





One head, many ideas

Sustainability at STAEDTLER

2022

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Concept and implementation: Birke und Partner GmbH, Communications Agency

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The future needs good ideas

This mindset has a long tradition with us and is deeply rooted in our company. Friedrich Staedtler and his greatgreat-grandson, our founder Johann Sebastian Staedtler, revolutionised the manufacture of pencils and coloured pencils back in the 17th and 19th centuries. Their wealth of ideas shaped an entire economic sector in Nuremberg.

Today, as one of the oldest industrial companies in Germany, we can look back at a history full of tradition and innovation. They are part of our values as well as social responsibility, inspiration, quality and sustainability. These values drive us and make us the driving force behind good ideas.

One of our key principles is sustainable action – in the interests of people and the environment. For us, this means protecting our environment and dealing responsibly with our resources, but also with each other. For this reason, our actions are based on the three pillars of ecology, economy and social responsibility.

We have achieved a lot; the status quo gives cause for celebration. Looking to the future, however, shows that more needs to be done. The maxim of our actions is to be both ecological and efficient. We source our most important raw material, wood, exclusively from certified forestry and operate our own plantation in Ecuador, which is designed for sustainability.

STAEDTLER Mars GmbH & Co. KG Managing Directors and Management Board

Axel Marx Kamran Klee Konstantin Czeschka Matthias Greiner Ernst Bader

We rely on innovative developments for our processes and materials in order to continuously improve our products, including for our environment. In this way, we offer a large product world with which everyone can effortlessly implement their ideas and implement projects – from beginners to professional users.

Our responsibility extends beyond our factory. With numerous social projects, such as World Kids Colouring Day, we are committed to creative exchange and fair cooperation.

STAEDTLER's economic, environmental and social responsibilities go hand in hand with its long-term business success. We systematically record our sustainability development and continuously review key figures. In order to permanently update and improve our sustainability concept based on the United Nations Sustainable Development Goals (SDGs for short), we rely on close dialogue with our partners and customers.

We are proud of the developments that have made STAEDTLER a company that thinks and acts sustainably. We would like to show you our most important milestones in the following. This brochure explains where we as a company stand in 2022 and how we want to become even more sustainable. Because our path continues. Through our joint commitment, we are striving for more in order to make the future more sustainable step by step.

One head, many ideas: **STAEDTLER, Head of ideas**

It all starts with an idea. Some ideas are guiet and transform our immediate environment, others are groundbreaking and have global impact. Whether kindergarten child, architect or artist: There is no monopoly on good ideas. At STAEDTLER, we believe in all these ideas – and in bringing them to the world. We are manifesting this attitude in our figurative mark, the head of Mars, and our new brand claim: Head of ideas.

We see our products as an ally. They make it possible to bring your own imagination to life. Because if you paint, draw, model, design and formulate, you can create something new. And sometimes turn the world upside down with your ideas. Just like we at STAEDTLER do again and again to this day.

Our company history is full of free spirits who put their ideas into practice. It was in 1662 when Friedrich Staedtler came up with his idea, which was free from all conventions. Against the requirements of the Nuremberg Council, he began to manufacture both leads and the body for pencils. In doing so, he abolished the separation between the production of the lead by the lead cutters, and the production of the lead's wooden encasement by the carpenters.

He established an independent, effective pencil-making trade in Nuremberg. He followed his conviction and stood by his idea. His great-great-grandson Johann Sebastian Staedtler invented the coloured pencil as we still know it today, and also made it available to a wider audience outside of artist studios. For former STAEDTLER Managing Director Rudolf Kreutzer, employees were already the top priority at the beginning of the 20th century. He also had an eye on the environment and noted in a handwritten report back in 1909 during a sales trip for STAEDTLER that "large stocks of the well-known Californian redwood (...) were heavily thinned with the saw."

Today STAEDTLER is one of the world's leading manufacturers and suppliers of writing, painting, drawing and modelling products. We create ideas that make our products more sustainable, efficient and durable. In this way, we want to help people around the world realise and share their ideas. To achieve this goal, our currently more than 2,300 employees around the world work on the right products every day.

As a symbol of our company, the head of Mars is synonymous with ideas. These are firmly anchored in our corporate values:



Accountability

We treat each other and our environment with care.

We encourage each other to share our ideas

Innovation

We think outside the box

Quality

Our products make it possible to concentrate on your own ideas.

Tradition

We provide ideas - right from the start.

Sustainability

We think long-term and focus our actions on the three pillars of ecology, economy and social responsibility

Sustainability strategy

Our aim is to handle the resources of our earth with care and foresight. This is why efficiency plays a major role in our philosophy for sustainable action, for example in the production or logistics of our products. We focus on measures that lie within our own area of responsibility and have an influence on our processes. Our focus is therefore on our manufacturing processes, the materials used, such as plastic and wood, as well as the procurement and transport of raw materials. We develop clearly defined factual bases for our measures, which we use to regularly check how we are achieving the reduction or savings targets we have set.

We make our contribution to climate protection through measures at our sites in order to reduce our own CO_2 emissions in accordance with Scopes 1 and 2 of the GHG (Greenhouse Gas Protocol).

In order to establish comparability with other institutions, we measure our key figures based on GRI (Global Reporting Initiative) and SDGs (Sustainability Development Goals). We relate these two forms of environmental reporting to one another. The framework conditions are not only recognised worldwide, they are also two of the EU Commission's recommended key figure systems in the new CSRD (Corporate Sustainability Reporting Directive). The SDGs will also be referred to as the "Future Contract of the World Community for the 21st century" and were adopted at the UN Sustainability Summit in 2015 as part of the 2030 Agenda for Sustainable Development. Agenda 2030 defines a total of 17 sustainability goals (SDGs) and 169 sub-objectives, which should form the framework for achieving a sustainable society.

STAEDTLER has prioritised the 17 goals for their relevance to the company and derived fields of action from them. Our business objectives are aligned and linked to the SDGs.



Energy

Current key figures

Our sustainability monitoring department collects and updates data on an annual basis, making our status quo measurable and comparable. Let's take a look at today's status.

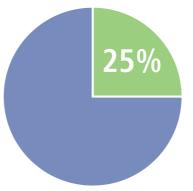
> In our key figure survey, we focus on these **Sustainable Development Goals:**



100% **Green electricity**

All four German production sites have been producing 100% green electricity since 2021.

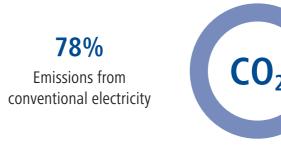
Green electricity



25% of the electricity required at the international production sites were provided by green electricity in 2020.

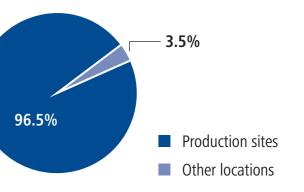
Through the incineration of wood chips generated as waste during pencil production, our Neumarkt plant generated 7% of the total energy required at all production sites in 2020.

Origin of CO₂ emissions at all production sites in Germany, Thailand, Indonesia and Peru 2020





Total energy demand worldwide



96.5% of STAEDTLER's global energy requirements were consumed at our production sites in 2020. This applies to electricity, green electricity and gas, oil and heat from Neumarkt.

7% Heat energy from own sources

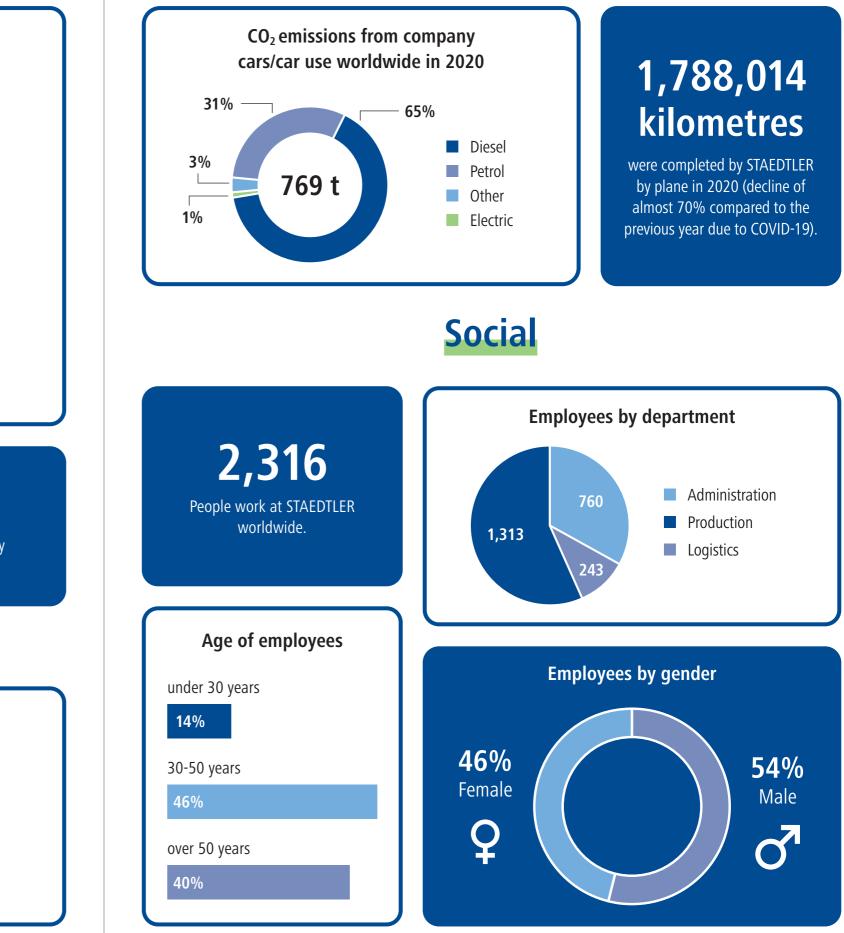


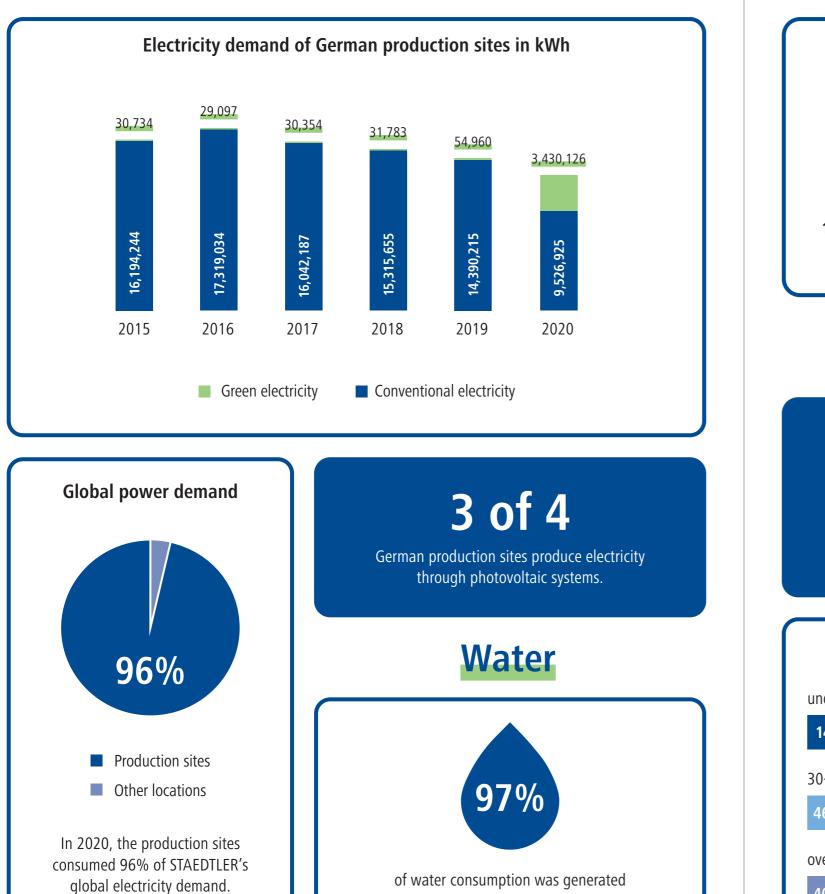


Emissions from energy sources oil, gas, wood chips (Neumarkt)

Energy – Electricity

Emissions & Mobility





of water consumption was generated at production sites worldwide in 2020.



Production and process innovations

We master our key technologies ourselves – from material technology involving formulation and manufacturing to process technology, such as (co-)extrusion and colour pigment grinding. These areas are central to our research and development activities and enable innovative products and efficient processes.

Our activities

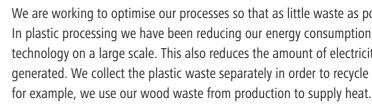


Wastewater treatment

In 2018, a new wastewater treatment plant was put into operation at the Nuremberg site. They have improved the ratio of purified wastewater to filtered-out substances. The amount of wastewater to be disposed of has fallen by over 30% in 2020 compared to 2015.

Picture: Water before (right) and after (left) the cleaning process through the new water treatment plant.

Recycling



Environmentally friendly electricity

We are significantly increasing the share of renewable energies. Since January 2021, we have been using only green electricity at all German sites. This means that all of our products manufactured in Germany are exclusively produced using green electricity. In 2020, the switch to green electricity at the Nuremberg site, for example, already avoided 778 tonnes of CO₂ emissions.

Hydropower

As a further measure to increase the use of renewable energies at STAEDTLER, we purchase around 50% electricity from hydropower at our site in Peru.

Examples of optimised production facilities:

- By using a new system technology in injection moulding production, we were able to reduce the power requirement for each plastic part produced, from which the STAEDTLER pens are made of. From 2014 compared to 2020, we have been able to save over 20% electricity per produced part.
- In 2019, we optimised the compressed air generation in the Neumarkt and Sugenheim plants with a total of five new compressors with intelligent control, saving more than 30% of electricity for the compressed air generated each year.
- In 2020, we optimised the cooling production in the Nuremberg plant by means of two efficient CO₂ refrigeration systems that generate the cooling water for production. Here, CO₂ is used as a natural refrigerant instead of a conventional halogenated refrigerant. The waste heat generated in the cooling process is used for hot water treatment via heat exchangers. The hot water is mainly used in the heating circuit and thus saves heat energy from natural gas.

We are working to optimise our processes so that as little waste as possible is generated. In plastic processing we have been reducing our energy consumption by introducing hotrunner technology on a large scale. This also reduces the amount of electricity required and waste generated. We collect the plastic waste separately in order to recycle it. At our Neumarkt site,



Solar on the roof

Since 2019, we have been producing electricity at our Nuremberg site with our own photovoltaic system. The plants in Neumarkt and Hengersberg are also equipped with such a system.

ISO certifications



Our production sites in Germany and Asia are ISO 9001 and ISO 14001 certified. Our Peru site is scheduled for both ISO certifications from 2023. ISO 14001 is a globally accepted and recognized standard for environmental management systems. The second component of the integrated management system is ISO 9001 certification, our quality management system. The objective of the management systems is to increase the overall performance of the company and provide a good basis for sustainable corporate development.



Energy efficiency winners

The STAEDTLER Neumarkt plant has held this title since 2019. The award from the "Energy Region Nuremberg" recognises comprehensive energy efficiency measures. Our production site in Neumarkt was able to reduce power consumption by 24% and heat demand by 33% between 2010 and 2018. This resulted in a CO₂ saving of 938 tonnes. This success was made possible, for example, by the renewal of the gas heating system, the introduction of a 2,000-litre buffer tank and the renovation of the facade.

Our production and process innovation goals

Reduce CO₂ emissions

- By 2024, we will reduce the intensity of emissions by 70% (kg CO₂e*/T€ of Group gross sales).
- We will reduce the GHG scope 2 (CO₂e*/power) by 80% by 2024.
- By 2030, we will intensify the use of energy from renewable sources that we generate ourselves or that is represented by direct investments.

Reduce water consumption

 We will reduce our water consumption by 20% by 2024.

 \star CO2 equivalents: Unit of measure to make the climate impact of different greenhouse gases comparable.

Our measures contribute to these Sustainable Development Goals:





Our idea: Capture the sun over our locations.

Our locations in Nuremberg, Neumarkt and Hengersberg produce their own electricity.

By 2030: renewable energy.





Social responsibility

We value each other – inside and outside of the STAEDTLER company. To this end, we take internal measures that strengthen the well-being and cooperation of employees. We are committed to social projects around the world.

Our activities

Social Charter



By signing the STAEDTLER Social Charter in 2006, we are committed to international workers' and human rights. STAEDTLER opposes forced labour, child labour and discrimination and stands for the payment of fair wages worldwide. We also advocate respect for the right to freedom of association and collective bargaining agreements. For the benefit of employees, we provide safe and healthy working conditions and promote professional development. Compliance with these internationally applicable principles is part of the tasks of all managing directors of the subsidiaries.

World Kids Colouring Day on 6 May

STAEDTLER initiated World Kids Colouring Day in 2008 and has since called on children all over the world to draw for a good cause every year. For every picture they draw, we support children's aid organisations with one euro – making the little artists big helpers who are committed to children in need.

At World Kids Colouring Day 2021, our environment played a special role: Under the motto "Let's discover nature – on land", tens of thousands of children around the world were creatively involved with their surroundings and their biodiversity. This resulted in a total of 30,958 images – crafted and drawn in 19 countries. Record participation is also good news for hundreds of families in Peru. STAEDTLER once again awarded Plan International Germany, a child rights organisation, one euro per submission, this time as support for the "Allin Mikuna – Healthy nutrition for children" aid project in the Peruvian region of Cusco.

Innatura

innatura

Since 2016, STAEDTLER has donated 40 pallets of products, including pencils and coloured pencils, sharpeners, erasers and modelling clays, making it the third largest donor for Innatura. The initiative collects in-kind donations from companies and brokers them to non-profit organisations at favourable prices. This saves the facilities money that they can use elsewhere. Our products went via Innatura to 405 different institutions and thus numerous children, young people and families.

Occupational health and safety

We are continuously working to improve occupational and plant safety as well as health protection at STAEDTLER. We take care to protect people and the environment in our workplaces. Regular training sessions are held to ensure compliance with relevant laws and regulations. Every manager is obliged to instruct and support their employees in exercising this responsibility.



Code of Conduct



STAEDTLER thinks globally and takes into account local, cultural, economic and legal circumstances. We are committed to complying with the legal requirements and high standards set out in our Code of Conduct in all our activities. Our Code of Conduct is a binding internal standard based on applicable law. It specifies the corporate principles mentioned and helps us all to follow these principles and implement them even better in our work for STAEDTLER.

The Code of Conduct is constantly being further developed and adapted to the constantly changing economic and legal conditions. We regularly review and update the related documents and references. However, the Code of Conduct is not just a collection of rules and guidelines for lawful conduct in day-to-day work. It also offers all employees the opportunity to contact a compliance committee with confidence, particularly in cases of doubt. These two elements – the rules and the compliance committee – give our Code of Conduct its special quality.



Real-life inclusion

STAEDTLER has been working with the Lebenshilfe Lenkersheim (aid organisation) near its Sugenheim site for 13 years. Under the motto "It is normal to be different", around 28 staff and three carers from Lebenshilfe currently support the STAEDTLER team and take on packaging work or activities in the canteen, for example. Table football tournaments or a Nordic walking tour liven up everyday life together.

Our social responsibility goals

Appreciative cooperation:

- We continue to promote social projects such as World Kids Colouring Day and environmental education projects.
- We continuously ensure safe and healthy working.
- In 2022, we will complete the calculation of international key figures on diversity and equal opportunities.

CO₂ emissions:

- We will reduce the CO₂ footprint of air travel by 50% by 2024.
- We are constantly creating incentives and promoting the use of alternative forms of mobility such as car pools and e-mobility.

Our measures contribute to these Sustainable Development Goals:



STAEDTLER provides up to 50,000 euros of support every year to child rights organisations.



Our idea: Children draw for children.

On World Kids Colouring Day, the little ones let us see the world through their eyes. STAEDTLER will support a project with one euro for each submitted picture.





Material innovations

What is used for a long time is especially gentle on our environment and its resources. That's why we develop our products for long-term use and continuously research new formulations and technologies that make our products even more durable and sustainable.

Our activities

Made from Upcycled Wood

We at STAEDTLER developed a process over ten years ago that enables us to use wood as the most important raw material for our pencils even more efficiently. The key to this is "upcycling".

Upcycling recycles residual or waste materials and transforms them into something new. While these substances lose some of their value during recycling or downcycling, they are upgraded during upcycling and often receive a new purpose. The use of existing materials reduces the need for new raw materials and thus saves resources and the environment. Thanks to our exceptional production technology, we do not need any wooden boards like in conventional production processes to produce pencils and coloured pencils Made from Upcycled Wood. We use wood chips from sawing and planing processes in the woodworking industry. The grinding and upcycling of these wood chips is characterised by processes. This means that even the smallest wood remains can be reused in high-quality pencils. The wood shavings used for upcycling come from PEFC-certified, predominantly German forests (PEFC/04-31-1227), which are managed in an ecologically, economically and socially sustainable manner. This also keeps transport routes short, as all our products Made from Upcycled Wood are "Made in Germany". Thanks to their high quality and fracture resistance, they are particularly durable and save our resources in production and use.

Our idea: Pencils, Made from Upcycled Wood.



We have the power to protect the environment for future generations. Through upcycling, we upgrade wood chips, which are produced as residual and waste products in the wood industry, to new pencils.







DRY SAFE

The pen remains open – this happens quickly. The result: It dries out, no longer writes and is disposed of straight away. In order to make our products more durable – for our customers and the environment – we developed DRY SAFE technology. Nature served as a role model: Many plants protect their fruits and leaves from drying out with a layer of wax. We have applied this principle to our products since 1996. This allows the pens to remain open for days without losing quality. We use DRY SAFE technology in the Lumocolor range and the triplus family, for example.

Sustainability means transparency ...

... that's why corresponding pictograms make our sustainability aspects visible. All newly launched products for 2022 are already marked. During 2022, 100% of our packaging and materials will be labelled accordingly.



Our material innovation goals

Sustainable products and packaging worldwide:

- We are increasing the use of recycled plastics and/or the bio-proportion of plastic in existing STAEDTLER product lines, thereby reducing the CO_2e^* footprint of these products by up to 20% by 2024.
- We will convert at least 50% of single-use plastic packaging to cardboard packaging by 2025.
- Our plastic packaging will have at least 75% recycled content by 2024.

 \ast CO2 equivalents: Unit of measure to make the climate impact of different greenhouse gases comparable.

Our measures contribute to these Sustainable Development Goals:



Sustainable packaging "Made in Germany": We have already achieved this

We no longer really want to use PVC for our packaging. That's why we have already completely switched to PET. From 2025, we will only use full cardboard.



Cardboard packaging

95% of our packaging boxes, such as cases for coloured pencils, have been converted to at least 80% recycled material.



Sustainable displays made from cardboard

Our cardboard displays contain as much recycled content as possible.



Blister covers

We have switched 100% of our blister covers from PVC to PET. Parts of the product range have already been converted to full cardboard.



Plastic cases

We have switched 100% from PET to 75% rPET (recycled PET) for plastic cases and other packaging forms.



Sustainable, certified forestry

Wood is essential for our pencils and coloured pencils. That's why protecting and securing this raw material in the long term is important to us. In order to gain it for our company in a sustainable way, we are growing it ourselves: Strong trees grow on our own plantation in Ecuador, from which we manufacture equally strong products.



Our activities

Sustainable forestry on our own plantation in Ecuador

We set up our own plantation in Ecuador, allowing us to oversee production of the wooden boards used to make our pencils. For this purpose, we selected the tree species according to ecological and economic criteria, adhere to strict environmental standards in the cultivation conditions, take into account the existing flora and fauna and will continue to process the wood ourselves in the future. In Ecuador, we found the right conditions for our own plantation in 2017 after a thorough search. With a planned total area of around 1,200 hectares, trees for STAEDTLER pencils of the future are growing there on former pastures.



Gmelina – high quality, fast growth

The genus Gmelina arborea, a rapidly growing labiate, is cultivated here. The trunk of a Gmelina tree can be used for board production after about six years when the trunk diameter reaches 40 cm. A linden from STAEDTLER's Franconian home country, on the other hand, takes around 80 years to achieve a comparable stem thickness. In addition to rapid growth, the Gmelina wood also has other advantages: It is pressure treated and is of very high quality.

Agroforestry production

Agroforestry refers to an agricultural production system combining elements of farming with those of forestry. The aim is to optimise land use through agroforestry secondary use. The success of the Yuca (Maniok), which was already cultivated between the trees in 2019 and serves as food for the domestic market, proves us right. This means that more can be produced on the same surface, while at the same time creating jobs.





Yellow and black are not only the colours of our well-known Noris products, but also the toucan, which was spotted on our plantation.

Plantation as a natural area – biodiversity (species diversity)

Ecuador boasts a very wide range of species, which we want to both preserve and increase. The STAEDTLER plantation is located in an area characterised by high biodiversity and high endemism. Endemic species are those found only in this part of the world. Ecuador has been biogeographically isolated in the West by the Pacific Ocean and in the East by the Andes for millions of years. This isolation has led to the proliferation of unique plants and animals with restricted range. All these endemic species should be preserved in the long term with particular attention.

The first animal counts began in 2021 and will continue over the next few years. Documenting all forms of life is essential to understanding a functioning conservation plan. Endemism is the key to understanding the importance and value of nature conservation in Ecuador. Cooperation with the National Biodiversity Institute INABIO is planned for 2022.

The raw material wood



Wood is the very heart of all our pencils and is therefore essential for STAEDTLER. It is therefore a matter of course for us to ensure the sustainable production of this raw material, even outside our own plantation. We already only use wood from sustainable forestry for the production of all wood-cased pencils. We attach great importance to securing resources in the long term. In addition, we keep relevant ecological aspects in mind in our in-house production and supply chain analysis. All the woods we use are PEFC or FSC[™] certified.

Our forestry goals

Sustainable products and packaging:

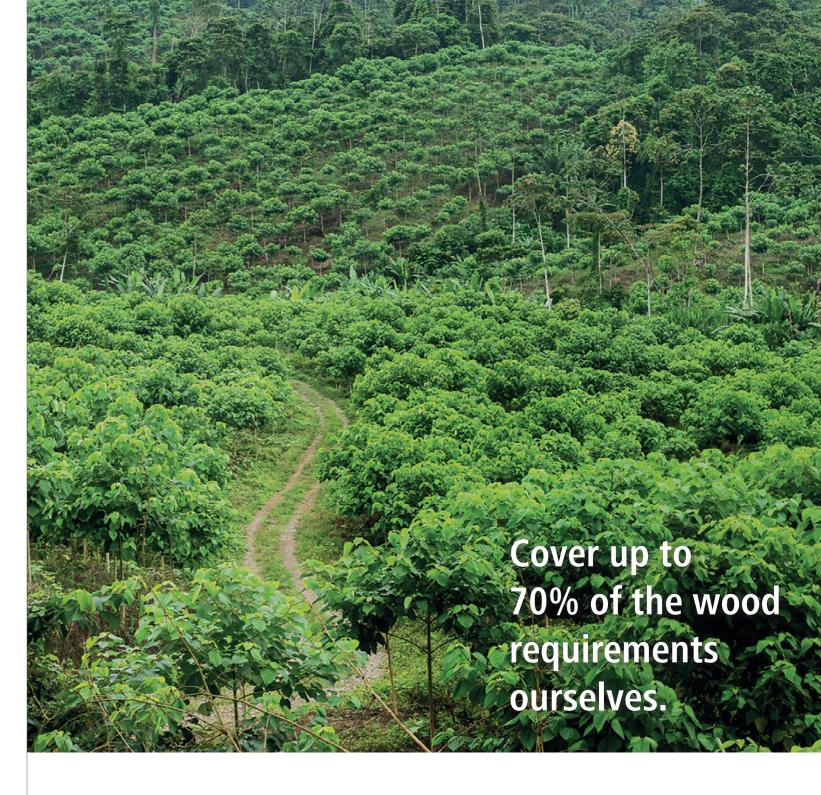
- All woods used are PEFC or FSC certified. The Peru production site will be certified by 2025.
- Our plantation in Ecuador will be FSC certified until 2023.

Biodiversity:

• We protect biodiversity in the STAEDTLER plantation and at the production sites.

Our measures contribute to these Sustainable Development Goals:





Our idea: Our own plantation in Ecuador.

With a plantation in Ecuador, STAEDTLER takes its own responsibility for the production of wood, the key raw material for pencil manufacture.





Educational support

Ideas and knowledge are central to our future. That's why we support even the smallest children in developing their strengths with age-appropriate products.

Our activities

Early childhood education

We see ourselves as a lifelong brand. With our wide range of products, we accompany people from their first attempts at drawing in early childhood to creative work at an older age. We offer exactly the right products for every age group – tailored to their needs – and guarantee the highest quality at all times.

In the early years of life, children are already laying the foundations for successful learning later on and thus for good development opportunities. We want to use our products, such as those from the Noris junior or the Noris jumbo range, to promote children's individual abilities. Creative children can react faster to new situations and find solutions to problems by improvising and going beyond classic thinking patterns. We encourage creative development right from the start. Every child has creative potential from birth, just waiting to be used. Visual arts foster fine motor skills and the visual spatial thinking of children required for learning. The drive to discover, interact and observe begins in early childhood.

With the age-appropriate product concept, we support children in the various phases of their rapid development. Writing, drawing, painting and crafting skills are the foundations for maintaining human cognitive and motor skills. This philosophy is the cornerstone of STAEDTLER, and consequently we give children at all development levels the right pen or pencil.





30 Educational support







Noris junior

Noris junior makes it possible for even the smallest children to reach their full potential. The 2+ series stands for fun, EASY operation and environmentally friendly and SAFE products (PLAY – EASY – ECO – SAFE). The range guarantees educationally valuable playing experiences. The particularly thick and compact pencil shape fits perfectly into small children's hands – making drawing even more fun. We obtain dermatological expert opinions for Noris junior products.

Noris Jumbo

The Noris Jumbo range lets young children discover their own creativity. The 4+ series stands for exploration, fun, EASY handling and environmentally friendly and SAFE products (EXPLORE – EASY – ECO – SAFE). The triangular pencil shape supports the learning of the "3-point finger grip". The jumbo format is made for small children's hands to make drawing pleasant. We also obtain dermatological assessments for our Noris jumbo products.



Our educational support goals

Personal development:

• We continuously promote lifelong learning and support the development of the youngest children with age-appropriate products.

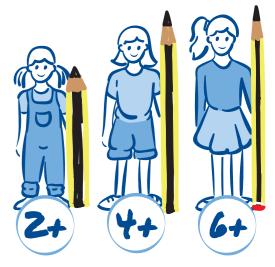
Our measures contribute to these Sustainable Development Goals:



Encouraging individual skills from an early age.

Our idea: The right pen or pencil for every age.

With our age-appropriate product concept, we support children in the various phases of their development. Analogue techniques such as writing and painting lay the foundation for the development of human mental and motor skills.





Head of ideas.