

# Declaration of conformity 2015

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## INPACS (Headquarters)

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Indicator set

GRI 4

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Sustainable Development Manager  
Karina Hildebrandt

Mizarstraße 6  
12529 Schönefeld  
Germany

+49 (0) 151 181 954 77  
[karina.hildebrandt@inpacs.com](mailto:karina.hildebrandt@inpacs.com)



## Indicator set

The declaration was drawn up in accordance with the following reporting standards:

GRI 4

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# General

## General Information

Describe your business model (including type of company, products / services)

**INPACS** is a corporation offering a unique **Global Supply Solution** through a full range of cleaning and hygiene supplies, catering products, guest amenities as well as personal protective equipment and medical assortments to customers worldwide.

Our offer encompasses an unrivalled service that contributes to supply chain process optimisation and cost savings for customers. Our value added service is based on a long-term partnership approach, carefully tailored to the circumstances of each customer, consisting of a combination of own logistics, efficient e-business solutions, trainings, seminars and consulting services.

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INPACS GmbH has several shareholders: Nationwide in UK, Adisco in France, PacsOn in Sweden, igefa and respectively igefa International in 32 countries, Norengros in Norway, Magris in Italy as well as Orbis in Spain and Portugal. INPACS has a global approach, displayed in its membership with NETWORK in the Americas as well as in its partnership with Rapid Clean in Australia. These global partnerships are essential and a key for the future development and expansion of our organisation.

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The members of INPACS are independent family-owned companies with a long-term view of their business and a strong market position. INPACS builds upon the strength of their local presence and facilitates their international approach in a way, which helps them meeting the challenges of global market trends and evolving needs of international customers. INPACS thereby offers a sustainable growth path for its members.

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INPACS' common sales worldwide amount to approximately 2.1 billion €.

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The **INPACS Headquarters** is the service and coordination centre of our global distribution network with a strong focus on quality, performance and continual improvement, in a manner which best meets changing customer needs as well as the service needs of its members. This focus is underpinned by the certified ISO 9001 Quality Management System.

# CRITERIA 1–10: SUSTAINABILITY POLICY

## Criteria 1–4 concerning STRATEGY

### 1. Strategic Analysis and Action

The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.

INPACS Headquarters is the service and coordination centre for its international distribution network and a crucial communication channel between customers, suppliers and members within its market sector. INPACS Headquarters' impact consists of shaping the market by sustainably developing and promoting the business strategy in a manner which best meets changing customer needs as well as service needs of its members. According to the [Company Policy](#), INPACS is committed to the principles of the International Labour Organisation for Fair International Labour Standards and Social Protection (ILO), to the Universal Declaration of Human Rights (Resolution 217 A (III) of 10.12.1948) as well as to the Rio Declaration on Environment and Development (of 14.06.1992). Therefore, INPACS consents to the ten principles of the UN Global Compact. INPACS has implemented an Integrated Management System which is certified according to DIN EN ISO 9001 (Quality) and 14001 (Environmental Management) and which includes Health and Safety Management according to OHSAS 18001. This integrated management system includes regular risk evaluations as well as internal and external auditing ensuring transparency and continuous improvement. It is the basis for adding systematic sustainability management. Additionally, INPACS measures itself against the criteria of the Global Reporting Initiative and publishes its first report by declaring herewith Conformity with the Sustainability Code in July 2016. INPACS members are expected to follow this path. This is controlled and monitored to some extent by INPACS Headquarters with respect to the [INPACS Code of Ethics](#) and the internal INPACS Basics of Cooperation. Our suppliers and partners are as well expected to share and support INPACS' commitment internationally, which is monitored for strategic and nominated INPACS suppliers with regard to the [INPACS Supplier Code of Conduct](#). For INPACS, the following factors are understood as challenges and

opportunities in future time:

The globalisation of markets discloses a lot of new customer opportunities to INPACS and, meanwhile, implicates severe pricing pressure and competition whereas sustainable supply chains and adherence to the international rules of compliance are stipulated as basic principles in tenders and offers.

Digital business transformation is expected as one of the most important growth opportunities being necessary for companies to accelerate internal processes and affecting significantly the supply chains.

Climate change and scarcity of natural resources increases customers' necessity for ecological product alternatives and services.

Last but not least, in Europe, the growing skills shortage challenges business companies to focus more and more on employee satisfaction and loyalty as well as to reorganise processes considering divergent qualification of employees.

## 2. Materiality

The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.

INPACS is a corporation offering a unique Global Supply Solution regarding a full range of non-food products. By ordering from INPACS, worldwide accounts of any size can concentrate their purchases on a reduced number of suppliers and therefore optimize their supply chains drastically in terms of economics and environment (reduced deliveries, less fuel consumption, reduced GHG emissions).

Regarding INPACS' own supply chain, Fair Labour Conditions, the Protection of Human Rights and the Environment as well as Prevention from Corruption and Bribery are basic principles of the supplier relationship management.

The demographic development and the skills shortage are changing the employment market and challenge employers like INPACS to more flexibility to remain attractive.

## 3. Objectives

The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.

INPACS exclusively consists of [independent family-owned companies](#) with a long-term view of the business and appropriate core values: Reliability, Drive and Flexibility, Innovation and Integrity.

Integrity includes all CSR-elements with respect to the common understanding of CSR in the community.

Being the service and coordination center of INPACS, Headquarters has a special responsibility as role model and multiplier regarding these values for all members. As shown further down in this declaration, INPACS includes these values into its strategy and business operations.

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The most essential sustainability goal of INPACS Headquarters is to introduce a sustainability monitoring system for the whole network in the next two years. Once there is transparency with respect to all members, joint sustainability goals such as ecological targets will be set.

Along the strategic planning process for 2022, sustainability issues will be discussed, too.

Meanwhile, Headquarters strives for promoting sustainability within and outside the network setting pulses such as the ISO Certifications (9001, 14001), this Declaration of Conformity with the Sustainability Code as well as [Climate Neutrality](#).

## 4. Depth of the Value Chain

The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.

The principle of sustainability is fundamentally anchored in the business culture of INPACS consisting exclusively of family-owned companies with a long-term responsible view on the business.

INPACS Headquarters provides a significant added value to its customers and members worldwide offering the key services listed below. The relevant sustainability aspects are integrated in the management system including strategic and process guidelines:

**Global Corporate Account Management** stands for

- one contact person for all countries
- understanding the customer's global needs for a cost-efficient and sustainable supply chain
- offering tailored solutions such as category management, concentration of product categories, ecological alternatives, optimised logistics, ecologically and economically worthwhile sizes of orders, electronic orders and invoices, training etc.
- working closely with INPACS' customer service (Global Corporate Account

Assistance), supplier management as well as each national Key Account Management in order to best coordinate quotations, tenders and contract negotiations, safeguard high-level after sales service, provision of management information etc.

The **Global Strategic Supplier-, Sourcing- and Category Management** takes charge of allocating the best possible international purchasing opportunities to INPACS members and customers with regard to

- quality
- conditions
- protection of human rights
- fair labour conditions
- protection of the environment
- integrity
- a sustainable supply chain

in order to achieve the greatest possible competitive advantages in the market and acting responsibly at once. Therefore, INPACS Headquarters concentrates on strategic and nominated suppliers who respect the above mentioned aspects (confirmation of the INPACS Supplier Code of Conduct) and are evaluated against suitable criteria.

When preparing purchase orders, employees focus on optimized supply chains to avoid unnecessary itineraries, save energy resources and prevent emissions.

In order to support the above mentioned factors on members' side and advance INPACS' position of power in the global market, the **Business Development Management**

- sets standards regarding e.g. the business integrity (Code of Ethics, Supplier Code of Conduct), the management organisation and system (ISO etc.) and various key figures for the whole distribution network,
- stipulates and monitors joint business plans with each member and
- promotes best practice sharing.

The **IT- and E-Business Management** takes charge of promoting the connectivity within the distribution network in order to provide management information such as order statistics and promote e-business capabilities.



## Criteria 5–10 concerning PROCESS MANAGEMENT

### 5. Responsibility

Accountability within the company's management with regard to sustainability is disclosed.

In the course of bi-annual conferences, the shareholders decide on the strategy, investments as well as basic principles of INPACS. This includes sustainability aspects with regard to the complete value creation chain. The Board and CEOs decide on the implementation steps being supported by the Sustainability Manager who coordinates any activities and makes sure to integrate them into the Quality, Environmental and Health and Safety Management System.

### 6. Rules and Processes

The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.

Based on the business model and strategy, applicable rules and practices are established and documented in the integrated management system - in form of manuals, responsibility charts, monitoring and controlling mechanisms, correction and prevention rules etc.

An example for this is the health and safety process including assignment of a health and safety officer, risk assessment, regular health and safety instructions etc. as an answer to the basic principles of INPACS.

Due to internal and external audits, the integrated management system is regularly inspected in order to identify non-compliance with the strategy and/or potential of improvement. Therefore, a reliable method for a continual review and improvement cycle is installed.

## 7. Control

The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.

The integrated management system at INPACS Headquarters exists since 2015. The relevant KPIs since then are concentrated on:

- Energy consumption and greenhouse gas (GHG) emissions; these are verified and counterbalanced by [Klima ohne Grenzen](#) (Climate without Borders), "a non-profit corporation based in Germany promoting climate protection projects in developing and emerging countries"
- Office paper usage; internal monitoring on the basis of paper purchases
- Percentage of purchases through nominated INPACS suppliers as an indicator, due to pooled orders, for reduced transports and and GHG emissions internationally; based on supplier data
- Percentage of suppliers agreeing in written with the INPACS Supplier Code of Conduct; internal monitoring
- Percentage of ecological paper products within total sales internationally; based on supplier data
- Members' and customers' satisfaction; via surveys and direct communication

## Key Performance Indicators to criteria 5 to 7

### Key Performance Indicator G4-56

The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.

The ethical understanding of INPACS can be found in the [INPACS Company Policy](#), the internal [Code of Ethics](#) as well as the [Supplier Code of Conduct](#). These codes include the Protection of Human Rights, Fundamental Principles and Rights at Work, the Protection of the Environment as well as the Prohibition of Corruption and Bribery (see above criterion 1). Thereby, a set of rules has been created and included into the integrated management system to challenge the management, instruct employees and by which suppliers are measured.

## 8. Incentive Systems

The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).

As a general rule, target agreements and remuneration schemes are aligned with economical ratios and/or with the lasting value creation such as e.g. the development of a new service for members. The achievement of sustainability goals is not considered, yet. However, adherence to sustainability directives and goals is perceived as a basic premise for all employees.

## Key Performance Indicators to criteria 8

### Key Performance Indicator G4-51a

Remuneration policies for the highest governance body and senior executives.

INPACS offers to all its employees (including the general management) a transparent and sustainable remuneration that consists of salary, retirement pension and, if applicable, additional contributions in order to achieve a fair, reliable and competitive compensation. This is mentioned accordingly in the internal Personnel Policy.

### Key Performance Indicator G4-54

Ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

No monitoring.

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## 9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

<b>Stakeholders</b>	<b>Communication Channel</b>	<b>Stakeholder expectations regarding INPACS and trends</b>	<b>Key topics raised in the last 2 to 5 years and how INPACS responded</b>
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<p>International Customers</p>	<ul style="list-style-type: none"> <li>-Regular personal contacts by global corporate account managers</li> <li>-proactive dialogue by memberships and/or participation in trade fairs as well as customer conventions and associations such as Hotec, EcoVadis and ISSA (International Sanitary Supply Association)</li> </ul>	<ul style="list-style-type: none"> <li>-Increase of economic and operating benefits</li> <li>-global presence and full country coverage with harmonized service standards</li> <li>-a full range of cleaning and hygiene, catering and packaging products, guest amenities as well as personal protective equipment worldwide (One Stop Shop for non-food) including ecological alternatives</li> <li>-optimized supply-chain (cost- and resource-efficient)</li> <li>-modern electronic ordering (via e-platforms such as market places, open/closed shops, customized ordering systems, EDI) and invoicing</li> <li>-management information, e.g. quarterly/monthly reports regarding order statistics, budget control or the like</li> <li>-sustainable traceable supply chain regarding human rights risks, labour practices, protection of environment and prohibition of corruption and bribery</li> </ul>	<ul style="list-style-type: none"> <li>-Customers' demand for presence in Middle East &gt;&gt; research for new INPACS member in Dubai &gt;&gt; to start in 2017</li> <li>-demand of important customer within cruise liner segment for a representation in Brazil &gt;&gt; member research for Network in the Americas &gt;&gt; real in 2016</li> <li>-in the context of international tenders increased customer demand for commitment to the UN Global Compact and ILO as well as for certifications, especially regarding DIN EN ISO 14001 &gt;&gt; certification of Headquarters in 2015 realised, implementation of monitoring system for members as well as inclusion of this topic in the strategic planning 2022 in 2016.</li> </ul>
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<p>Share-holders/ Supervisory Board</p>	<p>-Bi-yearly board meetings -bi-yearly shareholder meetings</p>	<p>-Ensure sustainable growth of independent family-owned companies in order to strengthen and consolidate INPACS network as a group</p> <p>-preservation of our core values Reliability, Drive and Flexibility, Innovation and Integrity</p> <p>-elevate the value proposition of the entire organisation creating a clear competitive advantage in order to increase accounts sales</p>	<p>-Demand for implementation of global sourcing service at Headquarters in order to realise savings and optimise members' supply chains &gt;&gt; installed by 2014/2015 (two employees)</p> <p>-CSR development at Headquarters as well as for the whole group in order to reinforce INPACS' competitiveness to this respect &gt;&gt; process started in 2016</p> <p>-Strategic Plan for 2022 to be defined and implemented &gt;&gt; process started in 2016</p>
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<p>Members</p>	<ul style="list-style-type: none"> <li>-Annual conference</li> <li>-Daily operational contacts by business development, sales and purchase departments (personal, email, phone, video)</li> <li>-monthly and quarterly reviews with top-management on the main joint business plans</li> <li>-bi-annual meetings of national key account managers</li> <li>-particular project meetings for national, strategic and/or organisational matters</li> <li>-Multiple meetings at bi-yearly international tradefair (Interclean) as well as at national tradefairs (CMS, Polide etc.)</li> </ul>	<ul style="list-style-type: none"> <li>-Access to international customer and supplier agreements as well as to INPACS supplier network</li> <li>-strategic and economic edge</li> <li>-most favourable conditions for purchase worldwide as well as price stability</li> <li>-know-how transfer in order to improve the current business and step inside new business areas as well</li> <li>-best practice sharing and organisational consulting (IT, logistics, sales etc.) for continuous business development</li> <li>joint business planning</li> <li>-bringing ideas to the distributors' network in order to explore and to develop the group</li> </ul>	<ul style="list-style-type: none"> <li>-Need for implementation of business development team at Headquarters in order to support members regarding the INPACS strategy and basics of cooperation &gt;&gt; installed by 2014/2015 (two employees)</li> <li>-Development of a European private label brand to be used on local level &gt;&gt; adaptation of license agreement to be finalised in 2016</li> </ul>
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<p>Network Americas</p>	<ul style="list-style-type: none"> <li>-Mutual participation of Network at INPACS' annual conference and INPACS at Network Stockholder Meeting and/or Tradeshow</li> <li>-participation of Network Managing Director as Advisory Board Member at INPACS Supervisory Board Meeting</li> <li>-quarterly contacts (phone, video) regarding common business areas (purchase, sales, know-how transfer)</li> <li>-particular common customer meetings</li> </ul>	<ul style="list-style-type: none"> <li>-Close cooperation for international customers expanding from Europe to US or vice versa</li> <li>-meeting customer needs on a global scale to bring forward both organisations</li> <li>-best practice sharing, synergies usage</li> <li>-leverage of global strategic suppliers for achieving common and global growth</li> </ul>	<ul style="list-style-type: none"> <li>-As a member of Network Americas supported INPACS in cruiseliner business INPACS is now expected to adapt to cruiseliner standards for professional service, e.g. build up new supplier relationships as demanded by said customer &gt;&gt; in process</li> </ul>
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<p>INPACS Suppliers</p>	<ul style="list-style-type: none"> <li>-From quarterly to bi-annual business review meetings with strategic respectively nominated suppliers</li> <li>-daily operational contacts by purchase team (email, phone, video)</li> <li>-multiple meetings at bi-yearly international tradefair (Interclean) as well as at national tradefairs (CMS, Polide etc.)</li> <li>-selective participation of strategic suppliers at the INPACS annual conference</li> </ul>	<ul style="list-style-type: none"> <li>-To meet growth targets</li> <li>-professionalisation of the market</li> <li>-concentration on strategic and nominated suppliers</li> <li>-qualified sales team especially regarding product innovation</li> <li>-geographical expansion and bringing corporation standards across the INPACS network</li> <li>-transfer of good relationships and business behaviour to new countries</li> <li>-joint business plans on country level to be installed</li> </ul>	<ul style="list-style-type: none"> <li>-Management information, especially quarterly/monthly sales statistics from all members, consolidated by INPACS Headquarters as well as on local level &gt;&gt; realized in various countries, ongoing process in 2016/2017</li> </ul>
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Employees	<ul style="list-style-type: none"> <li>-Daily communication thanks to small team and flat hierarchies</li> <li>-monthly team-meetings</li> <li>-yearly appraisal interviews</li> </ul>	<ul style="list-style-type: none"> <li>-Fair remuneration and social benefits</li> <li>-healthy workplace</li> <li>-team spirit, fun</li> <li>-employer flexibility for personal issues</li> <li>-personal development and career opportunities</li> <li>-clear strategy, clear responsibilities, speedy decision making</li> <li>-family-friendly working conditions</li> </ul>	<ul style="list-style-type: none"> <li>-Due to an odour trouble in the office without cause identification over a longer period, employees requested a final solution such as moving to another space &gt;&gt; move has taken place within the building in July 2016</li> <li>-various employees aspired towards losing weight and living healthier &gt;&gt; attended with a little competition, some started to prepare wholesome meals together and some do sports together &gt;&gt; ongoing in 2016</li> </ul>
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Societal stakeholders (competitors, neighbourhood, community, NGO etc.), stakeholders from compulsory environment (Legislative Authority, public authorities, Social Insurance, Accident Prevention & Insurance Organisation etc.) and financial market participants (financial, insurance institutions) are not defined as key stakeholders and dialogue takes place coincidentally respectively on demand. Renouncement of further details at this point.

## Key Performance Indicators to criteria 9

### Key Performance Indicator G4-27

Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.

See above, criterion 9.

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## 10. Innovation and Product Management

The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.

Innovation Management is a crucial factor of INPACS' success and further development being a key differentiator of the value proposition of family-owned businesses versus big corporate competitors.

The social and environmental effects with respect to innovation management are aligned with INPACS's key services mentioned in criterion 4. The most relevant dimensions are ecological respectively ecologically factured product alternatives, eco-efficient logistics and administrative processes for the whole supply chain as well as responsible sourcing protecting the environment, human rights and fair business.

Due to its strong sales reps network and market coverage, INPACS plays a key role to bring innovations from the manufacturers to end-users as well to communicate demand for innovation of end-users to manufacturers.

Furthermore, INPACS' innovation management includes know-how transfer within the INPACS Network and support innovation development of members.

## Key Performance Indicators to criteria 10

Key Performance Indicator G4-FS11

(report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening.

No monitoring.

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## Criteria 11–20: Sustainability Aspects

### Criteria 11–13 concerning ENVIRONMENTAL MATTERS

#### 11. Usage of Natural Resources

The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.

INPACS Headquarters uses only small amounts of Office Paper due to the fact that mainly electronic mediums (email, Intranet and PDF) are used for correspondence and invoicing.

Water consumption corresponds to the consumption of operating staff bathroom and kitchen facilities.

Waste as well is reduced to small amounts of office paper, kitchen residuos and rarely electronic scrap.

In contrast, consumption of energy resources for office infrastructure (IT, lighting, kitchenware), heating as well as for travelling represent a bigger lot within Headquarters organisation. Additionally, on members' side the biggest energy users are transport and account visits (e.g. in Germany 70%).

Therefore, the most relevant aspect of INPACS regarding usage of natural ressources is best practice sharing in order to achieve the most energy-efficient processes for all members in more than 35 countries worldwide.

#### 12. Resource Management

The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.

INPACS is a lean organisation using small amounts of resources which are even decreasing relatively to the business growth.

Therefore, goals are set with regard to the INPACS network as a whole and with an effect on members', customers' and/or suppliers' side such as

- further concentration of members' purchase activities on nominated INPACS suppliers leading in consolidated supply chains by pooled orders being an indicator for reductions in transports and emissions
- promoting the implementation of an environmental management system according to DIN EN ISO 14001 in order to achieve transparency on local and international level and be able to set goals such as joint sustainable standards and/or ecological targets
- further intensify video and telephone conferencing and/or e-media capabilities in order to minimise the amount of business trips
- planning required business trips in the most efficient way combining them with other meetings on the same route respectively at the same place.
- actively promoting electronic invoicing in order to reduce office paper and envelopes usage as well as energy usage for correspondence.

Generally, the [Company Policy](#) requires Ecological Responsibility expressing INPACS' commitment "to minimising its environmental footprint within its sphere of influence by reducing the consumption of all natural resources as well as minimising the harmful effects of pollution from waste, chemicals and greenhouse gases."

Further concretion of INPACS goals will be reviewed during the strategic planning process with respect to 2022.

## Key Performance Indicators to criteria 11 to 12

### Key Performance Indicator G4-EN1 Materials used by weight or volume.

Yearly office paper usage at INPACS Headquarters amounts to 32,500 recycled paper sheets.

Paper usage for print media is reduced to 4,000 INPACS catalogues (240 FSC-certified pages) every two years as well as 100 Flyers and 4 roll-ups for particular conventions in 2015. Regarding the roll-ups, the few aluminium racks are for reuse considering the negative impact of aluminium processing for new racks.

### Key Performance Indicator G4-EN3 Energy consumption within the organisation.

The energy consumption amounts to 45,500 kWh for electricity and 79.654 kWh for heating.

Key Performance Indicator G4-EN6  
Reduction of energy consumption.

Energy consumption at Headquarters (lighting, IT infrastructure, heating) is included in the landlord's monitoring relatively to the rented square metres. Therefore, INPACS' influence is narrow. Reduction efforts are intensely promoted by the landlord and focused on the entire building including INPACS offices.

Energy consumption due to travelling is partly controllable by using video and telephone conferencing and/or e-media capabilities instead for particular cases. Beyond that, required visits of members are always planned optimally in a way that members' issues are combined with supplier and/or customer meetings.

Key Performance Indicator G4-EN8  
Total water withdrawal by source.

The water consumption of INPACS Headquarters averages around 150 m<sup>3</sup> per year and is not considered a significant environmental impact factor. All water is provided by regional water utilities.

Key Performance Indicator G4-EN23  
Total weight of waste by type and disposal method.

INPACS' exclusively non-hazardous waste is mainly divided into office paper and kitchen waste, rarely it contains electronic scrap. Being classified as non-relevant aspect at INPACS Headquarters, it is included in the landlords' waste management and monitoring. There, any waste disposal is carried out by certified waste management companies.

## 13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

Energy consumption and greenhouse gas (GHG) emissions' monitoring is verified and counterbalanced by [Klima ohne Grenzen](#) (Climate without Borders) (s. above criterion 7). Therefore, [INPACS Headquarters organisation is a Climate Neutral Company](#) having counter balanced its GHG emissions by investing in energy efficient cookstoves in Uganda with yearly GHG savings of 1.5 tonnes per stove.

The GHG footprint of INPACS' network worldwide is incomparably bigger:

- caused by running the organisations' infrastructure locally
- caused by members' logistics and customer visits
- influenced by product assortments choice
- caused by customers' and suppliers' own supply chain

Therefore and corresponding the commitment "to minimising the harmful effects of [...] greenhouse gases" mentioned in the [Company Policy](#), INPACS focuses on:

- strategic supplier management in order to increase of 40% concentration of worldwide purchase activities on strategic and nominated INPACS suppliers. The idea behind this is to consolidate supply chains due to pooled orders being an indicator for reductions in transport, fuel consumption and GHG emissions.
- supporting members in product management, supply chain optimisation and other processes having this effect
- promoting the implementation of an environmental management system according to DIN EN ISO 14001 in order to achieve transparency on local and international level and be able to set goals
- consulting customers for optimising their supply chains and product ranges
- further intensifying videoconferencing in order to minimise the amount of business trips
- increasing efficiency of required business trips including all aspects to be discussed in meetings and/or combining these with other meetings on the same route respectively at the same place.

## Key Performance Indicators to criteria 13

### Key Performance Indicator G4-EN15

Direct greenhouse gas (GHG) emissions (Scope 1).

244 t due to usage of fuel for travelling and heating - counterbalanced (see above criterion 13).

### Key Performance Indicator G4-EN16

Indirect greenhouse gas (GHG) emissions (Scope 2).

27,5 t at INPACS Headquarters due to electricity consumption - counterbalanced (see above criterion 13).

### Key Performance Indicator G4-EN17

Other indirect greenhouse gas (GHG) emissions (Scope 3).

No monitoring.

### Key Performance Indicator G4-EN19 Reduction of greenhouse gas (GHG) emissions.

The concentration of purchase activities on strategic and nominated INPACS suppliers increased by 38% in the last 5 years, which can be seen as an indicator for reductions in GHG emissions due to pooled orders and bundled transports on member respectively supplier side. Unfortunately, there is no monitoring in place for measuring the effect, yet.

Apart from this, there is a car policy in place at Headquarters including limits for GHG emissions of new cars being, at once, an example for members to follow.

In addition, INPACS has largely changed its invoicing procedures from postal delivery to electronic sending, both for outgoing and for incoming invoices, by this reducing paper consumption as well as energy use and emissions.

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## Criteria 14–20 concerning SOCIETY

### Criteria 14–16 concerning EMPLOYEE-RELATED MATTERS

#### 14. Employment Rights

The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.

As stated in the [Company Policy](#) and the internal [Code of Ethics](#), INPACS has committed to the International Labour Organisation for fair international labour standards and social protection (ILO).

As proved by regular external controls of the Pension Insurance Institution as well as of Tax Inspectors, compliance, especially with the strict German Labour Law and Social Insurance Regulations, is shown. This includes remuneration, working hours, holidays etc.

There is an intense employee involvement in sustainability management as the employees best know members', customers' and suppliers' aims and possibilities. In the course of team meetings, individual interviews and project assignments with the Sustainability Manager the employees develop the concrete input for sustainability measures.

[The INPACS Supplier Code of Conduct](#) reflects the above mentioned policies for the supply chain. All strategic and nominated INPACS suppliers have acknowledged in writing this mandatory document.

Transparency of accordance with these policies is shown by supplier certifications such as SA8000, OHSAS 18001 or BSCI.

All INPACS members have committed to applying the INPACS Supplier Code of Conduct as well as the INPACS Code of Ethics within their business principles and trading operations.



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## 15. Equal Opportunities

The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.

As proved by regular external controls of the Pension Insurance Institution as well as of Tax Inspectors, compliance with the Basic Rights of Employees is shown, especially regarding the strict German Law and Social Insurance Regulations including equal opportunities and diversity, occupational health and safety and fair pay (see above criterion 14).

Overtime is uncommon and, if needed, sporadically compensated with time off after previous arrangement. On the other hand, in case of personal issues (mourning, move or the like), flexible arrangements are set. In general where possible, individual working hours agreements are set. Occupational Health and Safety is part of the integrated management system which corresponds to OHSAS 18001 and is regularly internally and externally audited. All employees benefit from regular occupational health checks based on their age. When necessary, the organisation supports changes to job content, ergonomics, work equipment etc.

Equal Opportunity and Non-Discrimination regardless of color of skin, nationality, social background, disabilities, sexual orientation, political or religious beliefs as well as age or gender are the pillars of [INPACS' own commitment](#) being an international organisation and is the essential element of its Code of Ethics as well as its Supplier Code of Conduct. Any breaches can be reported to an ombudsman, anonymously if need be, without repercussions for the reporter.

INPACS affirms its openness by assembling a team of german employees with intercultural experiences as well as employees from Spain, China and Hungary.

## 16. Qualifications

The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.

INPACS is still a young organisation that has built up a Headquarters with around 18 employees within 10 years. Of course, the strategic planning

includes the personnel planning.

In at least yearly appraisal interviews, this organisational planning is compared with the employees' expectations in order to define together in written the personal development plan of every employee within the organisation. This includes systematical evaluation of required qualification today and in the future in order to define any necessary training. But it also includes any personal issues to be considered.

New employees receive an induction starting with a health and safety briefing and a base training where the scope is determined by existing qualifications and the final operation area.

## Key Performance Indicators to criteria 14 to 16

### Key Performance Indicator G4-LA6

Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.

No injuries in the last four years at INPACS Headquarters.

### Key Performance Indicator G4-LA8

Health and safety topics covered in formal agreements with trade unions.

No formal agreement with any trade union.

### Key Performance Indicator G4-LA9

Average hours of training per year per employee, by gender and by employee category.

Standardised reporting of average annual training and instructional hours per employee does not exist as required by G4.

Anyway, a part from mandatory regular health and safety instructions, employees are supported with individual training based on their job requirements and existing qualifications (e.g. time or personnel management training).

### Key Performance Indicator G4-LA12

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

- 1 female, 3 male Supervisory Board members selected from designated presidents within shareholders' groups
- 18 employees in total

- 17 full time with permanent contracts (8 female, 9 male incl. 2 male managers) plus 1 student research assistant
- 3 employees with migratory background (17%)
- 16 employees between 31 and 55 years, 1 (female) employee older than 55 years
- No apprentices
- 1 employee started in the course of INPACS' foundation in 2004
- 4 employees started from 6 to 10 years ago
- 12 employees were contracted in the last 5 years due to the INPACS growth and expansion

Key Performance Indicator G4-HR3

Total number of incidents of discrimination and corrective actions taken.

No incidents since foundation of INPACS in 2004.

## Criterion 17 concerning RESPECT FOR HUMAN RIGHTS

### 17. Human Rights

The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.

All suppliers are expected to acknowledge in writing and to adhere to the [INPACS Supplier Code of Conduct](#) also with respect to their own supply chain. Hereby, they confirm also compliance with Human Rights according to the Universal Declaration of Human Rights (Resolution 217 A (III) of 10.12.1948) including prevention from forced and child labour as well as any form of exploitation.

When being doubtful about this commitment, the viability of the cooperation with INPACS might fundamentally be called into question.

A basic monitoring takes place by regular assessments of the suppliers against a sustainability survey based on the Supplier Code of Conduct.

This monitoring process must be extended in the next two years including factory audits for particular manufacturers regarding human rights aspects such as working hours, health and safety, employees age, dormitories etc.

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## Key Performance Indicators to criteria 17

### Key Performance Indicator G4-HR1

Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

All nominated INPACS suppliers have signed the INPACS Supplier Code of Conduct confirming by this the protection of Human Rights according to the Universal Declaration of Human Rights (Resolution 217 A (III) of 10.12.1948). All INPACS members have committed to our [Corporate Social Responsibility](#), too, and apply the INPACS Supplier Code of Conduct within their business principles and trading operations.

### Key Performance Indicator G4-HR9

Total number and percentage of operations that have been subject to human rights reviews or impact assessments.

Around two thirds out of strategic and nominated INPACS suppliers have been assessed against said sustainability survey that is based on the INPACS Supplier Code of Conduct.

### Key Performance Indicator G4-HR10

Percentage of new suppliers that were screened using human rights criteria.

No complete monitoring yet. Potential and new suppliers were partly screened. As mentioned in the recently defined purchase strategy of INPACS, the detailed process will be finalized in 2016.

### Key Performance Indicator G4-HR11

Significant actual and potential negative human rights impacts in the supply chain and actions taken.

INPACS Headquarters is strategically responsible for the strategic and nominated INPACS suppliers that represent approximately half of the purchase volume of INPACS. By signing the INPACS Supplier Code of Conduct, these suppliers have confirmed, amongst others, adherence to the Universal Declaration of Human Rights (Resolution 217 A (III) of 10.12.1948). In some cases, factory audits respectively self-assessments have taken place. A systematic approach will be implemented by 2016/2017.

Recently, INPACS Headquarters also dedicates to finding and approving new suppliers anywhere in the world in order to realise savings and optimise members supply chains. This task will include an intense analysis of

manufacturers regarding human rights aspects such as working hours, health and safety, employees' age, dormitories etc.  
The concrete process will be finalised by 2016/2017 as well.

## Criterion 18 concerning SOCIAL MATTERS

### 18. Corporate Citizenship

The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.

INPACS members are accountable to the communities in which they operate, because they have been in those communities for generations. They have to do a better job serving their customers than their national corporate competitors because they are part of those communities.

INPACS builds upon strengthening their regional value creation in the context of globalisation and concentration in the market. INPACS thereby offers to its members a sustainable growth path.

INPACS Headquarters itself has spent 4,000 € in an [Eco-Social Project in Uganda](#) in order to counter balance its GHG footprint and act climate neutrally. By this, INPACS aims to increase CSR-Awareness within its stakeholder network.

## Key Performance Indicators to criteria 18

Key Performance Indicator G4-EC1

Direct economic value generated and distributed.

INPACS undertakes its best efforts to maximise its members benefits. Therefore, INPACS GmbH shares all generated benefits (direct and indirect) with its members.  
Renouncement on further reporting.

## Criteria 19–20 concerning ANTI-CORRUPTION AND BRIBERY MATTERS

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## 19. Political Influence

All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.

Membership in and active participation by INPACS CEO in the committee of the International Sanitary Supply Association (ISSA) including annual fees of 410€.

No entry in any lobby list, no contributions or donations at all to political parties or politicians since foundation of INPACS in 2004.

This corresponds to the [INPACS Code of Ethics](#) that regulates, amongst others, "not to make donations to political parties, individual persons, profit-oriented organisations or organisations whose objectives are contrary to the principles of INPACS and those of its members or harmful to the groups reputation.

Donations made must always be transparent – e.g. the identity of the recipient and the intended use of the donation are known and the reason for the donation and the purpose for which it is to be used are legally justifiable."

## Key Performance Indicators to criteria 19

Key Performance Indicator G4-SO6

Total value of political contributions by country and recipient/beneficiary.

0,00 € political contributions since foundation of INPACS in 2004.

## 20. Conduct that Complies with the Law and Policy

The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.

The guideline regarding compliance with applicable law and, in particular,

regarding prevention from corruption and bribery is defined in the [INPACS Code of Ethics](#) which is, by the way, valid for the entire INPACS Network worldwide.

With respect to the four-eyes principle and shared electronic data within the teams there is a monitoring installed.

Any case of illegal activities can be reported to an ombudsman, anonymously if need be, without any repercussions for the reporter.

Generally, prevention of corruption and bribery is a topic promoted by the Sustainability Manager.

In order to raise awareness, regular training on prevention of corruption and bribery has been established.

## Key Performance Indicators to criteria 20

### Key Performance Indicator G4-SO3

Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.

No assessment for risks related to corruption.

### Key Performance Indicator G4-SO5

Confirmed incidents of corruption and actions taken.

No incidents at INPACS Headquarters since foundation of INPACS in 2004.

### Key Performance Indicator G4-SO8

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

[Link](#)

There have not been any significant fines or non-monetary sanctions since foundation of INPACS in 2004.