

TOBACCO SUPPLY CHAIN DATABASE: CASE STUDY 4

SUPPLY CHAIN PROCESS: PRIMARY PROCESSING, SECONDARY PROCESSING, LOGISTICS, RESEARCH AND DEVELOPMENT, AND FINANCE AND BUSINESS SERVICES

COMPANY TYPE: INDEPENDENT SUPPLIER TO THE TOBACCO INDUSTRY

Tobacco Control Research Group, University of Bath, 22nd May 2023

Körber AG has its headquarters in Hamburg Germany. It is involved throughout the tobacco supply chain, with a particular focus on producing machinery to process the tobacco leaf and make cigarettes. It also provides flavours for tobacco and cigarette filters. Within the Körber Group, its other divisions work in the pharmaceutical and digital industries. According to its 2022 annual report, Körber AG made €2,532,000,000 in sales revenue and €178,000,000 in profit (EBITA).

The database includes Körber's functions within the tobacco supply chain:

- Primary processing: machinery to process tobacco leaf and flavour the tobacco
- Secondary processing: machinery for making and testing cigarettes and filters and flavours for filters.
- Logistics, transport, and warehousing: logistics services from the production of tobacco through to the supermarket shelf, as well as automation
- Research and development: new flavours for clients' needs such as those to meet changes to legal requirements
- Finance and business services: consulting services for tobacco flavouring and setting up 'smoke laboratories'

WHAT DO WE LEARN ABOUT KÖBER FROM OUR DATABASE RESEARCH?

- Körber appears to obfuscate its involvement in the tobacco supply chain with no mention of tobacco related activity on the group's press releases page. However, there is no sign that they are moving away from the tobacco industry in its [material](#) focused on the tobacco industry: 'The changes do not signal a backward movement'
- It has provided machinery to BAT and Imperial Tobacco for primary and secondary processing, as well as many smaller companies in the supply chain
- It also [boasts](#) that its cigarette making machine, the Protos-M8 holds the world cigarette production record with 9.37 million made in a single shift
- Körber is [developing](#) paper cigarette filters that taste better as a "win" for smokers and the environment but smoking cigarettes with these filters will still kill half of smokers and cut down valuable trees
- The Körber Group is represented on six of the seven continents with 25 product, sales, and service locations worldwide for its tobacco-related activities.



Fig 1. Presence of Körber Business Area Technologies, taken from its website

- Körber has grown through [mergers and acquisitions](#). Despite the acquired companies initially being legally separate entities with separate websites, in September 2022 all tobacco related group brands became 'Körber' with their own websites becoming defunct.

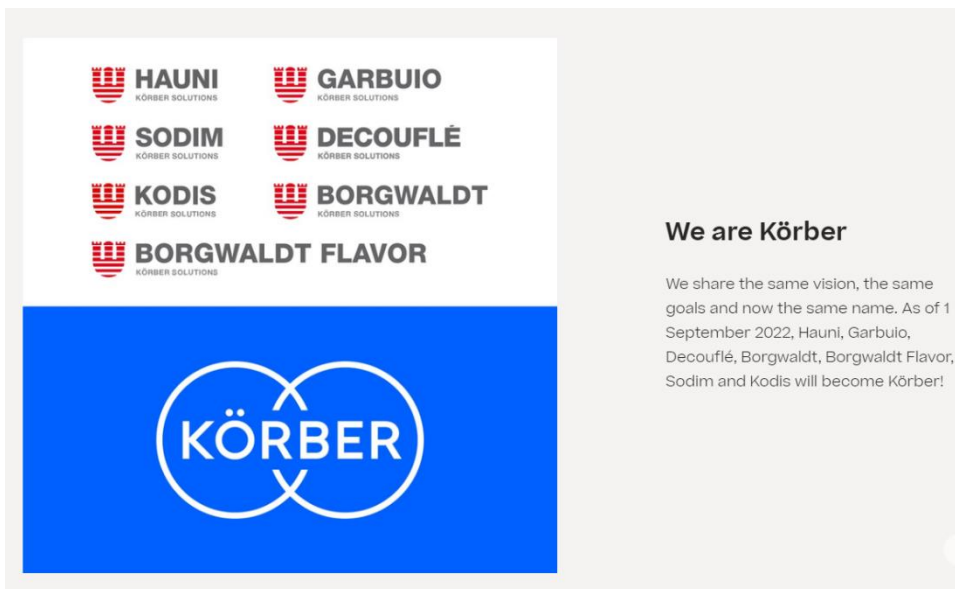


Fig 2. Demonstration of changes within the Körber Group, taken from its website

- Körber's website states that Körber is a strong brand and implies that the other subsidiary names are tainted by their association with tobacco. In addition, the 'Körber Business Area Tobacco' became the 'Business Area Technologies'. Since the name change the association with tobacco industry is harder to identify. The company website states, "This change in name underscores how closely connected we are to the other business areas in the Körber Group and our ambition to grow beyond the limitations of the tobacco industry".

The supply chain database captured these changes in the industry with Hauni, Borgwaldt, and Garbuio, all now grouped under 'Körber Business Area Technologies'. Previously, the database showed how the various subsidiaries of Körber solutions were relatively separate entities with separate websites:

Company ▲	Alternative Name ▾	Parent Company ▾	Locations ▾	Supply Chain Process ▾	Industry Product ▾
Hamburg SUD	N/A	N/A	Germany	Logistics, Transport & Warehousing	N/A
Hauni Maschinenbau AG	Hauni	Korber solutions	Germany	Agriculture, Primary Processing, Product Manufacture, Logistics, Transport & Warehousing	Machinery (not otherwise specified), Buildings, Knives, Tapes, belts, Filters for cigarettes, Packaging
Borgwaldt	N/A	Korber solutions	Germany	Primary Processing, Product Manufacture, Logistics, Transport & Warehousing, R&D	Sensory, Machinery (not otherwise specified), Chemicals

Fig 3. Screenshot of how entities of the Körber business were listed in the tobacco supply chain database

Now the subsidiaries are merged under Körber AG and use the same website:

Company ▲	Alternative Name ▾	Parent Company ▾	Locations ▾	Supply Chain Process ▾	Industry Product ▾
Körber AG	Koerber	N/A	Germany	Primary Processing, Product Manufacture, Logistics, Transport & Warehousing, R&D, Financing	Machinery (not otherwise specified), Sensory, Filters for cigarettes, Chemicals, Other components

Fig 4. Screenshot of new structure in the updated database

- It is useful to track mergers and changes to companies over time to understand wider developments in the tobacco industry.
- While a company may attempt to hide or downplay its involvement in the tobacco industry, the database can highlight how active it really is.

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