



Declaration of Responsibility

on economical, ecological and social responsibility towards employees, customers, suppliers, society and the environment.







Declaration of responsibility 2020 Karl Marbach GmbH & Co. KG

The present CSR report is based on the signing of the "Heilbronn Declaration" on 12.09.2012 and subsequent processes.

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Declaration of Responsibility

CSR Report 2020

Karl Marbach GmbH & Co. KG





CSR understanding of the Heilbronn Declaration

"We assume responsibility for the ecological, economic and social consequences of our business activities beyond the legal parameters by consciously acting in a value-oriented manner towards our employees, suppliers, customers, the environment and society"





Prologue

Corporate Social Responsibility (CSR) is a much-discussed concept today. The question: "Is the assumption of social responsibility a voluntary exercise or an obligation for companies? On the one hand, companies with more than 500 employees will be obligated to CSR reporting by an EU resolution since 2017ⁱ. Indirectly, medium-sized suppliers' companies will also be affected by this, as many large companies will have their CSR sustainability confirmed, for example, by audit procedures (mandatory). On the other hand, employees of the so-called Generation Y will in future choose their employers on the basis of authentic CSR. The LOHAS (Lifestyle of Health and Sustainability) consumer group, as potential customers of companies, is also becoming increasingly important and the sales potential of this buyer group is increasing. Companies therefore will profit considerably from the fact that they go beyond the legal parameters by means of CSR measures (e.g. their own kindergarten) to support the interests of their employees and really live their CSR values (voluntarily).

In anticipation of these developments, companies from southern Germany and in particular from the Heilbronn-Franken region joined forces in 2012 to form a CSR community and developed and signed the Heilbronn Declaration (hereafter: HNE - see Appendix 1). Since 12 September 2012, this Heilbronn Declaration has been a voluntary commitment - initially between eleven and since 10 March 2014 eight companies - to qualify and quantify their own CSR measures. In particular, open

knowledge sharing on the active implementation of CSR in medium-sized companies and joint critical reflection on existing measures by individual companies in a climate of trust, distinguish this cooperation from other CSR initiatives.

The CSR report presented here or this so-called 'Declaration of Responsibility' was prepared by Marbach, on the basis of the first report.

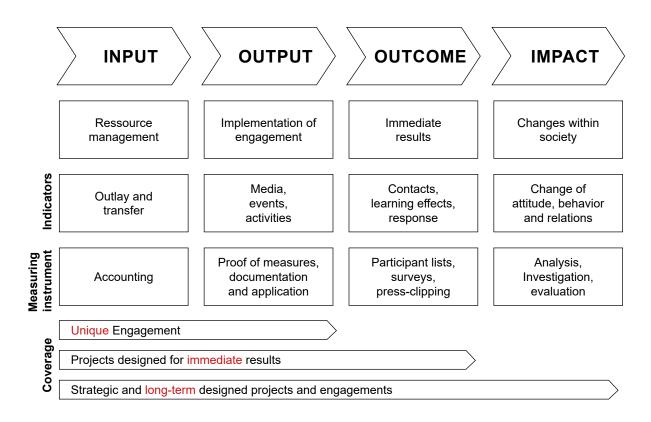
In the following, changes to the first report are documented and new projects and measures are presented.





First Report Procedure

In the present case, a common understanding of CSR was first developed (see page 4). Building on this, joint approaches were developed on the basis of scientific findings and practical experience within the framework of the diverse discussions between the signatories of the Heilbronn Declaration. Existing global initiatives and standards (e.g. GRI IV^{II}, ISO 26.000^{III}) on CSR reporting were taken into account and, consideration of various reasons (cost-benefit ratio, quality requirements, applicability for medium-sized companies, consideration of individuality), were in part incorporated into the development of the company's own HNE standard.



The companies then recorded all their CSR measures internally, determined key figures/ indicators and then evaluated them. In evaluating the measures, the iooi methodology of Riess (2012 - see illustration on this page) in particular, was used. Within the scope of joint discussions, five main categories were developed to present existing CSR measures (see following chapters): employees, suppliers, customers, the environment and society. For each company these measures, indicators and metrics were developed jointly and can be found in tabular form in each chapter. This is the starting point from which the actual CSR situation of the company is presented. In future, these CSR indicators will be used to assess the progress made in CSR from the base year 2014/2015. In this way, the foundation stone has been laid for further CSR reports.





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Foreword

The Marbach Group supplies the packaging industry with stamping and thermoforming tools for the production of a wide variety of packaging made of cardboard (folding boxes) and plastic (cups and lids). In addition, Marbach offers machines, materials and services around the topic of punching.

Sustainability has been a central component of the Marbach Group's corporate philosophy for many years. It has been, as a matter of course, anchored in our corporate culture and has been practised on a daily basis.

But this 'matter of course' was no longer enough for us. We wanted to grasp the topic of Corporate Social Responsibility in all its facets, examine ourselves and take a further step towards the future. The signature on the Heilbronn Declaration has brought us much closer to this goal. Over the past 8 years, we have organized and structured our CSR measures. We have developed a clear strategy that describes our commitment to our stakeholders in the area of responsible corporate management.

But what happens next? What will the future bring? We will continue to strive for improvement - maintaining the top performance we have achieved and consistently working on identified potential. As a family-owned company, we see it as our duty to assume responsibility.

The implementation of a CSR strategy has been put into practice. The CSR report aims to create and provide transparency. Because Marbach packs the world - and bears responsibility for it. Ecologically. Socially. And economically.



Peter Marbach





Company and Strategy

The Karl Marbach GmbH & Co. KG was founded in 1923 as a family business in Heilbronn and has since developed into an internationally active group of companies with 1,500 employees worldwide. With its toolmaking and die-cutting technology divisions, the Marbach group of companies is a partner to the packaging industry.v

For us, CSR does not mean setting benchmarks of sustainability with the competition, but implementing the best possible ones at any given time and measuring ourselves against our own past performance. This following principle is derived from this: that sustainability can only be achieved on the basis of economic efficiency. We therefore, have the declared goal to continuously improve.

The values that Mr. Marbach brings to the Group as Managing Director are the company's motivation for CSR: "(...) and CSR also means improvement". The management is not only interested in increasing revenue, but also in improving many other aspects. The focus is on the ecological area of CSR - in particular the conservation of resources. This development has been driven by increased customer demand for so-called "green products". The term "sustainability" was only introduced through the increased ecological awareness of the customers. The sustainable projects themselves already existed for a long time, but unstructured and not under the "CSR cloak", "it was made easy".

The CSR measures have been developed in-house in order to be applicable. For us, the actual implementation is more important than the documentation for the external presentation. Because: "CSR is only authentic if it is lived", i.e. it is driven forward by decision-makers in the company and at the same time supported by all employees. Doing new and above all visible things again and again and maintaining proven CSR activities is crucial. CSR is "the selfevident responsibility to act well". VII



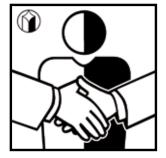


CSR fields of action

The fields of action have not changed since the first report and are discussed in more detail below. Our strategic orientation and our target process are described here, as this field cannot be clearly assigned to a stakeholder.

Our strategic orientation, the target process, will be broken down into divisions, teams and employees in an annually recurring process. Towards the end of the year, Mr. Marbach will reflect on the targets for the following year. These will then be transferred to the business divisions separately by the respective managing directors. At this level, the division managers will then take over and define the derived goals for each division, this will continue at department level and finally at team level.

For this purpose, a matrix will be used which was expanded in 2016 to include sustainability and now comprises 5 Topics. The addition of "sustainability" will have an immense impact on the entire company, as everyone will be involved in the target process and annual sustainability targets will be agreed and pursued down to the employee level.



Customer orientation



Employee orientation



Performance orientation



Technological Leadership



Sustainability





Employees

We are convinced that social interaction can also generate economic added value. These include, for example, a reduction in fluctuation costs and the associated costs for new employment.

health check/ pit stop Movement courses/ massage/ relaxation Health rate Fruit week Health Event Trainees Marbach Group Health rate Marbach Club Sports Activities Ergonomic workplaces Health rate Workplace inspections Health rate Working time accounts / flexitime / part-time positions / home office Marbach Academy Number of training courses/year/MA Free water, food allowance Gifts for Jubi, Wedding, Birth Family Day Fluctuation Froject "Healthy retirement" 50 plus Automation for load reduction (e.g. Marbafeed) Throughput time Daycare facilities for children Employee survey Culture of communication (team meetings/ information event) Marbach Management Philosophy NTT Satisfaction index Culture of communication System Implementation rate Individual development programs Promotion of further training Number of training agreements Corporate Benefits Satisfaction index Satisfaction index Satisfaction index Satisfaction index Satisfaction index Satisfaction index Proportion of further training Number of training agreements Corporate Benefits	CSR Measure	Indicator
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Job-Wheel Number of contracts	Job-Wheel	Number of contracts
Competence model for managers Fluctuation	Competence model for managers	Fluctuation

Table 1: Measures and indicators in the field of employee action.

In 2019, the pakadoo parcel system was introduced for our employees. The slogan is "never stand in line for parcels again". Private parcels can be received and returned via the pakadoo cabinet.

For all of us, the year 2020 was influenced by the Corona pandemic. Extensive hygiene measures had to be introduced quickly in order to maintain the health of our employees. These included providing disinfectants, allowing home offices and introducing a company-wide mask requirement. In addition, a pandemic team was appointed to respond quickly and effectively to new situations. A Corona Officer was assigned to our employees to provide comprehensive advice and assistance on quarantine and related issues. Another measure was online training on the use of various video tools to ensure smooth communication between the office and home office.





Suppliers

We face the challenge of ensuring "certain standards" from our suppliers as well. These standards will be ensured by personal audits of A-suppliers and a random audit of other suppliers every six months.

CSR Measure Indicator	Indicator
Procurement wood with seal	Percentage seal/to total wood
On-site supplier audits	Number of audits/ total A-suppliers
Supplier selection according to guidelines (e.g. regional)	Guideline
Stability of supplier contracts	Number of contracts/ compliance
Training of all employees in purchasing in the philosophy	list of participants
Principles of Purchasing	Implementation rate

Table 2: Measures and indicators in the field of supplier action.

Supplier visits and audits also had to take a back seat to health protection. In the entire year 2020, on-site visits or even visits to our site were severely limited. Video conferencing was used to clarify many questions and raise concerns, but this cannot replace a visit to a supplier's premises.

In addition, our purchasing department had to deal with the delivery capability of our supply chain, getting goods from China was not possible for some time, also Italia had a hard shutdown. We were able to meet the delivery capability to our customers even in the most difficult times, thanks to larger stock quantities.

Customers

Our customers are not end consumers, but buyers of companies. In order to meet the expectations of our customers in the future, professional innovation management was introduced. In addition, topic-specific workshops and lectures on current trends are held for customers.

CSR measures	Indicator
Complaint management	Share in %
Monitoring of delivery dates	Loyalty in %
Innovation management	Number of new innovations/year
Application Engineer/ Field Service worldwide (on-site consulting)	Customer Satisfaction
known shipper (no loss of time in customs)	Customer Satisfaction
In-house test runs (punching and thermoforming machine)	Customer Satisfaction
Trade fairs, customer events, newsletter	Customer Satisfaction
Web shop for merchandise	registered customers
Product withdrawal (SFT) Customer satisfaction	Customer Satisfaction
you tube channel (animations) customer satisfaction	Customer Satisfaction
Customer survey on satisfaction	Survey results
Internal audit system	Number of audits
DIN ISO 9001	

Table 3: Measures and indicators in the field of customer action.





In 2019, we started to offer specialized training for customers on our die-cutting machine. Here we were able to meet and exceed many expectations. In addition, we were able to offer the practical part of the training series as part of a training course of the FFI Association as training at Marbach. This means that in the future, our customers' employees will also be trained with us.

The challenge in the customer area was the Corona pandemic. Travel restrictions, lock down, bans on visits. How to keep in touch with customers under these conditions? Innovative ZOOM webinars were quickly implemented, keeping our customers up to date on our new products. Meetings via TEAMS with video have been introduced. We were able to maintain good customer contact by quickly equipping our employees with cameras and headsets.

Environment

All in all, our ecological commitment follows the "marbagreen" environmental philosophy, which is divided into four areas: green products, environmentally friendly production, ecological construction and an environmentally friendly vehicle fleet.*

CSR Measure	Indicator
Environmentally friendly vehicle fleet Blue Motion	CO2 Avoidance
Electronic invoices/ Goto Meeting	Paper saving
Green product developments - Green Plate	Number of new developments/ year
Environmentally friendly production - process cooling, e.g. central	Energy-saving clock
laser cooling system (up to 16°C outside temp. free cooling)	
Ecological construction - concrete core activation - green roofs	CO2 avoidance
(energy saving during operation)	
Solar cells	CO2 avoidance
Heat recovery Ventilation	CO2 avoidance
Cleaning Laser exhaust air through activated carbon filter	Air pollution
C-parts Orders / deliveries only once a week	Fewer parcels / Waste avoidance
Central compressed air generation	CO2 avoidance
Measures from energy audi	Electricity savings
LED lighting technology	Electricity savings
Energy purchase 70% green electricity	CO2 Footprint

Table 4: Measures and indicators in the environmental field.

Our environmental activities were very diverse.

The charging infrastructure for our first e-car was built and prepared for further expansion. Our e-car serves as a pool vehicle. Furthermore, new machines were developed in order to be able to produce more energy-efficiently compared to other manufacturers. By drawing up a requirements specification, we were able to clearly position our position on the subject of energy consumption when purchasing machinery and equipment. Another environmental protection measure was the conclusion of a cooperation agreement with the Chamber of Industry and Commerce for the training of energy scouts. Our Purchasing department has also introduced a waste disposal system, as a result of which we now contribute to the recycling of valuable materials. Both in the office buildings and in production, Marbach Werkzeugbau GmbH now separates residual waste, paper waste and plastic waste properly. By labeling the waste bins, our employees are also educated and sensitized where which type of waste should be disposed of. For the next year, the introduction of this concept is also planned at Karl Marbach GmbH & Co. KG is planned for next year.





Society

The company's social commitment is characterized by individual projects. It is not the level of commitment that is decisive, but its long-term nature.xii One tradition is a Christmas donation of a total of 10,000 euros to various social projects, such as Help e.V. - Hilfe zur Selbsthilfe or the Aufbaugilde in Heilbronn in 2018.^{XIII}

CSR Measure	Indicator
We train	Training quota
Cooperation with schools	Number of applications / year
Internships for students/ theses	Number of applications / year
Training seal IHK DUALIS	Training quota
Fair Company Seal	Number of internships / year
Sponsor Germany Scholarship	Number of scholarship holders
Christmas campaign	Miscellaneous
Donations instead of Christmas presents	Monetary use
Sponsoring football, Vulpiuslauf, Stimmelauf	Monetary use
Heilbronn Declaration	
Member Future Pact	Awareness level according to survey
Social projects with associations / institutions	Number per year
Participants Marketplace of good business	Transacted transactions per marketplace

Table 5: Measures and indicators in the field of society.

The year 2020 was also marked by the Corona pandemic in the area of society. We had to accept restrictions in social projects, which are all about togetherness and being together. Many activities were no longer possible or had to take place virtually.

But especially in the pandemic year 2020, it was even more important for us to take responsibility and make our contribution to society. That's why we not only produced signs and made them available to hospitals and doctors free of charge, but also launched Aktion|M for our employees.

Aktion|M ran under the motto: "For our community. And to help those who need help." The idea was to provide employees with poorly available goods, such as disinfectants, protective masks and toilet paper, in exchange for a small voluntary donation. Each week there was a different product of the week. In total, the employees raised an incredible 4.000 Euros, which was donated to the Nordstadtkids Heilbronn in June.

Despite all adversities, we were able to start our Christmas campaign on time for the 1st Advent 2020. The goal was to collect donations, such as food or care items, and hand them over to the Tafel in Heilbronn. Thanks to our employees, we were able to bring Christmas joy to numerous needy people.





Successes in 2019/20 and outlook for 2021/22

One of the greatest successes in terms of CSR is definitely the specialist training on our own die-cutting machine. This innovative investment has become a real hit and training courses have already been held at Marbach on several occasions. Furthermore, the direct and fast implementation of comprehensive hygiene measures during the Corona pandemic was a significant contribution to protecting the health of our employees from the very beginning. Here, too, measures above and beyond the legal requirements were initiated and implemented.

In the area of employees in 2019, the introduction of the pakadoo package system was certainly a relief for our workforce, as it makes it easier to combine work and private life. In addition, in 2020, we were able to maintain smooth communication through training on video conferencing tools in the areas of employees and customers, and also continue to keep our customers informed regarding our innovations.

In Stakeholder Environment, the development of a charging infrastructure for our e-car and the development of energy-saving machines, was a decisive step towards reducing emissions. An annual energy report completes our efforts to keep an eye on key indicators.

Our Christmas campaign in cooperation with the Tafel in Heilbronn and the Aktion|M campaign showed, despite the slogan "keep your distance," that we as the Marbachteam stick together.

Our year 2020 was marked by Corona-related short-time work and restriction of social contacts. But despite all this, this special time was also a starting signal for the increasing digitalization at Marbach and our cohesion was strengthened.

We look positively into the year 2021 and hope that upcoming vaccinations will normalize the situation worldwide step by step.

In 2021, we again want to pay special attention to the topic of appreciation. Personal contacts are limited, a large part of the workforce works on a mobile basis, and the bond with the company and the sense of belonging can be damaged as a result. We want to take measures to maintain good communication. It remains to be seen what opportunities will arise from the enormous development thrust in the area of digitization. But it is important to carry the momentum into 2021.





Appendix 1 – The Heilbronn Declaration

The Heilbronner Declaration

on the social responsibility of small and medium-sized companies in the economy

on the occasion of the 12th Annual Conference of the German Network for Business Ethics (DNWE) in Heilbronn from 13-15 September 2012

to the German Graduate School of Management and Law (GGS), (Stand 15.09.2012)

Preamble

We, companies, institutions and individuals from all over Germany with a focus on Baden-Württemberg, Bavaria and the economic region Heilbronn-Franken are convinced that trust between market participants is a core prerequisite for the successful operation of entrepreneurial value creation. At present, social confidence in the market economy as such has suffered under the impact of past crises. In order to counteract this development, we want to set an example with this declaration: On our own initiative and on a voluntary basis, we mutually commit ourselves to assuming the social responsibility that we bear as institutions and successful companies at both local and global levels.

In doing so, we want to go well beyond the "self-evident", i.e. the legal requirements and minimum standards. Our goal is to be a global leader not only in management, technology and service. We also want to set new standards with regard to corporate responsibility and ecological and social commitment.

In the course of globalization, an economic climate has emerged in which economic functionality as a decisive factor not only takes first place, but at the same time overrides other criteria as irrelevant and uneconomical - in the context of entrepreneurial internationalization, ethical considerations as well. This has become very clear in the global financial and economic crisis of the years 2007 to 2009. In some cases, market transparency was no longer guaranteed due to information misuse and risk concealment. Market participants were able to gain competitive advantages by circumventing legal requirements. This contradicts our view of responsible business practices in economic, ethical, social, ecological and long-term terms.

In many institutions and companies, expectations have arisen for managers and employees that only include the inthinking execution of a short-term profit-maximizing strategy. In this way, responsible action is one-sidedly limited. "Responsible action" in the comprehensive sense means for the business sector to consider and weigh up private, national and global economic dimensions as well as ecological and social criteria in decision-making processes in order to find solutions that do justice as equally as possible to all interest groups - even those that have not yet been born.





Explanatory Text

In recent years, we have already demonstrated that we are not only interested in remaining internationally and globally competitive, but that we also meet the needs of our stakeholders. Stakeholders are all those who are involved or interested in the actions of a company or institution in any way. This puts us in the forefront when it comes to finding a way out of the much-discussed "crisis of confidence in the economy," because we have rec-ognized that the crisis of confidence in the economy is a crisis of confidence: Without trust - be it between the company and its customers, suppliers or cooperation partners, be it between business, politics and society - it is not possible to operate successfully in the long term. For example, in corporate networks and so-called clusters, the development of long-term business relationships depends to a large extent on the development of trusting cooperation. The establishment of a position of trust is the basis for a profitable partnership that promotes mutual exchange and enables the achievement of common goals. We are aware that this basis of trust can only be maintained if we develop it anew every day, and each and every one of our employees credibly commits himself to it.

We are also aware that we as institutions and we as internationally successful companies have a special role to play. As the "backbone of the German economy", the middle class is on the one hand in an outstanding position, especially when it comes to successful management and innovation. On the other hand, medium-sized companies stand for reflective, sustainable and value-oriented action, not least thanks to their mostly flat corporate structures, their proximity to society and their deep roots in their region. Despite growing global pressure, we as a company and institution have maintained our commitment to the CSR concepts of fairness, sustainability and environmental compatibility in our respective industry-specific value-added processes.

This self-image makes small and medium-sized companies one of the most important pioneers and supporters of corporate social responsibility, i.e. "Corporate Social Responsibility" (CSR). According to the 2011 definition of the European Commission, this includes "the responsibility of companies for their impact on society. In the modern understanding, CSR is increasingly seen as a holistic corporate concept that integrates all sustainability dimensions and encompasses all social, ecological and economic contributions of a company to the voluntary assumption of social responsibility that go beyond compliance with statutory provisions.

In order to actually bring about a change towards more sustainability and social responsibility for companies and institutions, and to credibly assume the pioneering role in which we see ourselves, we believe it is necessary to do more than is required by politics or society. While we consider standardization efforts such as those in the Global Reporting Initiative document or ISO 26000 of the International Organization for Standardization to be a step in the right direction, we are also aware that such standards only define a first minimum level of social and sustainable responsibility. In our tradition as institutions and medium-sized and family-owned companies, we try to live CSR according to the above-mentioned holistic definition beyond ISO reporting and implement it in an authentic way.

Since we also want to encourage others to reflect ethically on their actions and assume social responsibility, we enter into this mutual commitment and at the same time encourage everyone to follow our example.

"For companies to fully live up to their social responsibilities, they should be able to rely on a process that integrates social, environmental, ethical human rights and consumer concerns into management and core strategy in close cooperation with stakeholders. We implement this idea of the European Commission from 2011 in the following.





Voluntary commitment

With our signature we are pursuing a vision:

- To treat our natural environment with care and responsibility;
- Not to allow exploitation of people and the environment in our business and institutional activities and in our business and institutional environment;
- To ensure healthy working conditions for people at home and abroad through fair payment and treatment;
- To encourage other market participants in our entrepreneurial and institutional network to do business in a sustainable manner;
- To create a more human-friendly decision-making climate in the global economy in the sense of a sustainable corporate and organizational culture;
- To promote the design of CSR-friendly structures in companies and institutions and to disseminate the principles of ethically reflected corporate management;
- To align our actions with the idea of generational justice so that we, our children and our grandchildren all over the world have a future worth living.

Our mission and the following concrete approaches to action are derived from this:

- We research and analyse institutional and entrepreneurial decisions proactively with regard to possible consequences and risks. We take into account the interests of affected groups (e.g. through stakeholder dialogues) and orient ourselves towards social, ecological and economic criteria.
- We sensitize and inform our employees, partners and customers about the value-oriented and holistic CSR approach described here.
- From now on, we take our social responsibility seriously, voluntarily and with ourselves.
- Our goal is to integrate CSR as a value-adding factor into our corporate culture, strategy and corporate and institutional processes in the long term.
- We understand our "CSR strategies" not only as a marketing instrument (abusive: Green/ Social Washing), but also as lived CSR that recognizes the dignity of people and commits itself to our society.
- We critically question our existing CSR projects, expand them and combine them into a CSR strategy
 and integrate them into our corporate strategy. We support the development of defined and measurable
 CSR categories and CSR indicators for benchmarking within our industries and beyond (see e.g. ISO
 26000).
- We continue to advance the discourse on sustainability and CSR and combine theoretical approaches with practical experience from our active network.
- We live up to our striving for social responsibility to the best of our knowledge and belief and promote a permanent process of implementation in our companies and institutions.
- We will first meet several times within the next year to jointly achieve the above-mentioned objectives
 of measures, indices/categories or benchmarks, e.g. within the framework of quality management.
 The Heilbronn Declaration is timeless. The long-term goal is to continue and further develop this
 initiative and idea.
- We share our experiences and achievements and how we have contributed to the achievement of the above-mentioned goals with the public in September 2013 in a joint event.

Endnotes

- i Cf. http://eurlex.europa.eu/legal-content/DE/TXT/HTML/?uri=CELEX:32014L0095&from=DE, abgerufen 13.04.2015
- ii Vgl. https://www.globalreporting.org/resourcelibrary/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf, 13.04.2015
- iii Cf. https://www.csr-in-deutschland.de /fileadmin/user_upload/Downloads/ueber_csr/Die_DIN_ ISO_26000__Leitfaden_zur_gesellschaftlichen_Vera.pdf, 13.04.2015
- iv Cf. http://www.buergergesellschaft.de/fileadmin/pdf/gastbeitrag_riess_120302.pdf, abgerufen 12.03.2015
- v Expert interview
- vi Expert interview
- vii Expert interview
- viii Expert interview
- ix Cf. https://www.marbach.com/umweltschutz/, abgerufen 10.04.2015
- x Cf. https://www.marbach.com/umweltschutz/, abgerufen 10.04.2015

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