

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

Period: April 2021 – December 2023

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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: February 2023

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

The Company

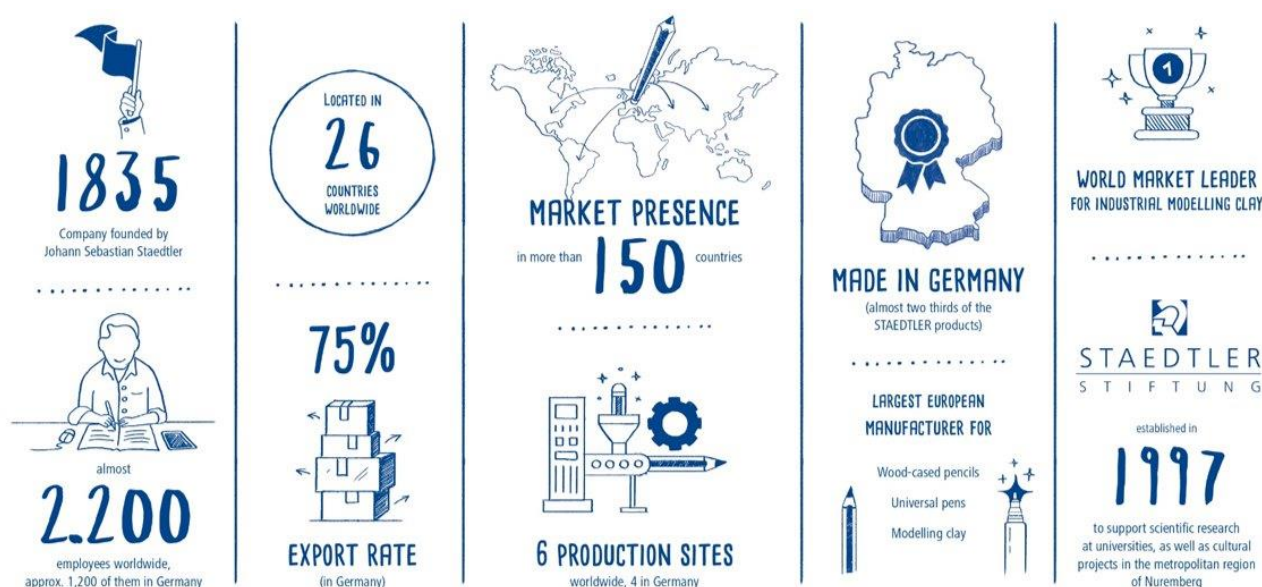


Figure 1: STAEDTLER at a glance

STAEDTLER is one of the world's leading manufacturers and suppliers of writing, painting, drawing and modelling products. (Figure 1)

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.

To this day, we at STAEDTLER see ourselves as a source of ideas. That is why our claim is: Head of ideas.

In 2022, the previous environmental policy was transformed into a sustainability strategy. This has been published in the format of a sustainability brochure ([Link Website EN](#))

Acting sustainably is one of our most important principles – in the interests of both people and the environment. For us, this means protecting our environment and dealing responsibly with our resources, but also with each other. It is important to take responsibility and make sustainable choices. In a world of many challenges, we recognise the importance of the three fundamental pillars for which we bear responsibility: economy, ecology and social affairs. These pillars form the foundation for a future worth living in, where we must reconcile economic prosperity, environmental protection and social justice. We systematically record our sustainability development and continuously review key figures. To continuously update and improve our sustainability The future needs good ideas Contents concept based on the United Nations Sustainable Development Goals (SDGs for short), we rely on close dialogue with our partners and customers.

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

Weiterhin ist für STAEDTLER der Rohstoff Holz die Ausgangsbasis für das Engagement zur Erhaltung der Biodiversität und wird durch lokale Maßnahmen an den Produktionsstandorten unterstützt.

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. We are also intensively promoting the circular economy approach by increasing the use of recycled plastic in liquid writing instruments.

The use of land at the production sites is also becoming increasingly important. In this regard, STAEDTLER started the nature-oriented company premises project, as part of which corresponding measures have already been implemented at two locations.

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.

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 Executive Board of STAEDTLER SE defines the company's direction in a medium-term strategy, which is regularly reviewed and updated. The sustainability strategy is also defined as part of this medium-term strategy.

The previous environmental policy has been converted into a sustainability strategy, includes new priorities and is being implemented with corresponding measures at all ISO 14001 locations.

- Reduce CO₂ emissions
- Reduce water consumption
- Sustainable products
- Sustainable packaging
- Promoting biodiversity
- Respectful cooperation
- Sustainability budget
- Fulfil obligations

For the third progress report, the focus was placed on the following areas:

- Made from upcycled wood
- Use of recycled plastic
- Growing wood ourselves
 - FSC™ certification
 - Biodiversity monitoring
- nature-oriented company premises
- World Kids Colouring Day
- Management certifications

2.1. 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 leftover 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 Made from Upcycled Wood. We use wood chips from sawing and planning processes in the woodworking industry. 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. Staedtler's most renowned product, the Noris 120 pencil, in its black and yellow stripe design, is also being made from upcycled European wood since 2023.

2.2. Use of recycled plastic

For over 65 years, our Lumocolor brand has represented excellent quality and reliable performance. The international conversion of the product range to recycled material started at the end of 2022. Since then, 97% of the housing, i.e. the shaft, protector and end cap of the pens, has been produced from recycled plastic. This changeover is an important contribution to reducing CO₂ emissions, and our promise of the quality will of course remain in place.



The change will initially apply to Lumocolor permanent and Lumocolor non-permanent universal pens as well as special pens. We plan to extend this conversion to recycled plastic in the entire Lumocolor range over the next few years.



2.3. Self-managed wood cultivation

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.

2.3.1. Sustainable, certified forestry

We set up our own plantation in Ecuador, allowing us to oversee the production of the wooden boards used to make our pencils. For this purpose, we selected the tree species according to ecological and economic criteria, adhered to strict environmental standards in the cultivation conditions, took 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. Since 2022, the plantation has been FSC™ certified (FSC™ C172764) and has thus achieved the target set in 2021.

It is 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 (PEFC/04-31-1227) or FSC™ certified (FSC™ C007132).

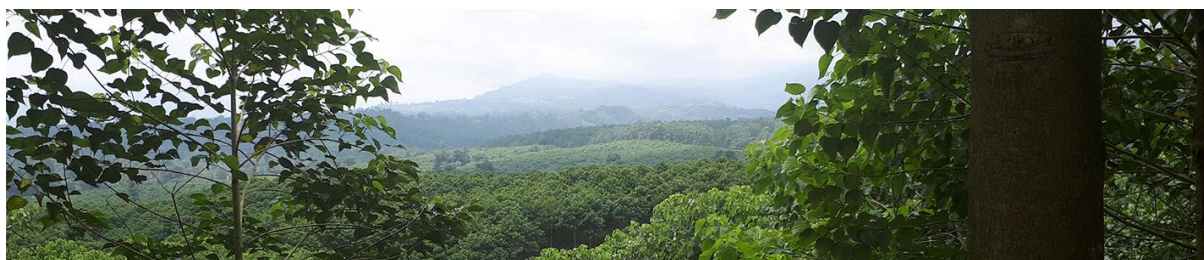


The mark of
responsible forestry



Promoting
Sustainable Forest
Management
www.pefc.org

2.3.2. Biodiversity monitoring



Thanks to an initial biodiversity inventory in cooperation with a local institute, STAEDTLER received a comprehensive report on which general, threatened and endangered animal and plant species occur on the plantations. It now serves as the scientific basis for a longer collaboration in which long-term monitoring of the biodiversity on our properties will be established.

Over the coming years, the monitoring will record how biodiversity develops and changes on the plantations and also ensure that plantation management does not have a negative impact on species diversity, but instead protects and promotes it. We also receive an elaboration of recommendations for the protection and promotion of endangered animal and plant species. The aim of our plant cultivation is not only to preserve the existing diversity of species, but also to increase it through targeted measures.

So far, an extremely rare tree species along a stream, which is acutely threatened with extinction, and an ocelot, a rare predatory cat living in Central and South America, have been identified as particularly worthy of protection.

2.4. Nature-oriented company premises

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.

The concept and the initial measures at the Sugenheim site were described in detail in the last progress report.



In 2023, a representative area at the Neumarkt site was redesigned (Figure 1Figure 2). The concept for improving biodiversity there consists of two different components - the plant concept and the habitat concept.

Figure 2: Neumarkt planting and habitat concept

In addition to a diverse mix of shrubs and grasses, the habitat concept also includes deadwood areas consisting of old rootstocks and piles of stones. The deadwood areas provide a safe refuge for small mammals and give many beetles the opportunity to crush old tree trunks. Stone piles, on the other hand, provide shelter for reptiles in particular and are popular resting places for bees, bumblebees and butterflies.

The "sea of flowers" planting concept was also integrated. Whether yellow witch hazel flowers in spring, plants such as meadow sage, coneflower and lavender in summer or perennials and grasses in the autumn and winter months - stems, leaves, flowers, seed heads or stalks are available to wildlife all year round.

The overall concept is rounded off with a green fence. Clematis and climbing roses also provide flowers and a habitat here.

2.5. World Kids Colouring Day

The motto of World Kids Colouring Day on 6 May 2023 was "We discover nature - in the water!".

This motto follows on from the two mottos of recent years, which were dedicated to habitats on land and in the air. 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.

From 1 March to 31 May, children aged between three and twelve in Germany were invited to discover the species in their environment and capture their experiences in creative pictures (Figure 3).

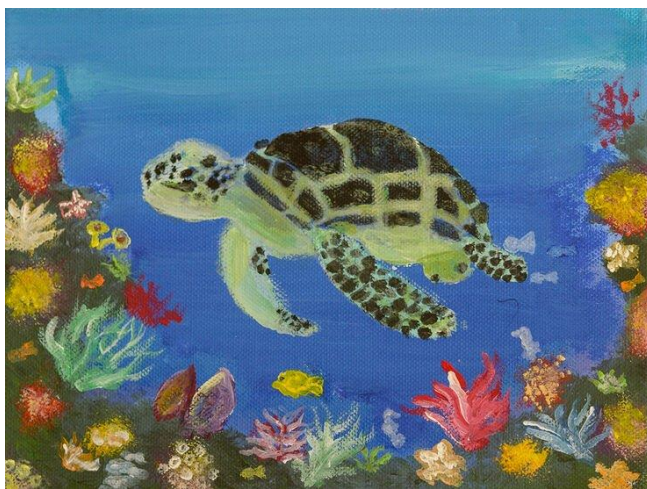


Figure 3: We discover nature in the water - Antonia, 11 years old

With the 2023 motto "We discover nature - in the water!", STAEDTLER is supporting Plan International Germany with one Euro for every picture submitted internationally, as in previous years. In 2023, 65,132 pictures were sent in from 12 countries worldwide. The "Clean water for Ghana" project was supported with a sum of 65,132 Euros. This focusses on securing the supply of drinking water and access to sanitary facilities in 20 communities.

With the motto "Fantastic Forest", we will be putting the forest - one of the most fascinating and significant natural phenomena on our planet - centre stage in 2024.

2.6. Management-Certifications

As described in the last progress report, STAEDTLER has acquired the Peruvian school and office equipment company ARTESCO as a wholly owned subsidiary.

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 has now been completed and the quality and environmental management systems at our production sites in Germany and Peru have been harmonised worldwide and certified in accordance with ISO 9001 and ISO 14001.





3. Thema Biodiversität bei einer verantwortlichen Stelle im Unternehmen verankern

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 department was increased in 2017 and 2023. The integrated management system, regular internal audits, training and continuous meetings with the international specialist departments are used to embed sustainability and biodiversity in the company.

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.

The existing close contact with the Corporate Communications department was intensified in order to develop and regularly update the sustainability brochure. This will gradually open up additional channels for communicating the topics of sustainability and biodiversity within the company and with the public.

At the same time, a set of key figures for the preparation of a CSRD report was developed with the Corporate Controlling department, in which data on biodiversity measures is also collected at all international locations.

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.

From 2024, sustainability activities will be further centralised and controlling activities will be more closely integrated.

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.

In the years 2021-2023, over 100 individual measures were defined to improve the company's environmental performance. As in previous years, the focus was on energy efficiency & energy saving and thus reducing CO₂ emissions. One milestone was the development of a transformation concept for climate neutrality; this concept resulted in a large number of measures, especially at the German sites.

In the area of products and packaging, STAEDTLER has set itself a number of targets to further reduce the proportion of new plastic and increase the use of natural resources. The challenge here is to guarantee our high product quality and product safety requirements.

As described in 2.3.2, STAEDTLER will continue its cooperation with local institutions in Ecuador. Through biodiversity monitoring in the plantations, we will record how biodiversity is developing and changing on the plantations and also ensure that plantation management does not have a negative impact on biodiversity, but instead protects and promotes it. We also receive recommendations for the protection and promotion of endangered animal and plant species. The aim of our plantation management is not only to preserve the existing biodiversity, but also to increase it through targeted measures.

The challenge in realising the nature-oriented areas at the Neumarkt site was that the maintenance costs were higher than expected, especially in the first few years. This will be taken into account in the redesign planned for 2025 at the Nuremberg site.

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

The results in the area of sustainability and biodiversity have so far been communicated in trade press publications, various portals and in the published consolidated financial statements.

The 2021 consolidated financial statements contain the following information (in German language):

Nachhaltigkeit und Umweltschutz

[...] In der STAEDTLER Unternehmensphilosophie ist nachhaltiges Handeln einer unserer wichtigsten Grundsätze. Für uns bedeutet dies, unsere Umwelt zu schützen und verantwortungsbewusst mit unseren Ressourcen, aber auch miteinander umzugehen. Aus diesem Grund fußt unser Handeln auf den drei Säulen Ökologie, Ökonomie und Soziales.

Unser Ziel ist es, sorgsam und vorausschauend mit den Ressourcen unserer Erde umzugehen. Deshalb spielt Effizienz in unserer Philosophie für nachhaltiges Handeln eine große Rolle, zum Beispiel bei der Produktion oder der Logistik unserer Produkte. Wir fokussieren uns dabei auf Maßnahmen, die in unserem eigenen Verantwortungsbereich liegen und direkten Einfluss auf unsere Prozesse haben. So liegt unser Augenmerk auf unseren Herstellungsverfahren, den zum Einsatz kommenden Materialien, wie beispielsweise Kunststoff und Holz, sowie auf der Beschaffung und dem Transport der Rohstoffe. Für unsere Maßnahmen erarbeiten wir klar definierte Sachgrundlagen anhand derer wir regelmäßig prüfen, wie wir die gesetzten Reduzierungs- bzw. Einsparungsziele erreichen.

Die Geschäftsführung von STAEDTLER hat diese Ziele in der Nachhaltigkeitsstrategie zusammengefasst und als Nachhaltigkeitsbroschüre für die gesamte Unternehmensgruppe sowie für interessierte Stakeholder veröffentlicht. Unseren Beitrag zum Klimaschutz leisten wir durch Maßnahmen an unseren Standorten, um damit unsere eigenen CO₂-Emissionen entsprechend der Scopes 1 und 2 des GHG (Greenhouse Gas Protocol) zu verringern.

Darüber hinaus ist die Nachhaltigkeitsstrategie auf die Senkung des Wasserverbrauchs, nachhaltige Produkte und Verpackungen, die Bewahrung der Biodiversität und das wertschätzende Miteinander gerichtet.

Für alle Tochtergesellschaften bzw. Bereiche hat STAEDTLER Ziele und Maßnahmen abgeleitet, deren kontinuierliche Überwachung seitens eines Nachhaltigkeitsteams am Hauptsitz in Nürnberg sichergestellt wird. Zur Vorbereitung auf die Anforderungen aus Corporate Sustainability Reporting Directive (CSRD) und der EU-Taxonomie wurde ein Kennzahlen-Set nach GRI/SDG erarbeitet und die entsprechenden Daten international abgefragt.

Beispielhaft für eine Vielzahl an Nachhaltigkeits- und Umweltschutzmaßnahmen wurde im Berichtszeitraum Ökostrom an allen deutschen Standorten eingeführt, der Recyclinganteil bei Kunststoff- und Kartonverpackungen erhöht sowie wie die Kampagne „Made from upcycled wood“ gestartet.

Unter dem Aspekt Nachhaltigkeit wurde im Jahr 2017 damit begonnen, eine Holzplantage in Ecuador zu errichten. Im Berichtszeitraum wurden weitere Flächen bepflanzt; hierbei werden strenge Umweltstandards unter Berücksichtigung der vorhandenen Flora und Fauna angewandt. Um einen Einblick in die Biodiversität zu erhalten, haben erste Tierzählungen begonnen und die Projekte zur agroforstlichen Produktion (Kombination Ackerbau und Forstwirtschaft) wurden fortgeführt. Die Vorbereitungen zur FSC-Zertifizierung des Plantagenholzes im Jahr 2022 sind erfolgt.

Seit dem Jahr 2011 besteht für alle Produktionsstandorte in Europa ein nach ISO 14001 zertifiziertes Umweltmanagement; seit 2014 auch an den asiatischen Produktionsstandorten. In jährlichen Überwachungs- und Re-Zertifizierungsaudits wird die Konformität – auch zu den umweltrelevanten Gesetzen – regelmäßig bestätigt. Die neuen Standorte in Peru werden voraussichtlich im Jahr 2023 in das bestehende Umweltmanagementsystem integriert.

With the publication of the sustainability brochure in 2022, STAEDTLER has taken a further step towards sustainability reporting in accordance with CSRD.

The brochure is available on the STAEDTLER website, the content is updated regularly and the progress made towards the sustainability targets set is presented.

Further publications on our sustainability activities are listed below:

- Posts on LinkedIn (STAEDTLER | LinkedIn) on all of the above-mentioned topics
- Intranet
- Presentation and CO₂ reporting 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 Business-Partner-Code-Of-Conduct
- Ensuring quality requirements
- Compliance with environmental targets
- Supply chain risks

For the most important suppliers, supplier dossiers are requested by Purchasing and updated accordingly. The goal of integrating the environmental and biodiversity performance of the suppliers concerned into the SRM was discussed again in connection with the Lieferkettensorgfaltspflichtengesetz (LkSG) but 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
- INNATURA.org
- 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]

New are the partnerships with:

- SEDEX
- Ecovadis

Sedex | Member

ecovadis

February 2024

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