

**Progress Report on the  
'Biodiversity in Good Company' Initiative  
Leadership Commitment**

Period: February 2019 – April 2021

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## Leadership Commitment

All signatory companies acknowledge and support the three objectives of the International “Convention on Biological Diversity” (CBD):

- conservation of biological diversity
- sustainable use of its components
- fair and equitable sharing of the benefits that arise out of the utilisation of genetic resources

and commit to:

1. Analyse impacts of corporate activities and current operational dependencies with regards to biological diversity.
2. Integrate the protection of biological diversity, the sustainable use of components and the equitable sharing of benefits derived from use (the three objectives of CBD) into sustainability management systems.
3. Appoint a responsible individual within the company to steer all activities in the biodiversity sector and report to the Managing Board.
4. Define realistic and measurable objectives to improve the protection of biological diversity and its sustainable utilization, to be monitored and adjusted every two to three years and identify challenges.
5. Publish activities and achievements related to biological diversity in the company’s annual, environmental or sustainability report.
6. Inform suppliers about the company’s biodiversity objectives and integrate suppliers accordingly and step by step.
7. Explore the potential for cooperation with scientific institutions, non-governmental organizations and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate biodiversity management system.

To demonstrate ongoing commitment, member companies shall provide the Initiative with a progress report every two years.

*Leadership Commitment version: November 2019*

These progress reports will be published on the ‘Biodiversity in Good Company’ initiative’s website <https://www.business-and-biodiversity.de>

## The Company

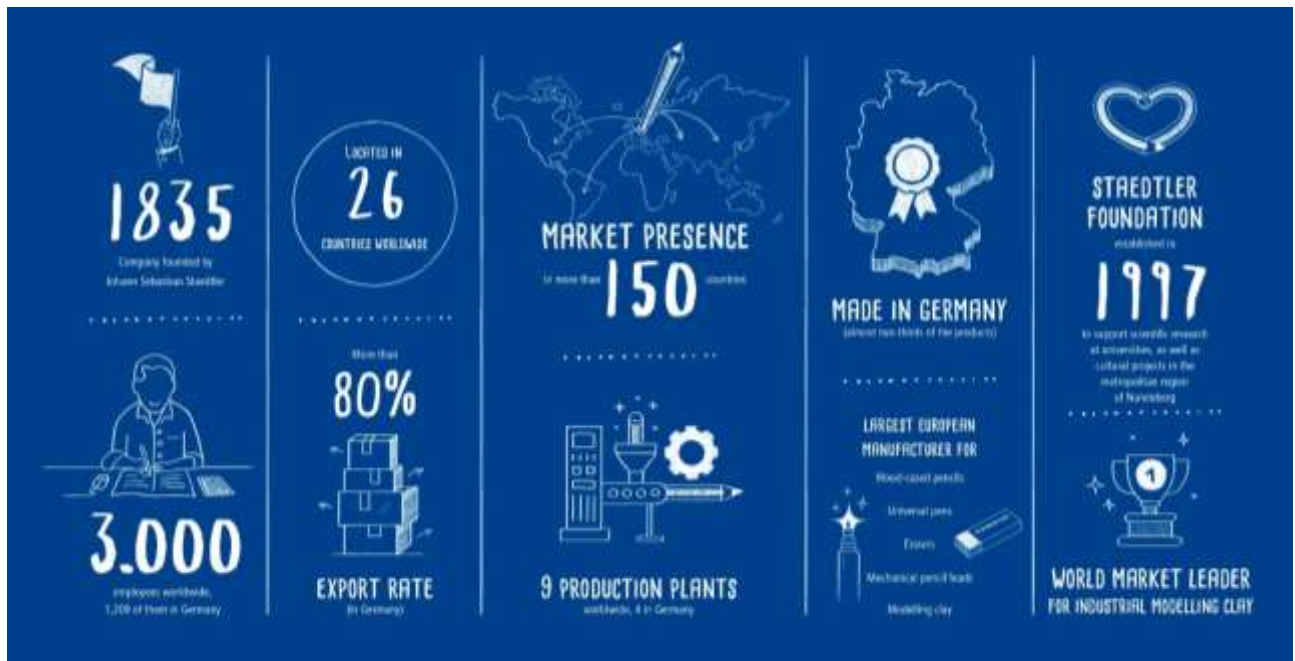


Figure 1: STAEDTLER is the largest European manufacturer of wood-cased pencils, universal pens, erasers, mechanical pencil leads and modelling clay, and is also the world market leader for industrial modelling clay.

“The future needs good ideas”

This mindset has a long tradition with us and is deeply rooted in our company. Friedrich Staedtler and his great-great-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 (see ). They are as much a part of our values as responsibility, inspiration, quality and sustainability. These values drive us and make us the driving force behind good ideas.

When it comes to sustainability development, our focus is on the renewable raw material wood, which is an essential component of our pencils and coloured pencils: *“Wood is the very heart of our wood-cased pencils and is therefore essential for STAEDTLER. That means ensuring the sustainable production of this raw material is a given for us”* (Managing Director Axel Marx). That is why only wood from sustainable forestry is used to manufacture all wood-cased pencils. The long-term safeguarding of resources, in-house production and supply chain analysis from an ecological perspective are extremely important to us.

The structure of the STAEDTLER Group has changed significantly since the previous report. STAEDTLER has acquired a majority stake in the Peruvian school and office supply company ARTESCO.

The company, which has been successful in Latin America for over 40 years, is the market leader in Peru with its products and one of the leading manufacturers in the Andes region. As a result, we have a production base on the American continent and a significantly stronger position on the Latin American market. The integration of ARTESCO with the associated introduction of ISO 9001 and ISO 14001 management systems are important projects for us in the coming years.



## 1. Analyse impacts of corporate activities and current operational dependencies with regards to biological diversity

For STAEDTLER, the raw material wood is the starting point for our commitment to the preservation of biodiversity and this commitment is supported by local measures at our production sites.

Like the entire consumer goods industry, the writing instrument industry will also rely on biodiversity being intact to meet the growing demand from customers and consumers for environmentally friendly products in the future. The impact on species and ecosystems is not so much about our sites, but rather mainly about all the raw materials used throughout the entire supply chain. Aside from plastics for ink writing instruments, the raw materials are natural substances such as kaolin, talcum, and graphite, as well as wood.

STAEDTLER has already achieved a lot in terms of sustainability: The company produces long-lasting products using only wood from certified sources. With the plantations in Ecuador, STAEDTLER has taken the production of its most important raw material into its own hands.

The use of land at the production sites is also becoming increasingly important. In this regard, STAEDTLER started the nature-oriented company premises project, in which options were explored in a concept phase and some of these options have already been implemented.

The status quo gives cause for celebration. Looking to the future, however, shows that more needs to be done. The maxim of trade is to be both eco-friendly and efficient at the same time: from the extraction of our raw materials to production and packaging through to logistics. STAEDTLER relies on innovative research and environmentally friendly manufacturing processes to achieve this.

With social projects such as World Kids Colouring Day, the company is committed to creative exchange and fair cooperation. For STAEDTLER, this is also part of a sustainable approach.

STAEDTLER's economic, environmental, and social responsibilities go hand in hand with its long-term business success. The company systematically records sustainability progress and continuously reviews key figures. In order to continuously update and improve its sustainability strategy based on the United Nations' Sustainable Development Goals, STAEDTLER relies on close dialogue with its partners and customers.

## 2. Integrate the protection of biological diversity, the sustainable use of components and the equitable sharing of benefits derived from use (the three objectives of CBD) into sustainability management systems

STAEDTLER bases its business activities on the principles of a sustainable, i.e., economically, and environmentally and socially responsible, commercial approach. Implementing these principles – beyond the minimum legal requirements – is a high priority at all levels and in all areas of our company.

The management of STAEDTLER Noris GmbH defines the future direction of the company in a medium-term strategy that covers a period of four years and is reviewed and updated at least every two years. This medium-term strategy also includes the quality and environmental strategy as well as the future sustainability focus.

The environmental policy is unchanged since the previous report and includes the following key aspects:

- Protection of the environment by preventing or reducing detrimental effects on the environment
- Alignment with the basic principles of European environmental policy and the German Federal Government's energy plan (with defined environmental targets)
- Provision of environmental data to interested parties
- Compliance with binding obligations, in particular the applicable legal obligations
- Continuous improvement of our environmental performance

The issue of sustainability is reflected in the two sentences:

- As our central raw material, wood is generally from sustainable forestry and PEFC and/or FSC-certified as a matter of principle.
- Protecting biodiversity in timber cultivation on our own plantations

In order to achieve the environmental targets, an annual budget, defined as a percentage of STAEDTLER Noris GmbH's total investment volume, is reserved for environmental spending and activities.

The second progress report focused on the following areas:

- Innovation
- Raw materials
  - Use of plastic
  - The raw material wood
- Nature-oriented company premises
- World Kids Colouring Day

## 2.1. Innovation

The impacts on the environment and biodiversity are calculated in “Research and Development” projects. The raw materials used are generally selected taking into account the environmental and efficiency-related aspects.

Two technologies are particularly important here:

### WOPEX



With the aim of being able to use wood even more efficiently, STAEDTLER developed a special wood material in 2009: WOPEX.

Unlike conventional pencils and coloured pencils, which are made from wood slats, WOPEX pencils are produced using a special production process: All components – wood material, pencil lead and decorative elements – are processed in the form of granules using co-extrusion. The use of this wood material, which mainly consists of wood flour, enables significantly higher wood utilisation per tree than is the case with classic, wood-cased pencils. Another benefit is the short, energy-saving transport routes for the raw wood material, which comes exclusively from PEFC-certified, sustainably managed forests mainly in Germany. The traditional, elaborate lacquering process can be completely dispensed with in production, as the WOPEX pencil gets its unique feel during the production process. Raw materials and energy are used as sparingly as possible in the production of WOPEX pencils and coloured pencils.

STAEDTLER makes an active contribution to the sustainable use of the natural material wood thanks to the significantly higher wood utilisation per tree and efficient transport routes.

### DRY SAFE



The DRY SAFE technology described in the last progress report continues to be important to STAEDTLER. Pens equipped with DRY-SAFE technology can be left open for days without losing their quality and colour. This means they last significantly longer. The technology introduced by STAEDTLER in 1996 is used, for example, in the Lumocolor range and the triplus family.

## 2.2. Raw materials

Raw materials are an important factor for us in terms of influencing sustainability and biodiversity.

At STAEDTLER, the focus is on:

- Plastic
- Wood

### 2.2.1. Plastics

Plastics still make up approx. 1/3 (see **Fehler! Verweisquelle konnte nicht gefunden werden.**) of all raw materials used.

The measures launched in 2018 to replace the plastics used in products and packaging with recycled materials and bioplastics have been continued and further developed (see section **Fehler! Verweisquelle konnte nicht gefunden werden.**).

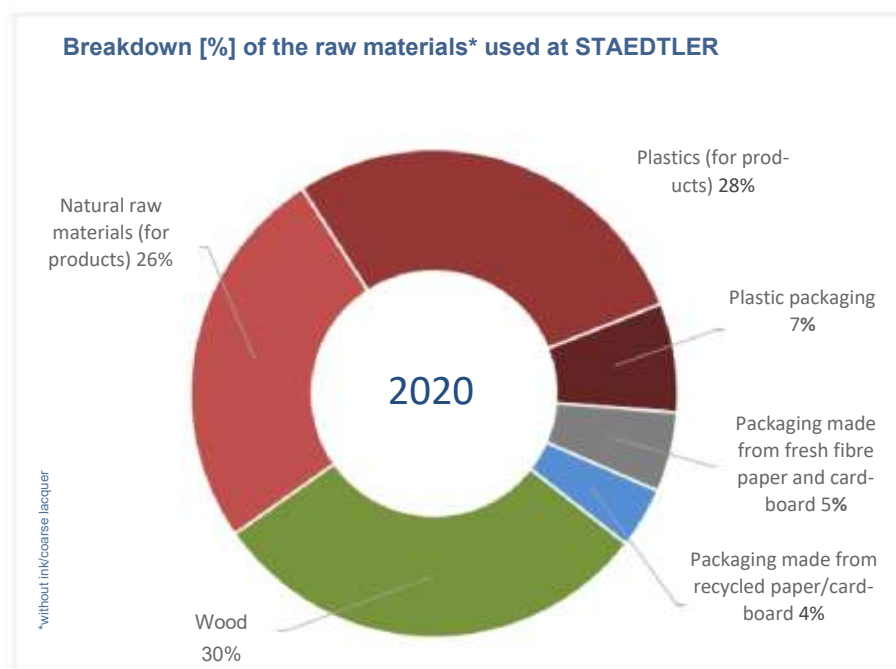


Figure 2 Diagram showing the breakdown of raw materials used

### 2.2.2. The raw material wood

The raw material wood is particularly close to our heart.

Only wood from certified sustainably managed forestry is used to manufacture all wood-cased pencils. To date, STAEDTLER has sourced all its wood from suppliers. *"To make ourselves more independent from suppliers in future and to increase the depth of our added value, it's an obvious step to invest in our own plantation,"* says Managing Director Axel Marx.

#### Self-managed wood cultivation:

The development of our own timber plantations, which was described in the first progress report, has been continued as planned. STAEDTLER plants the tree species *Gmelina arborea*, a very fast-growing tropical deciduous tree whose wood does not need to be impregnated for the production of wood-cased pencils and is of very high quality, in Ecuador.

STAEDTLER is taking the cultivation of wood and the production of small wooden slats for pencil manufacturing into its own hands, while also taking into account the existing flora and fauna.

Since 2017, over 800 ha have been planted with over 500,000 trees in total. Around 10% of the land is not used for forestry and is available as a protected zone to conserve or increase local biodiversity.

Before the first planned wood harvest in 2024, STAEDTLER will have the area certified (see Figure 3) according to the FSC criteria and thus ensure ecologically responsible forest management.

To advance the issue of biodiversity, various contacts have been made with local universities and authorities, cooperation projects have been assessed and planting trials have been carried out in the agroforestry system. Specific implementation is still a work in progress.



Figure 3: Location of plantations in Ecuador



CO<sub>2</sub> storage capacity:

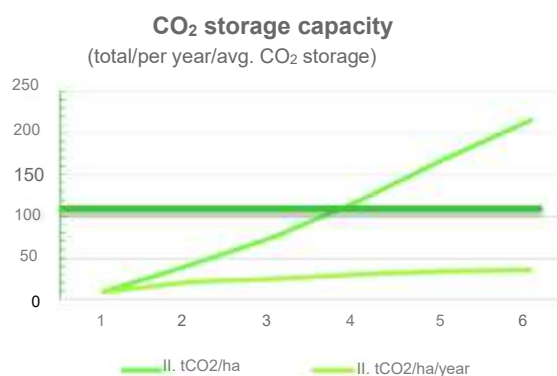
To assess the interrelationship between carbon storage capacity and biodiversity, STAEDTLER first calculated the CO<sub>2</sub> sequestration by the timber plantations in Ecuador in 2020.

For this calculation, assumptions were made with regard to the shape factor and the expected wood density for the Gmelina plantation at the time of the last inventory in February 2020.

- The average CO<sub>2</sub> sequestration over the 6-year rotation cycle is 104.93 tCO<sub>2</sub>/ha
- Extrapolated to the planned expansion size of 1,200 ha, this gives a total > 125,000 tCO<sub>2</sub>.

The internationally recognised calculation method, 401.13-AR-Methodology-V1-1 from GoldStandard, was used for the calculation. If no project-specific parameters were available, the conservative default values specified in the aforementioned method were used.

The use of CO<sub>2</sub> sink capacity for the neutralisation of the company's emissions is currently being investigated, as is the link to biodiversity aspects.





## 2.3. Nature-oriented company premises

### Introduction

Biodiversity starts on your own doorstep: with this underlying principle in mind, in 2019 STAEDTLER sought initial advice from the Heinz Sielmann Foundation (HSS) on the possibilities and options for a nature-oriented design.

The three production sites in Nuremberg, Neumarkt in der Oberpfalz and Sugenheim were analysed through on-site visits under the expert eyes of the HSS's consultant on biodiversity and nature-oriented company premises as well as a landscape architect. For STAEDTLER, this action represents a sensible introduction to corporate biodiversity management for the nature-oriented design of existing areas.

### Background

Company premises contribute to soil sealing and the destruction of habitats while, at the same time, often having unused green spaces. With a nature-oriented design, these areas can be made available to local flora and fauna without affecting the primary function of the site (e.g. production, goods receipt and dispatch, etc.). This can create valuable biotopes and, as a result, important habitats and refuges for animals and plants in urban areas.

### Concept

The concept is based on the definition of nature-oriented. This definition is divided into the following three aspects:

- Using, designing and managing ecological processes and nature's own dynamics
- Conserving resources and using them efficiently
- Making the characteristics of the site the basis for planning and design

Since no two company premises are alike, there are individual solutions for each area in order to promote effective measures. Nature-oriented design always takes into account design and environmental aspects, considering the frequency of use, type of use and design requirements.

Examples of the options available for the different areas of the three Bavarian STAEDTLER production sites can be broken down into the categories listed:

- Areas with representative function (areas around the entrance, gatehouse and car park)
- Larger green spaces between company buildings
- Smaller green spaces alongside company buildings

Approval for the implementation of measures was granted in the same year, immediately after the presentation of the results to management, but the planned measures were only partially implemented, and only at the Sugenheim site, due to a pandemic-related freeze in investment in 2020.

Measures implemented at the Sugenheim site

As a first step, a flower strip was planted on one of the lawns on the company’s premises in 2020 based on the recommendations of the HSS. A mixture of bee forage plants, wildflower mix and wildflower meadow, including cornflowers, mallow, yarrow, and scorpionweed, was sown. The strip is 5 m wide and 60 m long and is located on the area outlined in red in Figure 4



*Figure 4 Sugenheim company premises with flower strip (red border) and the other planted areas (blue border) marked*

The lawns around the strip of flowers will still be mown regularly and used by the fire safety officers for training. The flower strip itself will remain untouched as a habitat for insects and will be cut in spring at the earliest. This will allow the seeds of the flowers to remain on the lawn and grow again in the next vegetation period (see Figure 5).



Figure 5: Flower strip in July 2020

Based on the HSS's proposals, flowering bushes and perennials were planted around the car park, at the entrance area and in the green spaces on the street side of the factory building (marked in blue) in autumn 2020 and fall under the category *areas with a representative function*. A colourful and diverse array of flowers will hopefully be enjoyed all year round from this spring.

Other potential improvements at the Sugenheim site:

- Conversion of other green spaces owned by the company into grassland/orchards
- Use of coarse woody debris or cairns
- Nesting options

In addition, the Sugenheim site is planning to establish one or two bee colonies from this spring with the support of a local beekeeper.

The mirroring of some of the measures at the pilot site to the other German production sites is feasible and is planned for the coming year.

## 2.4. World Kids Colouring Day

For the World Kids Colouring Day on 6 May 2021, STAEDTLER will focus on biodiversity. From 1 April to 30 June, children between the ages of three and twelve are invited to discover the species around them and to capture their experiences in creative images.

This year's motto "Let's discover nature – on land" at STAEDTLER combines two key elements of STAEDTLER's philosophy: (environmental) education through raising children's awareness of the issue of biodiversity with the company's social commitment.

As in previous years, STAEDTLER is supporting Plan International Germany with one Euro for every picture sent in. This year, the initiative will support the "Allin Mikuna" project in Peru, which will help local families to secure their livelihoods and feed their children a healthy diet.

STAEDTLER will extend the motto "Let's discover nature" to other ecosystems over the next few years.





### **3. Appoint a responsible individual within the company to steer all activities in the biodiversity sector and report to the Managing Board**

Since 2014, the area of sustainability, environmental management and product safety has been defined as a separate unit and reports directly to the company management.

The number of staff in the department was increased in 2017 and has been stable since then. Sustainability and biodiversity are anchored in the company by the integrated management system, regular internal audits, trainings and frequent meetings with the international departments.

The targets for sustainability management agreed with each department are managed via the environmental programme. The results are reported annually to senior management in the form of a management review.

In 2020, the existing close contact with the corporate communications department was intensified. This will gradually open up further channels for communication with management, the company and the public.

At the initiative of sustainability management, a team was created with participants from company management, product management, development and communication. It meets several times a year to promote a uniform understanding of sustainability and biodiversity.

**4. Define realistic and measurable objectives to improve the protection of biological diversity and its sustainable utilization, to be monitored and adjusted every two to three years and identify challenges**

The company’s sustainability and environmental targets are based on the environmental policy, discussed in regular meetings with the departments and are established in the environmental programme.

In the annual budget planning for the STAEDTLER-Noris Group, investment-related targets are assessed according to commercial criteria and with regard to their environmental impact. Approval is then given by the company management.

Over the last two years, the environmental programme has been promoting energy issues in particular:

For 2019 and 2020, STAEDTLER has defined over 100 individual measures in its environmental management system in order to improve its environmental performance (see Figure 6). All measures have time targets and responsibilities and are primarily aimed at energy efficiency and energy saving and, therefore, the reduction of CO<sub>2</sub>emissions. In addition to the building of a CO<sub>2</sub>refrigeration system and gradually replacing conventional lighting systems with smart LED systems, energy-efficient compressor systems were implemented at two sites.

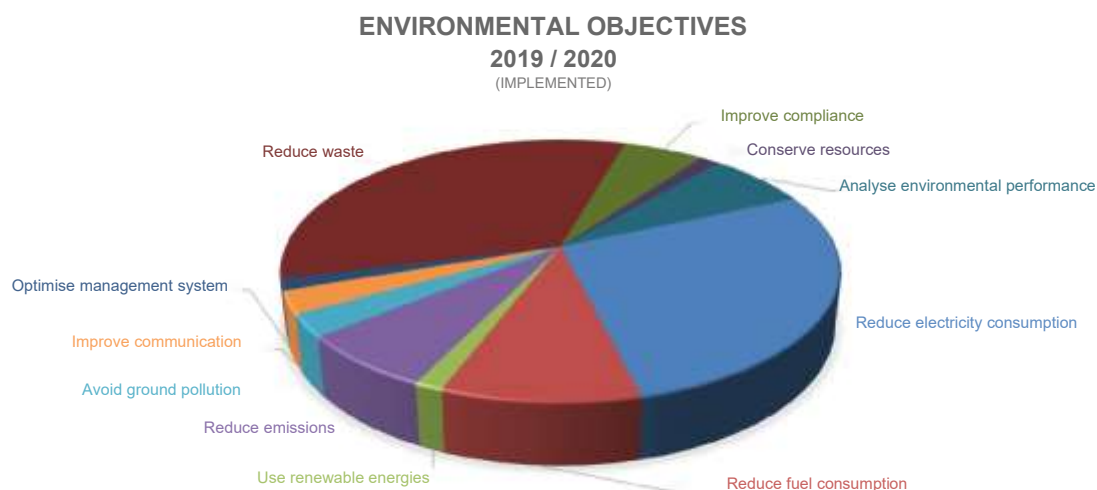


Figure 6 Diagram showing the STAEDTLER group’s environmental objectives from the years 2019/2020



STAEDTLER is also focusing more closely on the following objectives:

- Developing a sustainable packaging concept
  - Technical concept: “Sustainable cardboard material”
  - Getting rid of plastic packaging where possible
  - Avoiding waste in the value chain (e.g. use of thinner stretch films)
- Use of recycled plastics in pencil production

Furthermore, all German production sites will be supplied with green electricity from 2021.

In addition to the further expansion of the plantation in Ecuador, other smaller measures are also planned for 2021, such as the introduction of green gas at the German sites and the implementation of the nature-oriented company premises activities.



**5. Publish activities and achievements related to biological diversity in the company’s annual, environmental or sustainability report**

Results in the area of sustainability and biodiversity have previously been communicated in publications in the trade press and in the published consolidated financial statements. STAEDTLER regularly addresses the topics of health protection, environmental protection and compliance with the Social Charter.

The 2019 consolidated financial statements contain the following information:

*"[...] In our opinion, environmental protection takes place on various levels. With regard to our products, we are committed to manufacturing products that are not only environmentally friendly, but also offer outstanding durability and user benefits. For example, we have implemented the following environmental protection measures, such as the construction of a new, significantly improved water treatment plant and new photovoltaic systems, the use of wood chips for energy generation, the promotion of e-mobility and bicycle leasing (as an employee programme), among others, in the reporting period. The aim is to continuously reduce the use of natural resources (land, water, materials and energy) by taking measures such as continuously reducing CO<sub>2</sub> emissions in all STAEDTLER processes.*

*In order to secure the supply of raw materials and with a view to sustainability, the company started establishing wood plantations in Ecuador in 2017. When growing the wood, strict environmental standards are taken into account, as are the existing flora and fauna. In the medium term, approx. one third of the company’s wood requirements should be covered by these plantations. Due to the early growth period, these biological assets are still measured at cost of production. [...]"*

Another special measure was the involvement of employees at the three major German locations in our environmental flyer (from fair trade coffee and commuting to work through to local products in the canteen), the results of which are shown in Figure 7.

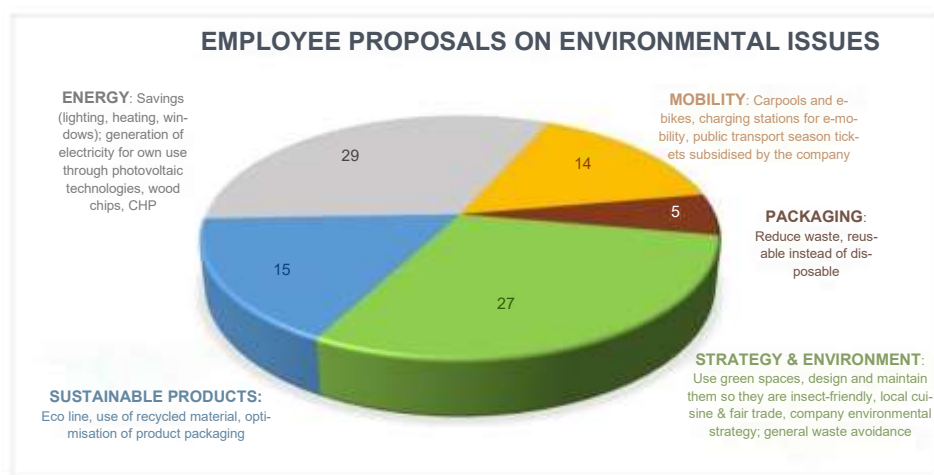


Figure 7 Categories of a total of 90 employee suggestions for the “blue” planet environmental flyer.





Other publications on our sustainability activities are listed below:

External:

- Neumarkt Energy Efficiency Award 2019 press release
- Various posts on LinkedIn as a new platform (example: new triplus packaging [#staedtlr](#) [#newpackaging](#) [#sustainability](#))

Internal:

- Intranet as a “new” platform since previous report: this has resulted in significantly more intensive reporting, e.g.
  - Sugenheim wildflower meadow
  - Compressors/energy efficiency Neumarkt
  - PV system at the Nuremberg site
  - Use of green electricity
  - STAEDTLER Iberia office building
- Presentation at the works meeting

## 6. Inform suppliers about the company’s biodiversity objectives and integrate suppliers accordingly and step by step

Purchasing procures goods and services internationally on economic terms and conditions, taking into account the total cost of ownership with the least possible risk, and uses the entire potential to increase the value of company activities. Purchasing cultivates good, partnership-based relationships with suppliers to secure supply, uses potential contributions to optimise the supply chain and supports all neighbouring departments with information.

The performance of suppliers is recorded and evaluated in the SRM (Supplier Relationship Management System) installed within the company.

The following aspects, among others, are taken into account when selecting suppliers or approving products:

- Acceptance of the criteria in the Social Charter (signature)
- Ensuring quality requirements
- Compliance with environmental targets
- Supply chain risks

For the most important suppliers, supplier dossiers are requested by Purchasing and updated accordingly. Their environmental performance is also investigated and subsequently documented.

The objective of integrating the environmental certification of the suppliers affected into the STAEDTLER supplier management system and integrating the subject of biodiversity into discussions with suppliers could not be implemented to the extent planned. The topic of biodiversity still has a very low level of priority in STAEDTLER's supplier structure.

**7. Explore the potential for cooperation with scientific institutions, non-governmental organizations and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate biodiversity management system**

STAEDTLER remains committed to numerous collaborations and partnerships.

In addition to sector-specific networks and membership of the 'Biodiversity in Good Company' initiative, STAEDTLER is also active in:

- FSC
- PEFC
- Verband für Nachhaltigkeits- und Umweltmanagement e.V. – VNU [Association for Sustainability and Environmental Management]
- B.A.U.M. e.V.
- Deutscher Verband der Spielwarenindustrie e. V. – DVSI [German Toy Industry Association]

As part of the above projects, additional contacts have been made:

- ForestSolution and TÜV Nord:  
Calculation of the plantation's CO<sub>2</sub> sink capacity and  
Verification of accuracy (TÜV report 20-052).



- Heinz Sielmann Foundation:  
The HSS was founded in 1994 by Prof. Heinz Sielmann and his wife Inge as a public foundation under civil law. Under the motto "Diversity is our nature", it pursues four goals:



- Guiding people, especially children and adolescents, towards a positive approach to nature through a personal experience
- Protecting and restoring refuges for rare species of animals and plants
- Raising public awareness of nature and its protection
- Preserving the Heinz Sielmann nature film archive

April 2021

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