org/downloads/lpr_2020_media_summary_embargo_10_09_20.pdf

³ <https://www.biodiversitya-z.org/content/megadiverse-countries>

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.

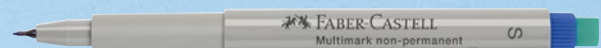


Power consumption reduction project in Faber-Castell's cooling tower in Indonesia

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. For each compensated tonne of CO₂, 10 kilograms of plastic waste are collected.



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.

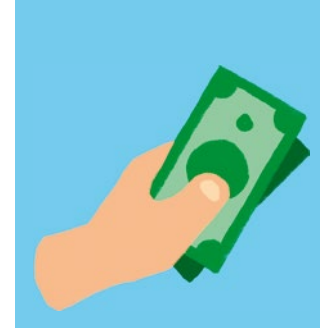




Appendix

Input

GRI	Raw materials (tonnes)	Unit	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
301	Wood (boards)	t	17,850	16,645	15,891	17,547	+10%
	Plastics (conventional)	t	9,932	8,773	7,261	4,462	-39%
	Plastics (recycled)	t	3	47	76	144	+89%
	Clay	t	157	358	349	140	-60%
	Graphite	t	413	444	335	196	-41%
	Kaolin	t	3,675	3,586	3,138	3,437	+10%
	Water-based varnish	t	82	98	86	72	-16%
	Paint with organic solvents	t	872	855	785	763	-3%
	Paper packaging	t	7,209	6,312	6,045	6,143	+2%
	Plastic packaging	t	2,134	2,087	1,806	1,447	-20%
	Total packaging	t	9,343	8,399	7,851	7,590	-3%
GRI	Raw materials (tonnes)	Unit	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
303	Total water	m ³	307,398	307,977	273,602	248,611	-9%
GRI	Non-renewable energy	Unit	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
302	Natural gas	MWh	9,711	95,81	93,73	11,113	+19%
	Liquid gas	MWh	1,048	1,021	1,018	775	-24%
	Diesel	MWh	1,650	1,293	1,242	1,121	-10%
	Petrol	MWh	1,132	836	776	578	-26%
	Heating oil	MWh	132	128	76	43	-43%
	Total non-renewable energy	MWh	13,673	12,859	12,485	13,631	+9%
GRI	Renewable energy	Unit	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
302	Energy (hydropower)	MWh	1,444	1,703	1,856	2,002	+8%
	Bioethanol	MWh	40	11	28	10	-66%
	Biodiesel	MWh	189	206	243	275	+13%
	Biomass	MWh	126,844	116,834	102,343	115,649	+13%
	Wood pellets	MWh	3,018	2,933	2,949	2,631	-11%
	Total renewable energy	MWh	131,535	121,687	107,420	120,863	-12%
GRI	Electricity	Unit	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
302	Renewable energy	MWh	40,849	40,902	44,551	38,893	-13%
	Non-renewable energy	MWh	21,347	20,346	12,121	8,223	-32%
	Mix	MWh	2,756	3,013	2,397	1,785	-26%
	Total electricity	MWh	64,952	64,261	59,069	48,901	-17%
	District heating	MWh	542	456	434	429	-1%



Wood

As a result of weaker sales, the volume of wood purchased has fallen continuously in recent years, but in the 2020/21 financial year there was a slight increase of ten per cent. The increase is due to a higher purchase volume of the cosmetics sector. However, this is not reflected in the output figures, as some orders were cancelled due to the pandemic, but due to the long delivery times, the wood requirement quantities could no longer be adjusted at short notice. 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 plastics fell by 39 per cent as of the 2020/21 financial year and goes hand in hand with the decline in plastic product production. On the other hand, the share of recycled plastic has risen sharply. Thus, 144 tonnes of recycled plastic were purchased in the 2020/21 financial year, an increase of 89 per cent compared to the previous year, when only 76 tonnes were procured. The recycled material was used in the plants in Austria, Germany and Peru. 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, clay and kaolin

Purchased quantities of graphite decreased by 41 per cent in the 2020/21 financial year, as fewer pencils were produced at all wood-processing sites. The use of kaolin, however, which is used for crayon production, increased by ten per cent to 3,437 tonnes. The demand for the raw material clay fell by 60% due to lower production orders.

Water

The volume of water purchased at the production sites fell by nine per cent compared to the 2019/20 financial year. This is mainly due to lower production capacity utilisation. In 2021, Faber-Castell carried out a risk analysis specifically geared to water as a resource,

evaluating the risk of groundwater and surface water contamination. No corporate risks in the area of water management were identified. Compliance with national standards and legal regulations ensures that no water bodies are polluted. This is also verified by external audits such as ISO 14001. There is also no operational, process-specific risk of a lack of water availability, as Faber-Castell is not active in any particularly water-intensive industry.

Natural and liquefied petroleum

The demand for natural gas increased by 19 per cent, because the demand in Germany was slightly higher and the cosmetics plant in the USA was included in the calculation for the first time – without this, the increase would have been 10 per cent. The demand for liquefied petroleum gas, on the other hand, fell by 24 per cent; Peru in particular required 57 per cent less liquefied petroleum gas due to an extensive plant closure.

Petrol

Petrol consumption for the sites fell by 26 per cent to 578 MWh, as the sites in Peru, Colombia and India in particular had less demand due to the corona-related decline in production.

Fuel oil

The demand for fuel oil fell by 43 per cent in the 2020/21 financial year. The reason for this is that India had to generate less electricity using generators, as there were fewer grid outages. Indonesia was also able to reduce its demand for fuel oil, as some equipment that runs on fuel oil was not used in the last financial year.

Bioethanol

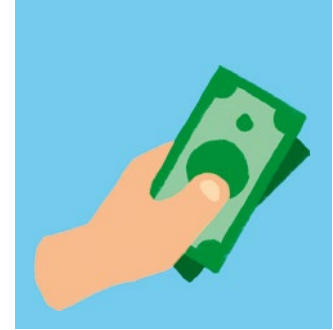
Bioethanol is used by Brazil. However, the price has risen sharply, so less has been purchased here and alcohol is no longer used in paint production. Therefore, there was a decline of 66 per cent.

Electricity

Overall, the demand for purchased electricity decreased by 17 per cent, which is also due to the lower production volumes in the 2020/21 financial year. Electricity from renewable sources fell by 13 per cent and electricity from non-renewable sources by 32 per cent. Austria, Brazil, Peru and Germany already purchase 100 per cent green electricity. Overall, the share of renewable energy with self-produced electricity from hydropower and solar power is 80 per cent.

Output

	Products	Unit	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
	Wood-cased pencils in million pcs.	Million pcs.	2,211	2,106	2,120	1,900	-10%
	Ink writing instruments, markers, erasers and writing accessories	Million pcs.	1,083	1,084	982	566	-42%
	Other products	Million pcs.	356	356	315	226	-28%
	Produced ink	Litres / kg	937,702	947,746	893,393	564,957	-37%
	Total writing instruments	Million pcs.	3,295	3,190	3,102	2,467	-20%
	All products (excluding ink)	Million pcs.	3,651	3,546	3,427	2,692	-21%
GRI	Waste water (m ³)		2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
306	Waste water	m ³	179,011	159,661	119,583	89,917	-25%
GRI	Emissions		2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
305	VOC emissions from paint coating	t	143	142	116	103	-12%
	Boundaries – average during the day	dB(A)	63	61	60	62	+3%
	Boundaries – average at night	dB(A)	56	54	53	54	+2%
GRI	CO ₂ emissions (t CO ₂ e)		2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
305	Scope 1	t CO ₂ e	6,050	4,906	4,372	5,060	+16%
	Scope 2	t CO ₂ e	27,742	27,554	20,843	14,940	-28%
	Scope 3	t CO ₂ e	13,663	15,786	9,871	6,312	-36%
	Total CO ₂ e	t CO ₂ e	47,454	48,246	35,085	26,312	-25%
GRI	Waste (t)		2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	Δ 19/20 – 20/21
306	Hazardous waste	t	630	674	630	391	-38%
	Household waste	t	5,423	4,167	4,135	4,980	+20%
	Total waste	t	6,054	4,841	4,764	5,371	+13%

**Wood-cased pencils**

The production of wood-cased pencils fell moderately by ten per cent in the 2020/21 financial year. Due to long-term ordering processes, this is not reflected in the input figures for purchased wooden boards, which increased slightly by ten per cent.

Plastic-based writing instruments and products

The share of plastic-based writing instruments fell by 42 per cent to 566 million units compared to the 2019/20 financial year. Peru, Malaysia, India and Brazil in particular had sharp production declines due to COVID-19 and temporary production closures.

Waste water

As in previous years, waste water was reduced by 25 per cent. This was due to a lower water demand due to lower production utilisation.

CO₂ emissions

Total emissions fell by 25 per cent in the 2020/21 financial year due to the increased use of renewable energies and reduced Scope 3 emissions as a result of hardly any business trips being undertaken.

Waste disposal

The total amount of waste increased by 13 per cent in 2020/21 compared to the previous year. The reason for this is the new inclusion of the North American cosmetics plant in the data analysis.



Social Indicators

GRI	Employees	Unit	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	Δ 19/20 – 20/21
405	Number of employees worldwide	Number	8,215	7,864	7,176	6,665	-7%
	Proportion of women	Number	3,478	3,409	3,154	2,803	-11%
		%	42%	43%	44%	42%	
	Proportion of employees with a disability	Number	128	115	119	142	+20%
		%	1,6%	1,5%	1,7%	2,1%	
	Proportion of employees in administration	Number	2,443	2,363	2,310	2,130	-8%
		%	30%	30%	32%	32%	
	Proportion of employees in production	Number	5,772	5,501	4,866	4,535	-7%
		%	70%	70%	68%	68%	
	Proportion of employees with permanent contracts	Number	6,402	6,065	5,765	5,443	-6%
		%	78%	77%	80%	82%	
	Proportion of employees who are employed via agencies	Number	273	377	305	208	-32%
		%	3%	5%	4%	3%	
	Number of trainees (Germany)	Number	25	29	31	32	+3%
	Proportion of women in manage- ment positions (level 1 and 2) (from FY 2020/21 incl. Germany)	Number	56	62	54	60	+11%
		%	30%	33%	34%	30%	
GRI	Social Charter	Unit	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	
407	Participation of production and sales sites	%	100%	100%	100%	100%	
	Production sites with collective agreements	%	87%	88%	88%	81%	
GRI	Sickness, injuries, deaths	Unit	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	Δ 19/20 – 20/21
403	First responders with training	Number	775	733	754	678	-10%
		%	9%	9%	11%	10%	
	Reportable accidents (including commuting accidents)	Number	88	88	75	56	-25%
	Fatal workplace accidents	Number	0	0	0	0	
GRI	Employees	Unit	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	Δ 19/20 – 20/21
406	Reported corruption and discrimination incidents	Number	0	0	0	0	



