



FABER-CASTELL

since 1761



OUR GLOBAL COMMITMENT

SOCIAL & ENVIRONMENTAL RESPONSIBILITY

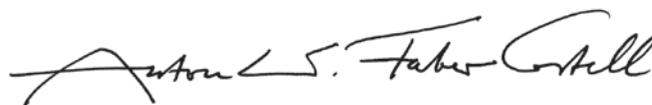


Global commitment is an obligation

I am sometimes asked why Faber-Castell voluntarily signed a social charter, valid world-wide, that forbids discrimination and child labour in all its factories and guarantees all the other conditions of employment of the International Labour Organization (ILO). As a proponent of a social free-market economy, it is both an obligation and something I take for granted to face up to the challenges of globalization. In the tradition of responsibility that my great-great-grandfather confessed to with his pioneering social commitments, we provide humane working conditions around the globe and also help our employees to achieve a better standard of living and quality of life. That assures the long-term viability not only of our individual workers but also of the Faber-Castell group as a whole.

One does not need to be a visionary to realize how important it is to preserve natural resources for the generations to come. Wood and trees are an embarrassing topic in many circles. So it is all the more satisfying that nearly 25 years ago Faber-Castell initiated a forestry project which to this day counts as exemplary in the stationery business. Our 10,000 hectares of managed pine forest, the source of raw materials for our black-lead and colour pencils, have been certified by the Forest Stewardship Council (FSC) as “environmentally compatible, socially equitable, and economically sustainable”.

Faber-Castell joined the United Nations ‘Global Compact’ in June 2003. That makes us one of the first medium sized companies to face up to the social, ecological, and economic challenges of globalization as part of a cooperative alliance between politics and private industry. I would be very pleased if more companies were to imitate the Faber-Castell example, bringing overworked words like ‘sustainable’ to life with some practical deeds. To complement that, I also hope that politicians will continue to work on creating better conditions for responsible action on the part of industry.



Count A. W. von Faber-Castell
(Chairman, Faber-Castell Group of Companies)

IN HARMONY WITH NATURE



Employee with pine seedlings



Tree nursery at Prata, Brazil

Sustainable wood supply from managed plantations

It is estimated that about 20,000 million black-lead and colour pencils for all kinds of writing and drawing requirements are produced all over the world every year from various kinds of wood, ca. 50% of them in China. The European manufacturers produce about 2,000 million a year. In order to be independent of timber suppliers and at the same time to be able to keep up with the continually growing demand, Faber-Castell initiated a pioneering plantation project nearly two decades ago on former grassland with a poor sandy soil; it proved to be a forestry project of unique character in the industry, located in the middle of the Brazilian savannah near Prata (Minas Gerais state), more than 2,500 kilometres away from the Amazon rainforest. It currently covers 10,000 hectares. The pine used for the woodlands is a tropical species called *Pinus caribea*, which grows quickly, can flourish even in poor conditions, and is easy to replant.

Using modern plantation technology and taking full account of the existing soil, water, flora and fauna, the forestry project represents an ecologically perfect closed cycle, regenerating about 20 m³ of timber per hour. Since 1999 the Faber-Castell plantations have also been certified by the FSC (Forest Stewardship Council): a demanding international standard for “environmentally compatible, socially equitable, and sustainable forestry”. Faber-Castell Brazil, the Group’s major subsidiary located in São Carlos (São Paulo state), uses the resources to produce 1,800 million pencils annually. It is thus the world’s largest pencil manufacturer.



New plantation with two-year-old saplings

SETTING A GOOD EXAMPLE



The rare maned wolf lives in our forests



One of the pine plantations

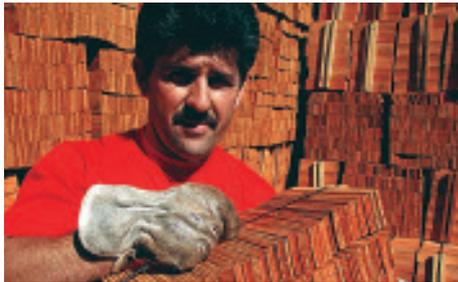
Extensive environmental commitment and education

Planting alone is not enough for Faber-Castell. It is also vital to preserve and enrich the native species of the Brazilian savannah trails and forest. So as to put into practice its commitment to the environment, Faber-Castell Brazil developed three projects in addition to the pine plantation: *Arboris*, *Animalis*, and *ECOMmunity*. The objectives of the *Arboris* project are to preserve and value the regional native flora, allowing its natural regeneration. In areas where natural treatment is not possible, native trees relevant to the local fauna are planted. The *Animalis* project pays tribute to the fact that the Faber-Castell woodlands provide a habitat for 178 bird, 36 mammal as well as 40 reptile and amphibian species, several of them of great scientific interest because they are threatened with extinction, for example the extremely shy maned wolf. A continuous monitoring conducted by biologists secures studies to preserve and increase the diversity of wild species living in small pockets of natural vegetation. The *ECOMmunity* project for the employees and the community in Prata aims at encouraging people to preserve natural resources. By 2006, the programme had already reached more than 35% of the local population. With its superior form of forest management, ecological conservation, and community education, Faber-Castell highlights once more its tradition as a responsible family business spanning several generations.



Forest workers caring for the trees

SOCIAL COMMITMENT



Employee with pine-wood slats



The Social Charter displayed for all to see

The Faber-Castell Social Charter

In March 2000, Faber-Castell and the IG Metall trade union ratified an agreement they had worked out jointly and which applies in all countries. The Faber-Castell Social Charter is one of the first of its kind in the world. The company voluntarily commits itself to assuring, in all its subsidiaries, the terms of employment and working conditions recommended by the International Labour Organization (ILO). The charter includes, amongst other things, a ban on child labour, a guarantee of safe and hygienic working conditions, and also equal opportunities and treatment, regardless of race, religion, sex, or nationality. An independent committee checks at regular intervals that the terms are being complied with.

As one of the oldest industrial companies, Faber-Castell has shown a high degree of social commitment for many generations. As long ago as the mid-19th century it set up one of the first company health insurance schemes in Germany, and one of the first children's crèches; it founded schools and built houses and apartments for employees.



The human eye is still the best judge of quality. Checking the "raw pencils".

THE GLOBAL COMPACT



Ban on child labour: an important issue in the Faber-Castell Social Charter



Faber-Castell declares its support for the nine principles of the Global Compact. By joining this initiative it underlines its support for achieving better conditions for human beings and nature by means of socially and ecologically compatible business practices. In 2003, its year of entry, Faber-Castell worked specifically on improving the working conditions in its supplier companies in India and on the FSC certification of the factory in Stein near Nuremberg.

Human rights and labour: Public Private Partnership in India

In the medium term, Faber-Castell would like to extend the Social Charter to cover suppliers as well. The first step has been taken in India, as part of a PPP (Public Private Partnership) project implemented jointly with the GTZ (German Association for Technical Cooperation) and the IG Metall trade union. With the aid of an information workshop we were able to sensitize institutions and ministries, non-governmental organizations and trade unions, but also companies and local auditors to this topic. Four suppliers submitted themselves to a preliminary inspection by neutral auditors commissioned by the GTZ. That determined an initial situation which served as a basis for drawing up an activity plan divided into priorities. Roughly 15 months later, there was a follow-up audit in order to document the progress. The final report that came out of the audits now serves as the basis for extending the social standards to further suppliers, in India and in other threshold countries.



Public Private Partnership in India: suppliers are being gradually encouraged to implement the Faber-Castell Social Charter

THE FABER-CASTELL BRAND ESSENTIALS

“Tradition means keeping the glow, not the ashes, alive. The success of Faber-Castell throughout the centuries is a result of valuing years of experience, striving to make the ordinary extraordinarily good, being open to new ideas and acting responsibly with entrepreneurial spirit. These values apply not only to the brand but to the entire company as well and form the basis of both our identity and our long term success.”

Count Anton Wolfgang von Faber-Castell

The “BRAND ESSENTIALS” define the core values of the Faber-Castell brand. They form the basis of what we do and how we do it – both within the company and in dealings with our customers, business partners, society and the environment.

By preserving the core values of the brand, Faber-Castell remains unique throughout the world. The Faber-Castell Brand Essentials form the foundation for consistent brand management. They help to establish clear structures and guidelines and link and combine all areas of the company. This is how sustainable growth is ensured.

The Faber-Castell Core Values:

1. Competence & Tradition

We use our competence based on our roots, our history, our experience and constant learning to shape our own future with entrepreneurial spirit. This guarantees a sound know-how to maintain or build a solid leadership, high degree of credibility and a strong global communication and distribution network based on fair partnership.

2. Outstanding Quality: Best of the Class

We are determined to be the best of the class in all products and services. We respect the needs of the regional markets, always considering global requirements.

We understand quality as ensuring:

- clear point of difference, perceived and relevant added value
- outstanding performance
- characteristic and timeless design

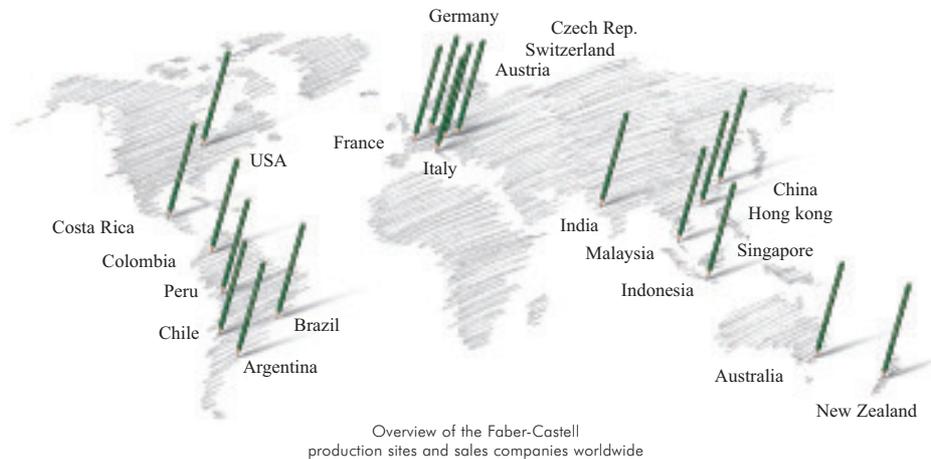
3. Innovation & Creativity

We mean innovation and creativity as pioneering and providing continuous improvements to offer solutions with relevant benefits to end consumers. We stimulate our own creativity through an open working atmosphere, dedication, commitment and international interdisciplinary working teams.

4. Social & Environmental Responsibility

We feel a consistent obligation and commitment towards people and environment. We practice our social responsibility within the company, with business partners and in the community. We prioritize and continuously search for environmental friendly processes and materials to contribute to planet preservation. We are ahead on anticipating future trends and impacts to accomplish our obligations and guarantee sustainability.

THE FABER-CASTELL GROUP OF COMPANIES



Faber-Castell Peru



Faber-Castell Brazil



Faber-Castell India



Faber-Castell Malaysia

The company facts & figures

Faber-Castell is one of the world's leading manufacturers and sellers of high-quality products for writing, colouring, and creative design – a famous name all over the world. The international group of companies was originally founded over 245 years ago (in 1761) as a pencil factory in Stein near Nuremberg. It is thus one of the world's oldest industrial companies; it is now headed by Count Anton Wolfgang von Faber-Castell, the 8th generation of his family to do so.

The Faber-Castell group produces over 2 billion black-lead and colour pencils a year, making it the world's major manufacturer in its core field of wood-cased pencils. 2,000 different articles, ranging from wax crayons for children to exclusive fountain pens are divided in product categories with five fields of competence ("Playing & Learning", "Art & Graphic", "Premium", "General Writing" and "Marking"). Faber-Castell employs some 6,000 people in 16 production sites and 19 sales organizations. The total includes roughly 2,700 who work for the Brazilian company in São Carlos and São Paulo (500 of them involved in a unique forestry project near Prata in Minas Gerais state).



Faber-Castell Indonesia



Faber-Castell in Stein near Nuremberg



Faber-Castell China