



# Declaration of Responsibility

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



2018/19



Declaration of responsibility 2018  
**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 2018**

**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 from 2017<sup>1</sup>. 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 2). 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

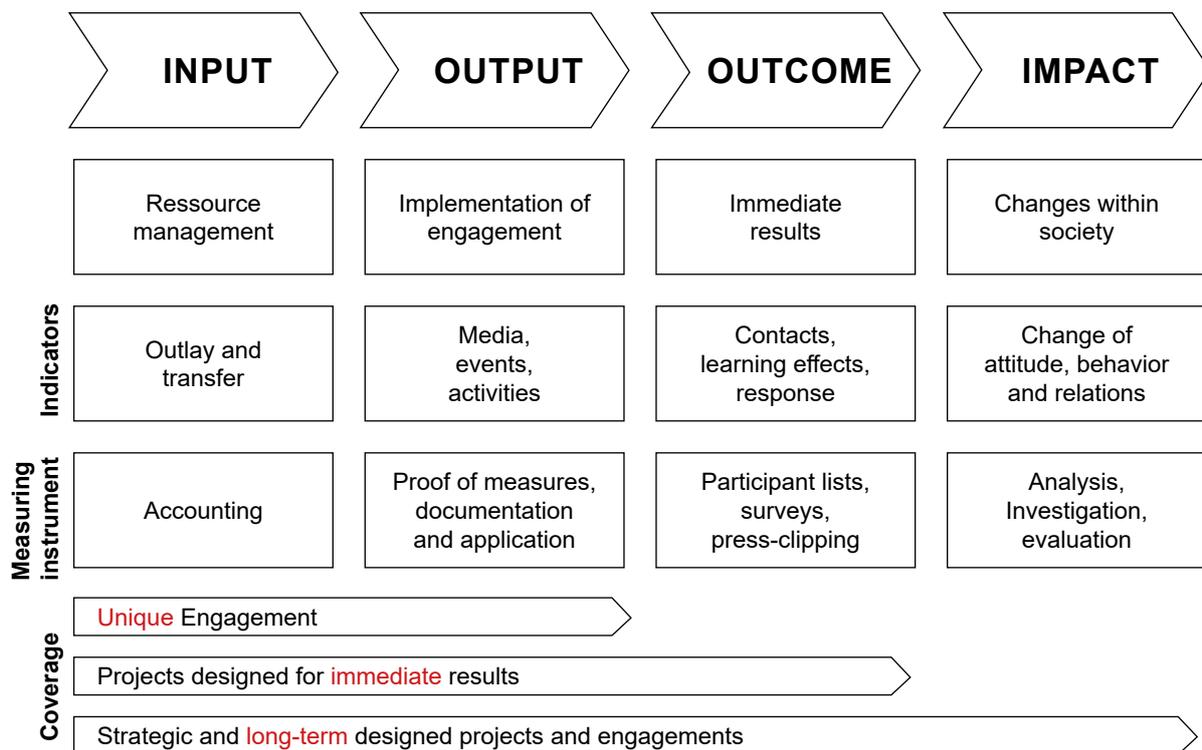
knowledge sharing on the active implementation of CSR in medium-sized companies and joint critical reflection on existing measures by individual companies in a climate of trust, distinguish this cooperation from other CSR initiatives.

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<sup>II</sup>, ISO 26.000<sup>III</sup>) 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 ioi methodology of Riess (2012 - see illustration on this page) in particular, was used.<sup>IV</sup> 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 both in tabular form in each chapter and as a general overview in the Appendix (see Appendix 1). 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 6 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.

A handwritten signature in blue ink, appearing to read 'P. Marbach'.

Peter Marbach

Managing Director Karl Marbach GmbH & Co. KG



## 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.<sup>v</sup>

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.<sup>vi</sup> 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“. <sup>vii</sup>

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 self-evident responsibility to act well“. <sup>viii</sup>

## CSR fields of action

The fields of action have not changed since the first report and will be examined in more detail below. However, a far-reaching change has taken place in our strategic orientation and our target process. Since this change cannot be clearly assigned to a stakeholder, it is described here.

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 in the past was divided into 4 Topics. The matrix has been extended to include sustainability and now covers 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.



Kunden-Orientierung



Mitarbeiter-Orientierung



Leistungs-Orientierung



Technologie-Führerschaft



Umwelt-Orientierung

## 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.

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

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

The job wheel introduced in 2017 was used intensively and confirms us in our activities.

Another core topic is leadership. Our competency model has lived through an annual ritual since 2017 as an evaluation round for existing managers. Our mission statement was introduced with a major kick-off in 2018. In order to give new impetus to the topic of leadership in everyday business as well, we organize leadership nuggets 3 times a year. In 2018, we listened to lectures and engaged in workshops on the topics of self-management, personal development and strengthening strengths.

## 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.

In the Purchasing department, staff was increased so that with new employees and increasing personnel capacity we could focus more on CSR in the supply chain as well as supplier selection and audits.

## 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.<sup>IX</sup>

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 DIN ISO 9001	Number of audits, measures implemented

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

In order to be able to respond even faster to changing customer conditions, we have started to introduce the agile method in the company. The pilot project was the area of construction. In the meantime, the methodology (modified according to requirements) has been successfully introduced in various teams and areas. Since the beginning of 2018, the shop floor has also been practicing agility. The main aim here is to improve adherence to delivery dates.

In order to be able to respond even better to customer wishes and requirements, we invested in a punching machine in June 2017. This gives us the opportunity to develop innovative products on site and to solve our customers' problems. In 2018, the new machine was used extensively for staff training and customer workshops.

## Environment

All in all, our ecological commitment follows the „marbagreen“<sup>x</sup> environmental philosophy, which is divided into four areas: green products, environmentally friendly production, ecological construction and an environmentally friendly vehicle fleet.<sup>x1</sup>

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 laser cooling system (up to 16°C outside temp. free cooling)	Energy-saving clock
Ecological construction - concrete core activation - green roofs (energy saving during operation)	CO2 avoidance
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 diverse.

In 2018, our fully air-conditioned rooms were insulated to minimize thermal bridges. The laser smoke extraction systems were rebuilt. In addition to increasing the height of the chimneys, the pipe systems were optimized to minimize pressure losses.

The fans were equipped with frequency converters and coupled with each other as a complete system. A regenerative power supply module now feeds the braking energy back into the power grid. Control systems for heating, ventilation and air conditioning were further optimised, and the Messinfra structure was further expanded.

The refrigeration circuits of further production machines were connected to the central refrigeration system.

## 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.<sup>xii</sup> 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.<sup>xiii</sup>

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
Teilnehmer Marktplatz der guten Geschäfte	umgesetzte Geschäfte pro Marktplatz

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

CSR measures in this area that are directly linked to employees are of particular importance.

In the kindergarten year 2017/18, for example, Marbach carried out a joint project with the children's day-care centre „Kinderbunt“. All kindergarten children who started school in 2018 (including one employee child) were allowed to participate. A total of 12 children, together with Marbach apprentices from the first year of their apprenticeship, studied natural phenomena on 6 dates as part of the „Little Researchers“ project.

Our Code of Conduct was developed and introduced in 2018. Managers and employees were informed and trained in team meetings.

## **Successes in 2018 and outlook for 2019**

One of the greatest successes with regard to CSR in 2018 was undoubtedly the introduction of the leadership model and leadership nuggets. This also included recognising that we were not always on the right track here and that there was therefore a need for action. The concept is great and was successfully implemented in 2018 and will be continued in 2019 with exciting topics.

We are traditionally very active among our stakeholders, employees and society. Nothing changed here in 2018. We will continue our cooperation with our kindergarten in 2019.

In spring 2019, we will face the challenge of employee surveys at our Heilbronn site. We are interested in the current mood and the opinions of our employees on various topics such as leadership and cooperation. We expect the results to provide impetus for further measures, which will accompany us in 2019 and 2020.

In addition, Marbach is due to change its ERP system in 2019. In order to be able to cope with this mammoth project, we will be reducing other additional activities and will mainly focus on maintaining the status quo.

## 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 recognized 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

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