

# Declaration of conformity 2021

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## INPACS (Headquarters)

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Indicator set

GRI SRS

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## Indicator set

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

GRI SRS

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# General

## General Information

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

INPACS is a global distribution network uniting more than 100 family-owned wholesaler businesses from over 42 countries in Europe, Asia and Australia/ New Zealand. Customers from the sectors of healthcare, industry, facility management and hospitality worldwide are offered supply solutions including cleaning and hygiene articles, catering products, guest amenities as well as personal protective equipment and medical supplies - a comprehensive range with over 200,000 non-food products.

With this international network and more than 30 global supply partners by its side, INPACS is playing a key role as a multiplier in the market, facilitating tailored consumption of global enterprises.

INPACS is providing holistic solutions that optimise its customers' supply chains through a one-stop shop approach with a vast product portfolio and customized services, such as:

- Product and service consulting by dedicated local and global key account managers
- Individual supply solutions enabled by close partnerships with manufacturers and experts
- Customised e-ordering as well as BI-Solutions for (economical and sustainability-related) performance optimisation
- Delivery to points of use
- After-sales services

This comprehensive set of added value services is securing consistent services across all of INPACS customer's local operations, worldwide.

### **INPACS CENTRAL HEADQUARTERS**

The INPACS headquarters represents the service and coordination centre of the distribution network with a strong focus on setting the quality, efficiency, and performance standards for its international member companies in a manner which best meets changing customer and societal needs.

To successfully fulfil its facilitator role, there are four major value-creating divisions within INPACS head office:

**Sales:** Channelling communication and data flow across local branches through one dedicated global contact. Thus, creating a powerful hub for international customers with global contracts, reports, international tender management as well as customer-specific assortment harmonisation across multinational sites.

**Procurement:** Identifying and developing cooperation with appropriate supply partners in respect of purchasing conditions as well as transparent and responsible supply chains in order to anticipate international customers' demand at all times.

**Sustainability:** Driving the sustainable development of the INPACS members by offering them comprehensive support as well as by setting high standards to consistently strengthen these for future challenges.

**Digitalization:** Guiding the digital and analytical path of the members through advice and technical support in order to enable these to upgrade their customer service and consulting and gain highest customer satisfaction.

#### Additional remarks:

This declaration of conformity was drawn up by the INPACS sustainability department (cf. criterion 5 Responsibility). Whereas the INPACS headquarters is the disclosing unit in this report, the progress of the network and of its members is the practical reality of the impact of the headquarters' work and will therefore also be addressed along most of the criteria in this report.

The INPACS head office is maintaining a certified quality and environmental management system in accordance with DIN EN ISO 9001 and 14001.

Additionally, the CSR rating platform EcoVadis has awarded the INPACS headquarters the platinum medal in 2021. This confirms INPACS advanced sustainability management in the fields of environment, labour, human rights, and ethics, putting the head office into the top 1% of all companies participating in EcoVadis assessments.

As a participant of the [United Nations Global Compact](#), INPACS is committed to the promotion and implementation of its Ten Principles on human rights, labour conditions, environmental protection, and corruption. With this report on the German Sustainability Code, the company is at the same time fulfilling its obligation to disclose the UN Global Compact "Communication on Progress" report.

Where differences in approaches exist between the reporting period and the status quo at the time of reporting, this will be indicated where possible.



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# 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.

In 2018, *Sustainability* was defined as one of five strategic pillars of INPACS by its shareholders and members. The corresponding group-wide sustainability strategy includes the below mentioned vision and commitments and is underpinned by the United Nations Sustainable Development Goals.

#### **Vision**

*We drive high standards and innovation for sustainable value chains from production to disposal. We act as a multiplier for sustainable development in our markets and internally. Our sustainability approach is not a marketing tool, we deal honestly with our responsibility towards the environment and our stakeholders. We do not accept greenwashing: This means all sustainability claims must be based on reliable, comparable, and verifiable information. Sustainability is an integral part of our corporate culture as family businesses. We think in terms of generations, and we are responsible employers. We become the sustainability expert and visionary in the markets in which we operate.*

#### **Commitment**

We [commit](#) to the Ten Principles on the protection of human rights, fair labour standards, environmental protection and anti-corruption of the [UN Global Compact](#). All INPACS members and suppliers are expected to act accordingly.

INPACS unites family-owned wholesale companies, worldwide. Common measures affect operations in over 42 countries with over 8,000 employees, their supply chains as well as their products and services. Within its sphere of influence, INPACS aims to reduce the negative effects of its business activities on people and the environment and to strengthen positive effects at the same time.

Its sphere of influence – this is not only the own companies. Above all, it is the procurement and value creation process of its customers as well as the selection and development of its suppliers. Therefore, INPACS' action fields for the sustainable development are:

- Procurement & supply chains
- Products & services
- Organisation & workforce

Having this in mind, the core UN Sustainable Development Goals that INPACS can contribute to are:

- Goal 8 for Decent work and economic growth
- Goal 12 for Sustainable consumption and production
- Goal 13 for Climate action

Through working with the UN goals since 2019, it was realized that three of the goals set were outside of the INPACS headquarters' sphere of influence and not connected to INPACS' core business: Goal 5 for Gender equality, goal 10 for Reduced Inequalities and goal 17 for Partnerships for the goals. These goals will therefore be taken out of the focus at network-level in the future. This does not mean that INPACS does not see the importance of these goals, but rather that the achievement of these will be placed at the most effective level, meaning the member companies themselves. They have the biggest influencing on their company cultures towards more diversity and equality as well as in starting partnerships for the goals. This distinction will allow INPACS and its members to contribute to sustainable development in the most effective way.

All strategic topics are broken down into concrete objectives mentioned in criterion 3.

## 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.

### Influence of sustainability aspects on INPACS' business activities

As a network with regional, national, and international operations that serves customers from all industries, INPACS is directly and indirectly, positively and negatively affected by ecological, political and socio-economic developments in



many parts of the world. One of the greatest challenges is the negative impact of global warming on INPACS' business activities. The understanding of the vital importance of limiting it has now reached virtually all areas of private and public life. Stricter legislation on all levels of governance, such as the European Green Deal and its associated regulations, new reporting standards and other legal requirements (cf. criterion 19) is the consequence leading to fast growing product and service requirements of customers such as information on emission values and other environmental indicators. With the public demanding increasingly strict rules to limit global warming, the requirements for businesses will even increase. It is therefore in INPACS' best interest as a business network to further accelerate its own efforts in dealing with these issues to prevent not only possible legal repercussions in the future but effectively limit global warming and other negative social impacts.

At the time of reporting, an unforeseen challenge has arisen for INPACS and its members, too: The Russian invasion of Ukraine not only deeply affects INPACS negatively due to the direct impact on its Ukrainian member BettaService (cf. Criterion 18), but also due to the economic realities following from the invasion for the members' own operations as well as their supply chains. INPACS headquarters is channelling lots of supply chain effects to ensure stability for its members and customers, safeguarding communities' access to essential goods. Anyway, this incident hinders the important sustainability progress in many cases.

#### Aspects of INPACS' business activities with a significant impact on aspects of sustainability

In contrast, the international sale of non-food products for cleaning and hygiene, catering as well as guest amenities, personal protective equipment and medical product ranges is accompanied by a significant negative environmental impact. The offered range already includes many environmentally friendly alternatives with appropriate certifications. INPACS headquarters will further drive the network to more transparency regarding relevant environmental factors within the product information management systems. Factors such as reusability, recyclability, biodegradability, and the climate impact are important to consider in the portfolio management and customer consulting as well as in the discourse with the manufacturers.

Furthermore, across the market, the knowledge about what aspects of products along their lifecycle are relevant for a more sustainable consumption diverge a lot. Thus, knowledge building is crucial for the stakeholders concerned and addressed by INPACS in its recently initiated Sustainability School, a knowledge hub for sustainability that aims for a positive social impact by offering diverse formats of knowledge building to all stakeholder groups, internationally.

Above that, INPACS takes on great responsibility when making international agreements with suppliers and manufacturers, because these cover a relevant part of members' purchasing and sales activities, worldwide. In line with this, the expectations of stakeholders - customers and consumers - about INPACS' assumption of responsibility along the supply chain are increasing steadily. With stricter legislation regarding supply

chain transparency on the horizon within the European Union and its global repercussions, INPACS and its members need to further increase the necessary transparency that customers need.

For this reason, and to prevent negative impacts such as labour and human rights violations, INPACS has installed a consistent CSR supplier risk management (cf. criterion 14 and 17). Additionally, the [INPACS Supplier Code of Conduct](#) obliges suppliers to act responsibly.

All material aspects have been identified in the course of internal discussions on key stakeholder input (cf. criterion 9), a systematic materiality analysis has not taken place.

### 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 has set a strategic focus on the UN Sustainable Development Goals (cf. criterion 1)

- SDG 8 for Decent work and economic growth
- SDG 12 for Sustainable consumption and production
- SDG 13 for Climate action

(In 2022, the SDGs 5, 10 and 17 are going to be taken out of the headquarters' focus; cf. criterion 1.)

Based on this, INPACS defined concrete targets for the network within the following action fields which represent INPACS' core business and the biggest influence areas for effective impacts:

- Procurement & supply chain
- Products & services
- Organisation & workforce

#### **Procurement & supply chain**

As formulated in the INPACS Sustainability Strategy "*We are determined to conduct our supply chains responsibly with integrity*" which is underlined by the guiding principle *Promoting Responsible Supply Chains*. The concrete goals are:

- **All suppliers (100%) commit to our [Code of Conduct](#)** (signature supplier mandatory)
- **All suppliers (100%) operate transparently in line with our Code of Conduct** (related risk assessment required)

#### **Products & services**

Following the strategic statement "*We engage for promoting sustainable products, supply solutions and services together with our customers and suppliers*" the INPACS' guiding principle here is *Creating Sustainable Value Chains*. The concrete goals are:

- *Promote sustainable products*; this goal is not quantifiable and to be specified individually by the members as this goal lies within their sphere of influence.
- *Transfer sustainability knowledge*; this goal is pursued by INPACS headquarters and can be specified as follows: **implement a Sustainability School as of May 2022** (see criterion 10).
- *Develop service concepts for customers to improve sustainability performance*; this goal has a more general character and is ongoing on purpose. Anyway, it can be specified with a sub-target: **launch a sustainability dashboard for enabling members to offer a customer individual management report on sustainable procurement as of 2023**. This goal is pursued by INPACS in cooperation with [IGEFA SE & Co. KG](#) in Germany (see criterion 10).

#### **Organisation & Workforce**

"*As responsible employer we ensure fair and safe modern working conditions*" is INPACS' fundamental expectation within the strategy leading to *Ensuring Responsible Operations* as the guiding principle. The concrete goals are:

- **All members (100%) nominate a responsible for sustainability in their business.**
- **All members (100%) implement a sustainability strategy in line with the INPACS strategy**
- **All members (100%) transparently operate in line with our [Code of Ethics](#)** (related CSR assessment mandatory)
- **All members (100%) report on and effectively reduce their carbon footprint**

Generally, this set of goals is valid equally for INPACS and its members without any further prioritization as they have already been extracted from a former list of goals.

The date until fulfilment of the goals is as soon as possible respectively ongoing unless otherwise stated and will consequently be monitored and scored through a member alignment score by the INPACS headquarters' sustainability management (cf. criterion 6 and 7).

INPACS headquarters' specific role in achieving said goals is by supporting the members to accelerate the progress and impact and maximise synergies as well as by monitoring their alignment and progress and escalating in case of ongoing non-alignment (cf. criterion 10).

## 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.

Being an international organisation that is strategically committed to sustainability (cf. criterion 1), INPACS addresses various aspects of sustainability along its value chain:

### **Sales**

As also explained in criterion 2, the distribution of non-food products for cleaning and hygiene, catering as well as guest amenities, personal protective equipment and medical product ranges is accompanied by a significant environmental impact in terms of resource consumption, loss of biodiversity, waste accumulation, global warming and so on.

Therefore, the advice on procurement optimization with cost-saving effects has now been supplemented by recommendations on product substitutions for more ecological alternatives, on circular solutions and order bundling to reduce transport emissions. Here, the approach and methodology from the management report on sustainable procurement as well as from the sustainable choice (cf. criterion 10) is applied.

E.g. the consumption of purely certified detergents (EU Ecolabel, Cradle to Cradle or Blue Angel) is recommended to make sure biodegradability, that no microplastics and only certified palm oil (if applicable) is used, addressing by this directly the above mentioned challenges.

### **Procurement**

From the cooperation with suppliers and manufacturers on a global scale derive responsibility regarding fair labour conditions and the environmental impacts (energy consumption, water pollution, greenhouse gas emissions etc.) of the production of the traded goods. This responsibility is formalised in the [INPACS Supplier Code of Conduct](#), which defines the basic principles and requirements that INPACS places upon its suppliers on issues like humans rights and the environment. Compliance with the Supplier Code of Conduct is tracked through the independent CSR rating platform EcoVadis. It records, evaluates, and discloses the sustainability performance of companies in the fields of environment, labour & human rights, ethics, and sustainable procurement. All INPACS suppliers (with international agreements) are obliged to create respective transparency on their performance (cf. criterion 17). In case of non-alignment or respective suspicion, appropriate action will be taken by INPACS management to pursue cooperative improvement.

INPACS' sustainability management will step by step record the respective implementation level on members' side for defined suppliers, too (cf. criterion 3).

### **Sustainability**

The sustainable development of the INPACS network as a whole depends on the progress of each single member in their local markets and communities. But, sustainability is a very complex topic, missing knowledge, approaches to

take action, and resources are the biggest impediments for progress. Thus, supporting the members with all resource intense services such as researching, knowhow transfer, developing tools, and templates as well as innovative solutions to be applied on local level is the key for achieving the strategic sustainability goals (cf. criterion 3). Therefore, INPACS' sustainability experts focus on these tasks to accelerate impact (cf. criterion 7 and 10), e.g. on:

- Sustainability School (knowledge platform) for members, employees, customers, and suppliers
- Management report on sustainable procurement (new tool) and respective individual member consulting
- Methodology on sustainable product choice and respective training
- Reusables calculator (new tool) and respective training
- Strategy template and respective member consulting

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## Criteria 5–10 concerning PROCESS MANAGEMENT

### 5. Responsibility

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

The **INPACS headquarters' sustainability management** is the international steering authority for the sustainability activities of the network. It is composed by the head of sustainability that directly reports to the CEO, two sustainability managers as well as one working student.

The sustainability management is sponsored by the **Strategic Working Committee Sustainability** that was founded in 2018 and is represented by the INPACS Chairman of the board, the INPACS top-management as well as diverse top-management representatives of members from seven countries. The high-level composition of the committee illustrates the strategic relevance of sustainability for the entire network. The committee members currently aim to convene up to four times per year.

The sustainability management is responsible for driving the sustainability strategy formulation as well as for facilitating its implementation within the network in the daily business, including the following primary tasks (cf. criterion 4):

- Moderate the Strategic Working Committee Sustainability
- Support the member companies in achieving the defined strategic sustainability goals
- Monitor the operational implementation of the strategic measures in the member companies
- Internal and external sustainability stakeholder dialogue
- Performance and progress reporting to the Strategic Working Committee Sustainability, to the INPACS management as well as to the INPACS Shareholders

It is important to stress that the implementation of the sustainability strategy directly influences all activities and operational processes of the INPACS network as well as the entire stakeholder dialogue. Therefore, INPACS employees, members, customers, and suppliers are actors in the design of the strategy and at the same time those affected.

Additionally, the INPACS strategy on sustainability needs to be directly incorporated into the member companies as well. Only if they anchor these strategic considerations in their own operations and put the weight of internal management behind its objectives can real change be created. For this, the INPACS' sustainability management team is aiming to support member companies in the writing of their own sustainability strategies.

## 6. Rules and Processes

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

The key instrument for the implementation of the group-wide sustainability strategy within the network will be the Sustainability Member Alignment Score (S-MAS). This score reflects how closely a member company is aligned with the INPACS strategy:

Based on the strategic sustainability goals expected to be achieved by the members, a systematic monitoring will be implemented to evaluate the achievement level of the members. In case of serious non-alignment with the strategy and a low score, measure can be taken against a member.

The criteria for the S-MAS are:

1. defined sustainability responsibilities and resources
2. implementation of a sustainability strategy on member level, its alignment with the INPACS strategy and respective reporting
3. advanced CSR performance (minimum score of 65) approved by Ecovadis
4. yearly greenhouse gas report
5. climate targets and action plan
6. INPACS supplier code of conduct signed by all members' suppliers
7. selected suppliers with CSR performance assessment
8. sustainable own brands packaging: commitment, goals, action plan

It will be reviewed once a year.

To help the members individually with every single criterion, a set of supporting services can be chosen from, such as

- Sustainability strategy template for members as well-developed starting point plus individual strategy consulting
- Consulting on how to achieve an advanced CSR rating by Ecovadis
- Tool and training for creating greenhouse gas report according to GHG Protocol
- Consulting on more transparency regarding Scope 3 emissions
- Design for recycling guideline and consulting for developing recyclable own brands packaging

Additionally, and from a more general perspective, the INPACS Sustainability School was initiated to provide members, but also customers, with necessary knowledge and skills to tackle the goals set forth in the INPACS strategy and beyond. The content is adjustable to the audience and is meant to empower the companies to take charge of their own sustainability work (cf. criterion 10).

The INPACS headquarters is aware of its role model for the entire network, fully complies with all expectations towards the members and continuously reviews its own efforts. In 2021, this work has achieved the [CSR platinum medal by EcoVadis](#), recognising the advanced level of the INPACS sustainability management system. With 77 out of 100 possible points - an improvement by 2 points compared to 2019 - INPACS remains within the top 1 percent of all EcoVadis rated companies, worldwide.

## 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.

At INPACS headquarters, performance indicators for environmental as well as health and safety aspects are part of the Environmental and Quality Management System that is yearly audited and certified towards [DIN EN ISO 14001 and ISO 9001](#).

Here, a yearly greenhouse gas report following the GHG Protocol Corporate Accounting and Reporting Standard is included to monitor emissions and further environmental performance indicators (cf. criterion 13 and respective KPIs).

Above that, the headquarters sustainability management system is reviewed and rated minimum every two years by Ecovadis. In 2021, with 77 out of 100 possible points the headquarters was rated amongst the top 1 percent of all EcoVadis rated companies and achieved a [CSR platinum medal](#). Therefore, the headquarters fully complies with all sustainability standards, such as compliance with the [INPACS Code of Ethics](#) and a minimum score of 65 representing an advanced CSR performance. These standards are not only valid for INPACS members but for the headquarters whose central responsibility is to be the role model in implementing the networks' objectives (cf. criterion 6).

Anyway, the successful work of headquarters' sustainability management is reflected by the members' progress regarding the implementation of the sustainability strategy. To control this, a key instrument is the recently introduced Sustainability Member Alignment Score (S-MAS). This score reflects how closely a member company is aligned with the INPACS strategy and goals using respective KPIs as shown in criterion 6.

In case of non-alignment with the strategy and a low S-MAS, cooperative improvement is sought together with the member. Fundamental discussion



and negative consequences can be applied if there is serious non-compliance with no effort for remedy by a member.

## Key Performance Indicators to criteria 5 to 7

### Key Performance Indicator GRI SRS-102-16: Values

The reporting organization shall report the following information:

**a.** A description of the organization's values, principles, standards, and norms of behavior.

The group-wide sustainability strategy of INPACS is underpinned by the official framework of the United Nations Sustainable Development Goals (cf. criterion 1). All operational processes and measures are expected to support the effective pursuit of these goals.

The INPACS values and norms of behaviour follow the Ten principles of the [UN Global Compact](#) on the themes:

- protection of human rights
- fundamental principles and rights at work
- protection of the environment
- prohibition of corruption and bribery
- regulatory compliance

These principles are codified in the following [INPACS documents](#) that are of international validity:

- *Group-wide INPACS Sustainability Strategy*
- *Code of Ethics*
- *Supplier Code of Conduct*

These documents are also the formal basis for the cooperation within the network. This is regulated in the *Basics of Cooperation* obliging all members to adhere to the corresponding rules. Furthermore, the [Guideline for Accepting and Providing Grants](#) applies to all employees at INPACS headquarters.

The above-mentioned set of principles and rules has been included into the integrated management system certified according to [DIN EN ISO 14001 and ISO 9001](#), to challenge the management, instruct employees and to consistently evaluate suppliers.

## 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).

The achievement of sustainability goals by managers or employees is not yet systematically evaluated, rewarded, or promoted by incentive or remuneration systems. Since sustainability is a core part of the overall corporate strategy of INPACS, it constitutes a guiding principle to every employee.

When consulting members on the implementation of a sustainability strategy, all success factors are addressed. These include appropriate incentive systems based on measurable sustainability goals that can be broken down to the different organizational units.

## Key Performance Indicators to criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policies

The reporting organization shall report the following information:

- a.** Remuneration policies for the highest governance body and senior executives for the following types of remuneration:
  - i.** Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;
  - ii.** Sign-on bonuses or recruitment incentive payments;
  - iii.** Termination payments;
  - iv.** Clawbacks;
  - v.** Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.
  
- b.** How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

INPACS offers to all its employees - including the general management - a comprehensive and competitive remuneration which consists of salary above minimum wage, retirement pension and additional contributions to achieve a fair, reliable, and attractive

compensation.

The basis of the salary and variables (if applicable) is based on the criteria of performance, complexity of tasks, responsibility, importance of the function for the company as well as qualification and experience of the employee, regardless of gender. This is mentioned accordingly in the headquarters' internal Personnel Policy.

Renouncement on further reporting for headquarters due to confidentiality.

No central data collection of members' remuneration policies at the headquarters.

#### Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio

The reporting organization shall report the following information:

**a.** Ratio of the annual total compensation for the organization'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.

Renouncement on reporting for headquarters due to confidentiality.

No central data collection of members' compensation ratios at the headquarters.

## 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.

When INPACS was founded, the most relevant stakeholders, namely the international customers and suppliers as well as the network shareholders and members were clearly defined as key stakeholders with respect to the business model in place.

Further methods for systematically identifying stakeholders have not been applied.

The target stakeholders are authoritative for structuring the central headquarters' organization. In consequence, the procurement, sales, sustainability, and digitalization departments have been established as the key service departments of the organization.

The original relationship to the **suppliers** primarily focused on building up a wide-ranging product portfolio securing access to leading and international suppliers and security of supply in order to satisfy customer demand for global supply solutions. In the meantime, the sustainability discourse has been included, paving the way a) to more transparency in global supply chains and b) to more innovations for sustainable consumption.

The **members**, who are supplying customers locally, either regional customers or those connected to international cooperations/agreements through INPACS, represent the heart of the global INPACS network. As family-owned companies, the members are intrinsically committed to sustainability and think in generations, to secure a stable business environment for their descendants.

Anyway, the awareness varies and depends on local societal, cultural, legal and market conditions. This is why the group-wide sustainability strategy and related member expectations are communicated and accelerated on all occasions: webinars, newsletters, annual conference, individual trainings, etc.

As INPACS is a sales-driven organisation, there is a proactive dialogue taking place with the **international customers** via regular personal contacts, trade fairs, customer conventions as well as associations, memberships and cooperations, such as WFBCS (World Federation of Building Service Contractors), and the ISSA (International Sanitary Supply Association).

The strategic course on sustainability shapes the dialogue with the customers, more and more. The advice on procurement optimization with cost-saving effects has now been supplemented by recommendations on product substitutions for more ecological alternatives, on circular solutions as well as on order bundling for greenhouse gas-efficient deliveries. Additionally, the discourse increasingly addresses human rights' and environmental challenges along the supply chain.

Above that, INPACS supports the [UN Global Compact](#) through which an additional forum was gained for dialogue with other business and sustainability experts to get the wider perspective regarding new ways for sustainable development.

## Key Performance Indicators to criteria 9

Key Performance Indicator GRI SRS-102-44: Key topics and concerns

The reporting organization shall report the following information:

**a.** Key topics and concerns that have been raised through stakeholder engagement, including:

- i.** how the organization has responded to those key topics and concerns, including through its reporting;
- ii.** the stakeholder groups that raised each of the key topics and concerns.

In the last years, there has been a steady increase in the requirements for engagement and traceable supply chains with respect to CSR practices from our customers as part of the personal dialogue, international tenders or their Supplier Codes of Conduct. This is a result of the increasing consumer pressure in the market towards sustainability, societal pressure due to the raised awareness of societies regarding the need for sustainability in all

aspects of life and substantial corporate risks on account of global warming.

At the same time, there is a considerable uncertainty due to a vast labyrinth of product certifications, misleading media information and greenwashing. Starting as a reaction to these customer concerns and to drive the needed transparency regarding the networks CSR performance, INPACS obliges its members to regularly participate in a CSR performance assessment of EcoVadis.

As a next step, the development of customer sustainability consulting solutions and a sustainability knowledge platform by the headquarters aim to provide reliable guidance for customers' sustainable purchase decisions.

Additionally, a systematic supplier risk analysis (cf. criterion 17) has become a key factor for ensuring sustainable supply chains.

In this course, the suppliers, too, face the market transition towards sustainability and digitalization. They are central to creating transparency for the customers by providing the relevant product data. Furthermore, INPACS and the manufacturers cooperatively develop approaches for the implementation of circular solutions for joint customers, and they are taking a crucial role in providing innovative sustainable solutions.

## 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.

Within the global INPACS network, product, process, or business model innovations are continuously driven by systematic knowledge transfer coordinated by the headquarters. Regular surveys and analyses enable a group-wide sharing and upscaling of innovative local business practices.

The sphere of influence of the INPACS headquarters reaches into the core business of all member companies, into their supply chains, products, and services. It is within the means of the headquarters to drive the INPACS members towards more sustainability, through the commitment to the INPACS Sustainability Strategy (cf. criterion 1) as well as the scoring of the member alignment (cf. criterion 6 and 7).

As central service and coordination hub for the entire network, suppliers, and customers, INPACS headquarters is able to realize scaling effects through proactively driving

sustainability knowhow and best practice exchange.

For this reason, the Sustainability School was founded and formally initiated in May 2022. It is a medium and the framework for bringing sustainability content to the members, to raise awareness and to enable the members to initiate action within their own operations. The content of the Sustainability School is being distributed to the member through different formats like webinars, templates, tools, newsletters, or brochures. It enables members to make informed decisions regarding their sustainability journey and to apply this knowledge in their own operations.

An example of a value-creating tool offered through the Sustainability School is the *Design for Recycling Guideline*. It helps members with answering questions of what own brands packaging needs to look like to be recyclable and "circularity-friendly". By this, members are enabled to promote circular economy along their supply and value chains with multiplying effects on reduced resource consumption, waste generation and carbon emissions.

The school does not only cater to INPACS members and employees, but also includes offers for customers as well as suppliers. Through this, INPACS Sustainability School can initiate profound change not only with member companies, but throughout its entire value chain.

Examples of innovations that are spread through the Sustainability School are digital tools like the reusables calculator. This tool can be used to check if the use of a reusable container leads to advantages against the current single use scenario. Both the CO<sub>2</sub> emissions and costs can be analysed. This offers the customer a scientifically based instead of subjective and emotionally influenced decision-making. In any case, reusable alternatives reduce waste compared to single-use options.

To launch a sustainability dashboard for enabling INPACS members to offer customers an individual management report on sustainable procurement by 2023 is one of the objectives pursued by INPACS in cooperation with igefa in Germany (cf. criterion 3). The respective project was initiated in 2021 and aims to make a contribution to sustainable consumption in line with SDG 12 (cf. criterion 12) by developing three components:

1. Analysis of the customer's individual product portfolio along life cycle and by means of sustainability certifications: Based on this status quo, potential for improvement can be deduced and concrete recommendations can be made, e.g. on the consumption of purely certified detergents (e.g. EU Ecolable) to ensure biodegradability, no microplastics or usage of only certified palm oil (if applicable) (cf. criterion 4).
2. Analysis of a customer's procurement processes, especially its order patterns and related transport emissions to evaluate optimization potential and concretely give advice on effective measures to reduce deliveries and CO<sub>2</sub>-emissions.
3. Disclosure of CSR performance in the customer's individual tier 2 supply chain to enable the customer to evaluate its supply chain risks.

Furthermore, many international customers are currently undergoing a digital

transformation process and expect support and impulses from INPACS. For this, INPACS is proactively investing in its business transformation from being a product hub to also become a data hub which is of high value for its customers' operations and expects cooperation of its suppliers. Here, the collection of comprehensive sustainability data on product level is one the key focus areas.

## 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.  
(Note: the indicator should also be reported when reporting to GRI SRS)

Not applicable, because no asset management operations on INPACS headquarters' own behalf and no data collection on network level.

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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.

The analysis of the natural resources consumption is part of INPACS' Environmental Management System certified according to [DIN EN ISO 14001](#). Here, a tailored performance indicator system is implemented that ends up in a yearly greenhouse gas (GHG) balance according to the GHG Protocol Corporate Accounting and Reporting Standard (cf. criterion 13 Climate-Relevant Emissions).

As the INPACS headquarters is representing the service and coordination centre of the global distribution network, it is only operating a pure office space of about 400 m<sup>2</sup> to be used by up to 25 employees, locally. Therefore, the direct consumption of natural resources is relatively low.

Additionally, due to the restrictions regarding the prevention of COVID-19 infections effective in 2021, work from home was the norm for a significant portion of the year, with employees only going to the office, sporadically. This again reduced the emissions assigned to the INPACS headquarters. However, it needs to be acknowledged that these reductions were not due to mitigation but instead moved to the employees' private homes. Therefore, no reduction on a planetary scale was achieved.

While INPACS does not yet collect data regarding the emissions from employee commuting, it can be assumed that an increase in home office days for the employees led to an effective reduction in these emissions.

The natural resources INPACS primarily uses rank according to their relevance as follows:

1. Generally, GHG emissions caused by **business travel** has been the largest source of emissions attributed to INPACS, especially in form of flights.



However, due to the COVID-19 pandemic, travel was severely restricted, leading to a reduction from 151t CO<sub>2</sub>e in 2019 to just 9t CO<sub>2</sub>e in 2021 (cf. KPI GRI SRS-302-1 and KPI GRI SRS-302-4). While this category of emissions was not the largest in 2021, it is still the most relevant, as business travel is likely to go back to "business as usual" and attention needs to be paid to ways in which more sustainability can be achieved, here.

2. The consumption of **fuel (diesel and petrol)** through the use of cars for field sales activities was the biggest source of emissions in 2021's GHG balance. While there was a 13% reduction in fuel use compared to 2019, these emissions are not expected to stay at this level once business travel resumes at pre-pandemic levels. However, while cars will be used for field sales activities where necessary, employees are encouraged to use public transportation when possible. A guideline on business travel for INPACS headquarters is currently being developed to standardize this approach.

3. The office **energy usage** for the execution of business activities (IT processes) and building use (lighting, air conditioning, kitchenware) corresponds to modern energy-efficient office buildings (cf. KPI GRI SRS-302-1 and KPI GRI SRS-302-4). The energy used is provided by a distributor of renewable energy.

4. The **heating** of the office building also contributes to the emissions caused by the INPACS headquarters. However, as it only corresponds to the office space, these emissions are limited in their effect on the overall GHG balance of INPACS. Furthermore, as mentioned above, the office building is modern and well-insulated.

5. The office **paper** consumption is minimum and not relevant due to the fact that mainly electronic mediums are used for correspondence and invoicing (cf. KPI GRI SRS-301-1). And only recycled paper is available in the office.

6. The office **water** consumption corresponds to the operation of staff bathroom and kitchen facilities (cf. KPI GRI SRS-303-3) and is assumed not be relevant.

7. There is a negligible amount of exclusively non-hazardous **waste** generated by the office operation (cf. KPI GRI SRS-306- 2).

## 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 headquarters' resource management is a key element of its environmental management system certified according to [DIN EN ISO 14001](#) and is based on the commitment to *continuously minimising the environmental footprint*.

Accordingly, a tailored performance indicator system is implemented to

- control the consumption of energy, office paper and water as the main directly used resources,
- observe peaks and
- identify reduction potential.

Wherever possible, INPACS headquarters is working to reduce the consumption of these resources. However, as a small office-based operation, INPACS headquarters' direct impact is relatively insignificant compared to the one throughout the whole network. **Hence, no material risks in this context have been identified.**

Above that, INPACS has set a strategic focus on a more indirect, but much more impactful leverage point: its multiplier role. The headquarters is in a unique position as a coordination hub and has great influence over customers, members, and suppliers. To effectively use this global sphere of influence for developing and promoting resource-saving and responsible business models, INPACS focuses on advising and training its members to this regard as well as on cooperating with suppliers and customers, accordingly.

With this in mind, the following goals of INPACS central headquarters are the most relevant ones (cf. criterion 3):

### 1. Implement a Sustainability School by May 2022:

To facilitate sustainable development over all stakeholders – members, employees, customers, and suppliers – internal and external knowledge building is a basic requirement and will be facilitated through an interactive Sustainability School, a platform that offers trainings, tools and news on all relevant sustainability topics. While the School will officially be launched in 2022 (cf. criterion 10), several projects completed in 2021 fall within the spectrum of it. An example for this were trainings to enable INPACS members to create a greenhouse gas report according to the GHG Protocol Standard.

### 2. Promote sustainable products

This goal is not quantifiable and to be specified individually by the members on local level as this goal lies within their sphere of influence. Anyway, INPACS' aim is to stakeholder-wide promote sustainable products. Therefore, INPACS supports igefa Germany in its respective project to develop a holistic approach to identify the actually most sustainable products within its assortment and industry by applying procurement criteria as well as category specific product criteria along the entire life cycle. The approach is defined to be science-based and ambitious as well as pragmatic and realistic. Packaging goals (cf. criterion 3) will be included in this approach. igefa is aiming to launch said approach in 2023.

### 3. Develop customer consulting on sustainable procurement practices

To meet the increasing customers' requirements on sustainability data and consulting, INPACS is developing a holistic consulting concept for its members. This starts with a management report on the customers'

sustainability performance within its procurement activities, includes tailored recommendations on how and where to improve and ends up - if the customer follows the recommendations - with the effective and measurable improvement of its performance. INPACS develops this concept in cooperation with igefa and is aiming to launch the first version in early 2023 (cf. criterion 10).

## Key Performance Indicators to criteria 11 to 12

Key Performance Indicator GRI SRS-301-1: Materials used

The reporting organization shall report the following information:

- a.** Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:
- i.** non-renewable materials used;
  - ii.** renewable materials used.

In the reporting period 2021, 9.400 sheets of paper (DIN A4, 100% recycled) have been used, which is 5.600 sheets less than in 2019 (-37%). Large parts of the year were impacted by home office regulation due to COVID-19, so it can be assumed that the reduction is due to that. As the INPACS headquarters is only dealing with office operations, no significant amount of cardboard or office material has been used.

Key Performance Indicator GRI SRS-302-1: Energy consumption  
The reporting organization shall report the following information:

- a.** Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.
- b.** Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.
- c.** In joules, watt-hours or multiples, the total:
  - i.** electricity consumption
  - ii.** heating consumption
  - iii.** cooling consumption
  - iv.** steam consumption
- d.** In joules, watt-hours or multiples, the total:
  - i.** electricity sold
  - ii.** heating sold
  - iii.** cooling sold
  - iv.** steam sold
- e.** Total energy consumption within the organization, in joules or multiples.
- f.** Standards, methodologies, assumptions, and/or calculation tools used.
- g.** Source of the conversion factors used.

Total energy consumption:  
2021: 105.793 kWh (- 22%)  
2019: 136.225 kWh

Total fuel consumption from non-renewable sources:  
2021: 78.295 kWh = 7.861 litres (-13%)  
2019: 90.765 kWh = 9.113 litres  
(thermal value of 9.96 kWh/litre according to the German Federal Office of  
Economics and Export Control)

Energy consumption for electricity (green electricity):  
2021: 10.057 kWh (-14%)  
2019: 11.754 kWh

Energy consumption for heating:  
2021: 17.441 kWh (- 48%)

2019: 33.706 kWh

The electricity data is based on the regular account statements submitted by the respective utility providers.

Due to the current tenancy, the INPACS headquarters has to rely on external parties for its consumption data for heating and water. However, at the time of reporting, this data has not been made available for 2021. Instead, the values for 2020 have been given as a reference point, as INPACS operated under similar circumstances due to COVID-19 in 2021 as it did in 2020.

Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption

The reporting organization shall report the following information:

- a.** Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.
- b.** Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.
- c.** Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.
- d.** Standards, methodologies, assumptions, and/or calculation tools used.

There was a 22 percent total energy reduction in 2021 compared to 2019. However, this reduction can most likely be attributed to the COVID-19 pandemic and related restrictions on travel as well as lower consumption of gas and electricity due to work from home-regulations rather than conservation and efficiency improvements in the office.

Key Performance Indicator GRI SRS-303-3: Water withdrawal  
The reporting organization shall report the following information:

- a.** Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;
  - v.** Third-party water.
  
- b.** Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:
  - i.** Surface water;
  - ii.** Groundwater;
  - iii.** Seawater;
  - iv.** Produced water;
  - v.** Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.
  
- c.** A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:
  - i.** Freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids);
  - ii.** Other water ( $> 1,000$  mg/L Total Dissolved Solids).
  
- d.** Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

2021: 91m<sup>3</sup> (-9%)  
2019: 100m<sup>3</sup>

The consumption of water by INPACS headquarters corresponds to the usage of the bathroom and kitchen used by the headquarters' staff. As large parts of the year were impacted by home office-regulation due to COVID-19, it can be assumed that the water consumption was lower in 2021 than it was in 2019.

Due to the current tenancy, the INPACS headquarters has to rely on external parties for its consumption data for heating and water. However, at the time of reporting, this data has not been made available for 2021. Instead, the values for 2020 will be given as a reference point, as INPACS operated under similar circumstances due to COVID-19 in 2021 as it did in 2020.

All water used is provided by regional water utilities.

Key Performance Indicator GRI SRS-306-3: Waste generated  
The reporting organization shall report the following information:

- a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.
- b. Contextual information necessary to understand the data and how the data has been compiled.

INPACS' exclusively non-hazardous waste is mainly divided into small amounts of office paper and kitchen waste. In the rare case of electronic scrap, this waste is collected in separate containers.

Waste is classified as a non-material environmental aspect at INPACS headquarters and is included in the landlords' waste management. No separate monitoring takes place at INPACS headquarters.

## 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.

Since the reporting period 2019, INPACS' has been using a revised environmental performance indicator system and has been creating greenhouse gas (GHG) reports following the GHG Protocol Corporate Accounting and Reporting Standard.

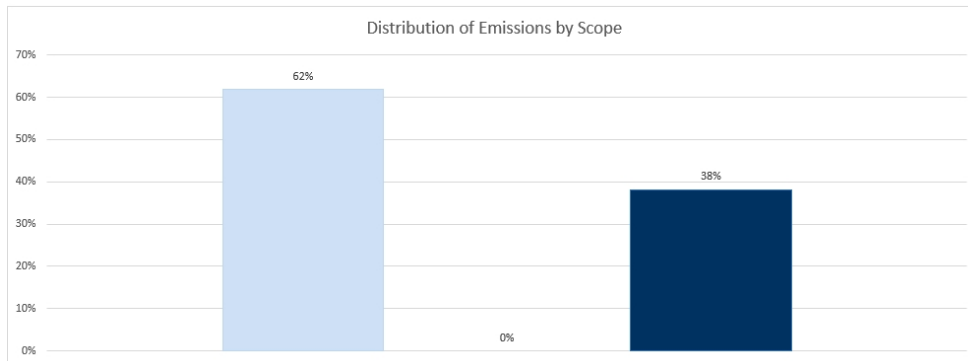
Due to difficulties in obtaining the values for heating and water usage in 2021, approximations based on previous years have been used, here.

The INPACS headquarters has caused a total of 37.6 tons of CO<sub>2</sub>e in 2021 (176t in 2019). The GHG emissions caused directly (Scope 1 and 2) accounted for 62% of the overall emissions, mainly influenced by the fuel consumption (53%) and consumption of gas for heating (9%). As INPACS is purchasing electricity from a renewable energy utility, no emissions are recorded, here.

In 2019, Scope 3 emissions were the largest category in INPACS' climate balance due to 151t of emissions caused by travel. Because of the COVID-19 pandemic, such travel was drastically reduced in 2021, leading to a reduction of 94% of these emissions to 9t of CO<sub>2</sub>e.

The assessment of Scope 3 is not comprehensive, as only selected criteria were included due to the unavailability of data in other areas. However, further

improvement of the data collection of Scope 3 aspects in the future is the target.



Distribution of Emissions by Scopes according to GHG Report

With the above-mentioned results, INPACS headquarters has achieved all its environmental and greenhouse gas targets that had been defined based on 2019, so on pre-pandemic and pre-war conditions, and which were finally not representative for the reporting period.

The numbers are not expected to stay this low over the long term as travel activities of international key account managers are essential for realizing INPACS' business model. However, with the positive experiences in the use of video conferences during the pandemic, INPACS employees are expected to consider digital communication channels as options before deciding to go on a trip.

INPACS has decided against the concept of financial CO<sub>2</sub>-compensation and against the usage of the claim "climate neutral company" (cf. criterion 18). The much more impactful leverage point for reducing climate-relevant emissions lays on group level, which is why the group-wide sustainability strategy calls on all members to "*report on and effectively reduce their carbon footprint*" (cf. criterion 6). Concretely, the members are expected to take the following actions:

**Elaboration of yearly GHG reports:** To identify the effective points of leverage, all members shall create transparency on their climate impact by reporting on their GHG emissions according to the GHG Protocol Corporate Accounting and Reporting Standard. **Define an Ambitious Reduction**

**Action Plan:** By analysing their GHG report, INPACS members shall identify the most relevant areas of improvement, set ambitious reduction targets as well as schedule and demonstrate effective measures - every single year.

These goals refer to INPACS members and are supposed to be achieved as soon as possible respectively ongoing. INPACS headquarters supports the members by facilitating appropriate tools and trainings. Anyway, both goals will be monitored by INPACS headquarters through a comprehensive evaluation system called Member Alignment Score (cf. criterion 6) leading to negative consequences for a member in case of persistent non-alignment.



INPACS has decided against the concept of financial CO<sub>2</sub>-compensation and against the usage of the claim "climate neutral company" (cf. criterion 18). The much more impactful leverage point for reducing climate-relevant emissions lays on group level, which is why the group-wide sustainability strategy calls on all members to "report on and effectively reduce their carbon footprint". Here, the concrete actions that they are expected to take are the following:

Elaboration of yearly GHG Reports: To identify the effective points of leverage, all members shall create transparency on their climate impact by reporting on their GHG emissions in alignment to the GHG Protocol Corporate Accounting and Reporting Standard. INPACS will facilitate appropriate tools to members and monitor the progress.

Define an Ambitious Reduction Action Plan: By analysing their GHG report, INPACS members shall identify the most relevant areas of improvement, set ambitious reduction targets and schedule appropriate actions.

To monitor the effective implementation of these requirements a comprehensive evaluation system has been developed (cf. criterion 7).

## Key Performance Indicators to criteria 13

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions

The reporting organization shall report the following information:

- a. Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub> or all.
- c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.
- d. Base year for the calculation, if applicable, including:
  - i. the rationale for choosing it;
  - ii. emissions in the base year;
  - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f. Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

2021: 23,3 tons of CO<sub>2</sub>e (fuel and heating) (-19%) 2019: 29,1 tons of CO<sub>2</sub>e (fuel and heating) Due to the unavailability of data regarding INPACS' heating consumption in 2021, the consumption of 2020 was used. As both years were heavily affected by the COVID-19 pandemic and associated work-from-home regulation, these values are a reasonable proxy.

In the reporting period 2019, INPACS' environmental performance indicator system was revised and a greenhouse gas (GHG) report following the GHG Protocol Corporate Accounting and Reporting Standard has been created for the first time. It is therefore the base year for the calculations. The following six greenhouses were included in the calculation according to the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrogen-containing fluorocarbons (HFC), perfluorinated hydrocarbons (KFW) and sulfur hexafluoride (SF<sub>6</sub>). Nitrogen trifluoride (NO<sub>3</sub>) has also been classified as a greenhouse gas since 2015 due to its climate-damaging effects.

Key Performance Indicator GRI SRS-305-2: Energy indirect  
(Scope 2) GHG emissions

The reporting organization shall report the following information:

- a.** Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b.** If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- c.** If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- d.** Base year for the calculation, if applicable, including:
  - i.** the rationale for choosing it;
  - ii.** emissions in the base year;
  - iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f.** Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g.** Standards, methodologies, assumptions, and/or calculation tools used.

0 kg CO<sub>2</sub>e

INPACS headquarters is purchasing renewable energy from a local utility. Therefore, no greenhouse gases are emitted in the production of it.

In the reporting period 2019, INPACS' environmental performance indicator system was revised and a greenhouse gas (GHG) report following the GHG Protocol Corporate Accounting and Reporting Standard has been created for the first time. It is therefore the base year for the calculations. The following six greenhouses were included in the calculation according to the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrogen-containing fluorocarbons (HFC), perfluorinated hydrocarbons (KFW) and sulfur hexafluoride (SF<sub>6</sub>). Nitrogen trifluoride (NO<sub>3</sub>) has also been classified as a greenhouse gas since 2015 due to its climate-damaging effects.

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions

The reporting organization shall report the following information:

**a.** Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.

**b.** If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.

**c.** Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.

**d.** Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.

**e.** Base year for the calculation, if applicable, including:

**i.** the rationale for choosing it;

**ii.** emissions in the base year;

**iii.** the context for any significant changes in emissions that triggered recalculations of base year emissions.

**f.** Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

**g.** Standards, methodologies, assumptions, and/or calculation tools used.

2021: 13,8 tons of CO<sub>2</sub>e (-91%)

2019: 154,2 tons of CO<sub>2</sub>e

The enormous reduction in Scope 3 emissions can almost entirely explained with the fact that business travel was severely reduced in 2021 due to the COVID-19 pandemic. Therefore, it is unlikely that the value will stay this low in future reporting years as normal travel resumes.

The data for Scope 3 is not complete. One of the next steps to increase transparency in this scope is to include data for employee commuting.

In the reporting period 2019, INPACS' environmental performance indicator system was revised and a greenhouse gas (GHG) report following the GHG Protocol Corporate Accounting and Reporting Standard has been created for the first time. It is therefore the base year for the calculations. The following six greenhouses were included in the calculation according to the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrogen-containing fluorocarbons (HFC), perfluorinated hydrocarbons (KFW)

and sulfur hexafluoride (SF6). Nitrogen trifluoride (NO3) has also been classified as a greenhouse gas since 2015 due to its climate-damaging effects.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions

The reporting organization shall report the following information:

- a.** GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.
- b.** Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- c.** Base year or baseline, including the rationale for choosing it.
- d.** Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e.** Standards, methodologies, assumptions, and/or calculation tools used.

The INPACS headquarters recorded lower emissions in 2021 than in 2019 mainly because of the effects of the COVID-19 pandemic, related restrictions on travelling as well as lower consumption of gas and electricity due to work from home-regulations. No further relevant reduction initiatives could be pursued during the reporting period and therefore, cannot be attributed to the above-mentioned results.

However, INPACS is committed to minimizing emissions even after a likely increase in activities as the world adjusts to a new normal. Especially scope 3 emissions regarding business trips will be closely examined to keep the increase lower than the pre-pandemic level, e.g. through substituting trips with video conferences. A respective travel policy will restrict exceeding travel activities, especially those by plane.

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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.

Since 2019, the INPACS headquarters supports the [UN Global Compact](#) and thereby officially commits to making, amongst others, the principles on labour rights publicly part of its business operations.

As the formal basis for this commitment, the group-wide INPACS Sustainability Strategy, the [INPACS Code of Ethics](#) and [Supplier Code of Conduct](#) have been stipulating the adherence to fair labour standards within the network and at the headquarters according to the conventions of the International Labour Organisation (ILO) as well as to the Universal Declaration of Human Rights.

To make sure, these policies are translated into action in the daily business, they are anchored in INPACS headquarters' integrated management system certified according to [DIN EN ISO 9001 and ISO 14001](#) and based on the requirements stated in DIN EN ISO 45001. As a consequence, employee rights risks deriving from INPACS' business activities can be minimized.

As a result, in 2021, EcoVadis attested INPACS an advanced [performance](#) regarding labour and human rights' practices. Staff involvement in the headquarters' operations is a direct consequence of lean management structures and a continuous interdisciplinary dialogue between the headquarters departments.

As the sustainability strategy addresses the INPACS' core business, there is an intense employee involvement in sustainability management, too.

As mentioned above, the [INPACS Code of Ethics](#) is mandatory for the entire INPACS network. Thus, INPACS expects each of its members to transparently

comply with this Code (cf. criterion 3).

*Transparently* means that they go through a CSR performance assessment conducted by Ecovadis and *comply* means that they achieve a minimum advanced CSR performance to demonstrate alignment with the Code.

Beyond that, German standards are not actively promoted or implemented abroad.

The actual implementation of the above-mentioned expectations all over the network will be monitored through a systematic member alignment scoring that will come into effect as of October 2022 (cf. criterion 6).

At the time of reporting, 22 member companies, which cover 13 countries, have participated in the Ecovadis assessment program classifying them all as low-risk companies, in general, and showing a performance above 50 points in the labour and human rights' theme which includes the above-mentioned issues.

To tackle risks with respect to employment rights along the complex wholesale supply chains, too, the above-mentioned CSR assessment program is also in place for INPACS suppliers (cf. criterion 17).

## 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.

The group-wide valid INPACS [Code of Ethics](#) is one of the company's core documents stipulating equal opportunities' principles. It is a cornerstone of INPACS' identity and states the guiding principles for all employees of INPACS and its members.

The Code of Ethics addresses, amongst others, diversity, equal opportunities, and occupational health and safety. To make sure, these principles are translated into action in the daily business, they are addressed in the INPACS headquarters' integrated management system certified according to [DIN EN ISO 9001 and 14001](#).

As mentioned above, occupational health and safety is part of this management system. The respective procedural instructions are regularly internally and externally audited and based on DIN EN ISO 45001. It also includes regular voluntary occupational health checks for all employees.

The objectives in this context refer to continuous compliance with the

principles stated in the above-mentioned guidelines and instructions. No further concrete goals were planned in 2021. However, in the course of regular appraisal interviews, it was found that the pandemic led to new work habits and needs. Therefore, employee group talks are scheduled for 2022 to get a complete picture of employee needs to obtain employee satisfaction at its best.

Equal opportunities are ensured, amongst others, through flexible working hours, home office solutions and part-time jobs for all employees. Furthermore, INPACS offers its employees a fair remuneration above the statutory minimum wage irrespective of gender, that includes vacation and Christmas bonuses, capital accumulation benefits and contributions to company pension schemes.

In 2021, Ecovadis scored INPACS headquarters' labour and human rights practices with 70 points classifying INPACS as advanced performer. Equal opportunities, diversity, occupational health and safety, participation rights, etc. are addressed by Ecovadis in this theme.

As mentioned before, the INPACS Code of Ethics is mandatory for the entire INPACS network, as well. Thus, INPACS expects each of its members to comply and transparently operate in line with this Code.

*Transparently* means that they go through a CSR performance assessment conducted by Ecovadis and *comply* means that they achieve a minimum advanced CSR performance to demonstrate alignment with the Code.

The actual implementation of these expectations all over the network will be monitored through a systematic member alignment scoring that will come into effect as of October 2022.

At the time of reporting, 22 member companies, which cover 13 countries, have participated in the EcoVadis assessment program classifying them all as low-risk companies, in general, and showing a performance above 50 points in the labour and human rights' theme which includes the above-mentioned issues.

To tackle risks with respect to equal opportunities' issues along the complex wholesale supply chains, too, the above-mentioned CSR assessment program is also in place for INPACS suppliers (cf. criterion 17).



## 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 headquarters promotes the employability of all employees through diverse principles and measures. To start with, the group-wide valid [INPACS Code of Ethics](#) states the basic principles for integral behaviour at work and safe working conditions (cf. criterion 14 and 15).

Employee participation through an intense dialogue with the staff including individual appraisals at a regular basis guarantees the awareness on management side of changing needs of employees for employability.

To make sure the continuous high level of qualification and adaption of employees to changing requirements at work, tailored trainings are offered from a wide range of topics within a specific training catalogue. However, due to the COVID-19 pandemic, such trainings were not possible in 2021.

When necessary and as far as possible, the organisation supports changes to job content, ergonomics, work equipment, and even change of residence.

A systematic qualifications' risk analysis in terms of this criterion 16 has not taken place and no specific objectives have been defined.

Nevertheless, the employee feedback regarding the working environment during the pandemic and the course of INPACS' proactive investment in its digital business transformation lead to more flexible and mobile working for all employees of the headquarters.

In 2022, the office location as well as office size will be evaluated in light of lessons learned from pandemic and changing habits as well as expectations from employees.

As stipulated by the integrated management system certified according to [DIN EN ISO 9001 and 14001](#), new employees at the headquarters generally receive an introduction training regarding the above-mentioned codes as well as health and safety and anti-corruption briefings. The initial training also includes an introductory presentation by each department of the headquarters as well as visits to selected INPACS members on national and local level.

## Key Performance Indicators to criteria 14 to 16

Key Performance Indicator GRI SRS-403-9: Work-related injuries  
The reporting organization shall report the following information:

**a.** For all employees:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

**b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number and rate of fatalities as a result of work-related injury;
- ii.** The number and rate of high-consequence work-related injuries (excluding fatalities);
- iii.** The number and rate of recordable work-related injuries;
- iv.** The main types of work-related injury;
- v.** The number of hours worked.

**You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.**

Key Performance Indicator GRI SRS-403-10: Work-related ill health

The reporting organization shall report the following information:

**a.** For all employees:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

**b.** For all workers who are not employees but whose work and/or workplace is controlled by the organization:

- i.** The number of fatalities as a result of work-related ill health;
- ii.** The number of cases of recordable work-related ill health;
- iii.** The main types of work-related ill health.

**You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.**

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There have been no injuries at INPACS headquarters, as well as no work-related fatalities in 2021.

Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety

The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:

**a.** A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.

**b.** Where formal joint management–worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.

100 percent of the workforce is represented in occupational safety committees (ASA) - by the external occupational safety specialist and the internal safety officer.

The occupational safety management system consists of continuous risk assessments for the location, operating instructions for all processes and machines that harbour hazards, hygiene requirements, compulsory training for employees, etc. Their effectiveness and legally compliant implementation is continuously monitored in Germany by occupational safety specialists, by the professional association (authority-related institution) in cooperation with the ASA on a biannual basis and annually by independent auditors with regard to legal conformity (part of DIN EN ISO 14001) as part of the auditing for quality and environmental management. The review includes the inspection of documents as well as the on-site inspection of all locations and the questioning of the employees, so that all aspects of occupational safety and thus a large part of human rights at work are examined.

Key Performance Indicator GRI SRS-404-1: Average hours of training

The reporting organization shall report the following information:

**a.** Average hours of training that the organization's employees have undertaken during the reporting period, by:

**i.** gender;

**ii.** employee category.

Average hours of training per employee in 2021: 22,3 (+2,2 hours compared

to 2019). This includes professional education and training hours per employee as well as mandatory regular health and safety instructions and data protection training.

Reporting divided by gender and employee category is not carried out because it has not been seen as relevant or adding value: All employees, independent of their gender or department, are expected to participate in the mandatory trainings and get access to further professional education depending on their individual goals and needs.

#### Key Performance Indicator GRI SRS-405-1: Diversity

The reporting organization shall report the following information:

**a.** Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

**i.** Gender;

**ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;

**iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

**b.** Percentage of employees per employee category in each of the following diversity categories:

**i.** Gender;

**ii.** Age group: under 30 years old, 30-50 years old, over 50 years old;

**iii.** Other indicators of diversity where relevant (such as minority or vulnerable groups).

The staff of the INPACS head office is composed of the following groups:

Composition of governance bodies and employees			
	total	female	male
Employees	25	16 (64%)	9 (36%)
Managers	6	3 (50%)	3 (50%)
Fulltime	23 (92%)		
Foreign background	6 (24%)		
Age			
Up to 30 years	0		
Between 31 and 55	24 (96%)		
Older than 55	1 (4%)		
Seniority			
More than 10 years	6 (24%)		
Up to 10 years	19 (76%)		

Key Performance Indicator GRI SRS-406-1: Incidents of discrimination

The reporting organization shall report the following information:

- a.** Total number of incidents of discrimination during the reporting period.
- b.** Status of the incidents and actions taken with reference to the following:
  - i.** Incident reviewed by the organization;
  - ii.** Remediation plans being implemented;
  - iii.** Remediation plans that have been implemented, with results reviewed through routine internal management review processes;
  - iv.** Incident no longer subject to action.

No incidents of discrimination were reported at the INPACS head office in 2021.

## 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.

Since 2019, INPACS headquarters supports the [UN Global Compact](#) and thereby officially commits to making, amongst others, the principles on human and labour rights' protection part of its business operations.

As the formal basis for this commitment, the group-wide valid [INPACS Code of Ethics](#) and [Supplier Code of Conduct](#) expect from its employees, members, and suppliers adherence to labour and human rights standards according to the conventions of the International Labour Organisation (ILO) as well as to the Universal Declaration of Human Rights.

At headquarters, the protection of human rights is controlled within the integrated management system certified according to [DIN EN ISO 9001 and 14001](#). The risk of an infringement is systematically assessed as part of the risk assessment for the health and safety of employees and reduced to a minimum through a variety of procedural instructions, testing processes and training measures. Thus, in 2021, EcoVadis has attested INPACS headquarters an advanced labour and human rights [performance](#) and ranked it within the top 1 percent of all rated companies across the world.

The protection of human rights is also part of the group-wide Sustainability Strategy (cf. criterion 1 and 3). In line with the above-mentioned formal commitments, the strategic goal is that all members and suppliers adhere to and transparently operate in line with the INPACS Code of Ethics respectively the Supplier Code of Conduct as soon as possible respectively ongoing. INPACS expects the suppliers, as well, to participate in the CSR performance assessment conducted by Ecovadis and to meet the expected thresholds.

The scorecards published by INPACS members in 2021 reached an average score of 59, a two-point improvement compared to 2019. The average labour and human rights theme score in 2021 amounted to 64, showing an improvement by 6 points compared to 2019. In general, all INPACS members are expected to reach an advanced overall performance level (65 points).

However, the objective of all members participating in this program and meeting the given thresholds could not yet be achieved which is why stricter monitoring will come into effect in 2022.

With respect to suppliers, nearly all INPACS suppliers with international

agreements have participated in said CSR assessment and show a good to advanced performance, in general, which means they meet the minimum INPACS thresholds and are rated as low risk suppliers regarding human and labour rights violations. A respective monitoring for local suppliers is the next step to extend the strict procedures to the network.

The supplier results are integrated into the overall risk assessment of the INPACS procurement department as well as into the supplier dialogue to promote a cooperative improvement of the sustainability performance.

In case of the identification of substantial sustainability risks or even violations, e.g. in the area of labour standards and human rights, traceable corrective actions will be claimed that effectively minimize the risk of respectively stop further violations.

## Key Performance Indicators to criteria 17

Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings

The reporting organization shall report the following information:

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

**b.** The definition used for ‘significant investment agreements’.

All INPACS suppliers with international agreements have signed the INPACS Supplier Code of Conduct including human rights clauses.

A monitoring system for local members' investment agreements is not implemented but planned within the Sustainability Member Alignment Score (cf. criterion 8).

Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews

The reporting organization shall report the following information:

**a.** Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.

INPACS headquarters has been subject to a CSR performance assessment conducted by Ecovadis which includes human and labour rights policies, management systems in place and results.

Here, Ecovadis attested INPACS headquarters an advanced level with

considerable 70 points.

Within the member network the actual status at the time of reporting is the following:

Member	Country	Labour & Human Rights
INPACS GMBH	Headquarters	70
NATIONWIDE HYGIENE SUPPLIES LTD (GROUP)	UK & Ireland	60
WIGHTMAN & PARRISH LTD	UK	70
E WEBER & CIE AG (GROUP)	Switzerland	50
COMERCIAL PEDRO SA	Spain	50
DICAS QUIMICOS SLU	Spain	60
LA DIFFUSION COMMERCIALE SA (Difco)	Spain	70
MARIPOL & ROYAL SL	Spain	50
PRODUCTES INDUSTRIALS DE SANEJAMENT I MANTENIMENT SL (Prisma)	Spain	70
HENRY KRUSE SP Z OO	Poland	60
MAGRIS SPA (GROUP)	Italy	80
VARIO SA	Greece	70
IGEFA (GROUP)	Germany	70
ADISCO SARL	France	70
ETS BARTHOLUS SASU	France	70
FOURNIER POLYMERS FRANCE SAS	France	60
FRANCE COLLECTIVITE HYGIENE FCH SARL	France	70
VEEDIK LTD	Bulgaria	50
VERPA BENELUX NV	Belgium	80
ARNDT HANDELS GMBH	Austria	70

Non-participating members are being requested gradually for participating in the Ecovadis assessment program and as well supported by headquarters' sustainability management with the related process.

In the future, non-participation will negatively influence a member rating that is planned to monitor the strategic member alignment.



Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening

The reporting organization shall report the following information:

**a.** Percentage of new suppliers that were screened using social criteria.

All new INPACS suppliers with international agreements have been subject to social screening through participating in a comprehensive CSR assessment conducted by the CSR-rating platform EcoVadis.

Here, social criteria included are:

- Employee health & safety
- Working conditions
- Social dialogue
- Career management & training
- Child labour, forced labour & human trafficking
- Diversity, discrimination & harrassment
- External stakeholder human rights

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain

The reporting organization shall report the following information:

**a.** Number of suppliers assessed for social impacts.

**b.** Number of suppliers identified as having significant actual and potential negative social impacts.

**c.** Significant actual and potential negative social impacts identified in the supply chain.

**d.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.

**e.** Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

At the time of reporting, 24 INPACS suppliers with international agreements have been assessed for social impacts through participating in a comprehensive CSR assessment conducted by the CSR-rating platform EcoVadis (cf. KPI GRI SRS-414-2).

These suppliers represent 95 percent of all INPACS suppliers with international

agreements and about 36 percent of the global procurement volume of INPACS network.

The average total score of all said suppliers is 63, there has been no evidence of significant actual or potential negative social impacts.

Three suppliers are currently undergoing a reassessment.

One supplier with a noticeably poor rating will undergo a reassessment, shortly. Here, there are good reasons to assume that the shortcomings are caused by the evaluation process itself, not by business conduct.

At the time of reporting, two INPACS suppliers have recently been accused of "knowingly profiting off the labour of slaves". However, further reporting is not carried out as the case has not been cleared up completely.

## **knowingly profiting' off the labour of slaves**

### 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 strengthens family-owned small and mid-sized businesses, internationally, by giving them access to global customers, to international purchase opportunities as well as to best practice knowhow from within the INPACS network. INPACS even supports its members when facing economic challenges to secure their long-term continued existence and by this secure as well the long-term continued existence of the network as a whole. That in turn sustains the stability of the communities the companies are located in. As families, INPACS members feel connected to their communities, because they have been involved and acting there for generations.

*Thinking in generations* is also the essence of INPACS' group-wide Sustainability Strategy (cf. criterion 1), that strives for

- promoting responsible supply chains,
- creating sustainable value chains, and
- ensuring responsible operations,

and thus, for a positive effect on the sustainable transformation of the overall

economy and society.

A crucial element of this aim will be the INPACS Sustainability School, a platform to create awareness, educate, and drive customers, members, employees, and suppliers to more sustainable procurement patterns.

Moreover, INPACS headquarters' engagement within the [UN Global Compact](#), the biggest and most important initiative for corporate sustainability, worldwide, expresses INPACS' active role within the society, more broadly. Being part of this initiative enables INPACS to have better dialogues and cooperation with public and private stakeholders for sustainable value creation.

In the course of implementing the group-wide sustainability strategy, the headquarters also proposed a joint international social project to foster a feeling of community within the network, to strengthen the sustainability strategy and to put it at the forefront. However, following reports detailing possible misconduct within the NGO chosen, INPACS distanced itself from the organization in question. In light of the review of the network-wide sustainability strategy, it was decided that no joint international project will be pursued by the network in the future. The decision, how and where to support sustainable projects should lie with the individual members. As mentioned above, they are rooted in their communities and know best what local initiatives make sense in their context so that best impact can be achieved. This is an important factor, as pure monetary donations are explicitly not the aim, here.

At the time of reporting, a recent example of overarching cooperation is the support the Ukrainian INPACS member *BettaService* is receiving since the invasion of their country in February 2022. The INPACS headquarters does its best to act as a coordination centre for the other members, for example for channelling the donation of money and goods, but also to find host families for *BettaService* employees or their relatives, should they be in need of accommodation. This showcases the deep connection between INPACS members and the positive impact the network can have on its members and their communities outside of pure business dealings.

Furthermore, INPACS headquarters holds high-level discussions with suppliers to secure *BettaService*'s access to crucial hygiene products to uphold their supply to local Ukrainian healthcare facilities in dire need of such goods. INPACS' strategic supply partners play a big role in this, as such a deal would not be possible without their support. *BettaService* therefore profits from the collective market power of the network for the benefit of their community.

## Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed

The reporting organization shall report the following information:

**a.** Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

- i.** Direct economic value generated: revenues;
- ii.** Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
- iii.** Economic value retained: 'direct economic value generated' less 'economic value distributed'.

**b.** Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

INPACS GmbH undertakes its best efforts to maximise its members' benefits. Therefore, all generated benefits (direct and indirect) are shared with the members.

No further reporting due to confidentiality.

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

### 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.

In principle, all German and European ongoing legislative processes in the fields of anti-trust, competition, trademark, environmental and employment

law are relevant to INPACS.

The most impacting legal developments in 2021 for INPACS headquarters were the following:

- the numerous versions of COVID-19 prevention legislation
- new occupational safety guidelines, which also concerned COVID-19 impact
- a digitalization law

In the reporting period, all technical requirements and process changes were implemented and communicated to ensure compliance with the law.

As INPACS does not pursue any lobbying power in the German parliament, no input was given in any of these legislative decisions.

Moreover, INPACS records no entry in any lobby list, and is not paying contributions or donations at all to political parties or politicians since foundation of INPACS in 2004. This corresponds to rules stated in the [INPACS Code of Ethics](#).

Indirect political influence may be assumed regarding INPACS' involvement in the following organisations:

- International Participant of the UN Global Compact, the world's largest initiative for sustainable corporate governance. INPACS nationally participates in the selection of the steering committee and supports the UN Global Compact with \$ 1,250, annually.
- Membership and active participation by INPACS senior advisor in the committee of International Sanitary Supply Association (ISSA).
- Membership and active participation of INPACS' senior advisor in HOTECH, a networking organization for the hotel business. The participation fee amounts to approximately 10,000 €, yearly.

Here, INPACS' engagement aims at pursuing strategic goals, such as promoting sustainability topics.

In light of the Russian invasion of Ukraine in February 2022, INPACS cooperation with its Russian member has been put on hold. It is important to reiterate that INPACS has no influence on the commercial activity of its members. INPACS' goal is to support the development of the members in the context of globalization in its markets. The cooperation applies to sales, distribution, and procurement activities, as well support and know-how transfer in the areas of digitalization and sustainability.

For the INPACS network, the following legislative developments were the most notable:

- EU Directive 2019 on single-use plastics
- Trade-related aspects of BREXIT
- The German Act on Corporate Due Diligence in Supply Chain, as well as

- corresponding EU-wide legislative developments
- The EU Green Deal, especially the taxonomy

INPACS headquarters consequently works on anticipating changes associated to these regulations and support affected members accordingly to facilitate early adaption.

Additionally, INPACS is closely monitoring upcoming legal developments regarding significant issues such as green claims or gender equal pay.

Political influence on member level is not monitored.

## Key Performance Indicators to criteria 19

Key Performance Indicator GRI SRS-415-1: Political contributions  
The reporting organization shall report the following information:

- a.** Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.
- b.** If applicable, how the monetary value of in-kind contributions was estimated.

0,00 € in political contributions since the 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.

Since 2019, the INPACS headquarters supports the [UN Global Compact](#) and thereby officially commits to making its Ten Principles publicly part of its business operations – including working against corruption in all its forms, extortion, and bribery.

As the formal basis for this commitment, the [INPACS Code of Ethics](#) is the guideline including the ongoing goal of compliance with applicable law

and, in particular, regarding prevention of corruption and bribery. In addition, a Guideline for accepting and providing grants has been formulated for INPACS employees.

Generally, compliance with legal requirements is ensured by the sophisticated quality and environmental management system, which is certified according to the standards [DIN EN ISO 9001 and 14001](#). The relevant monitoring is carried out at least annually as part of on-site audits and reviews by internal officer functions, external consultants and auditors as well as official bodies. Through this, the risk of non-compliance can be minimized. The legal department, quality and environmental management, the health and safety officer, data protection officer, tax consultants, the pension insurance and many more are involved in the monitoring, and usually report directly to the management. Management executives bear a special responsibility for their staff.

Furthermore, in order to ensure compliant employee conduct, a systematic employee training system has been installed including, amongst many other topics, corruption and bribery, health and safety as well as information security and data protection.

However, not being aware of legislative amendments can put INPACS at a significant risk of unintentional legal violations. Therefore, external information services that track changes in the relevant areas are used and monitored. The above-mentioned internal officers evaluate the changes and, if necessary, formulate measures as a requirement for the respective processes.

Overall, it can be assumed that the goal of legal compliance was achieved in the reporting period under review: All legal obligations have been complied with to the best of our knowledge and belief. There were no indications, reports or suspicions of material legal violation, there were no fines or non-monetary penalties for non-compliance with laws and regulations. This was approved in the course of internal and external reviews.

Above that, EcoVadis attested INPACS headquarters an [advanced CSR performance](#) within the themes environment, labour and human rights, and ethics in 2021. Ecovadis is a renowned provider of CSR ratings that has analysed over 90,000 companies, worldwide.

The awarded score of 77 points, which puts INPACS into the platinum category and within the top 1% of all assessed companies, supports the conclusion of legally compliant conduct.

## Key Performance Indicators to criteria 20

Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption

The reporting organization shall report the following information:

- a.** Total number and percentage of operations assessed for risks related to corruption.
- b.** Significant risks related to corruption identified through the risk assessment.

There is no systematic approach for INPACS headquarters in place. However, due to interdisciplinary work of all departments at headquarters, a strict 4-eyes principle, and the fact that the team at headquarters in general is small, the risk related to corruption is assumed to be small.

Ecovadis analyst came to the same conclusion in 2021, scoring INPACS' ethical performance with 70 points and attesting it therefore an advanced status and low risks.

Furthermore, there have been no incident of corruption since foundation in 2004.

To monitor the related risks within the member network, the members are expected to participate in the Ecovadis CSR performance assessment, too, and will be monitored using an appropriate sustainability strategic alignment score that is planned to become effective in 2022.

At the time of reporting, the members participating in above mentioned assessment program represent about 65% of total network business (without Australia).



Key Performance Indicator GRI SRS-205-3: Incidents of corruption

The reporting organization shall report the following information:

- a.** Total number and nature of confirmed incidents of corruption.
- b.** Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c.** Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d.** Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

There have been no incidents of corruption at the INPACS headquarters since the foundation of INPACS in 2004.

Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations

The reporting organization shall report the following information:

- a.** Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:
  - i.** total monetary value of significant fines;
  - ii.** total number of non-monetary sanctions;
  - iii.** cases brought through dispute resolution mechanisms.
- b.** If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.
- c.** The context against which significant fines and non-monetary sanctions were incurred.

There have not been any significant fines or non-monetary sanctions for non-compliance with laws and regulations since foundation of INPACS in 2004.

# Overview of the GRI indicators in the Sustainable Code declaration

In this Sustainable Code declaration, we have reported according to the "comply or explain" principle on the GRI indicators listed below. This document refers to the GRI Standards 2016, unless otherwise noted in the table.

Areas	Sustainable Code criteria	GRI SRS indicators
STRATEGY	1. Strategic Analysis and Action	
	2. Materiality	
	3. Objectives	
	4. Depth of the Value Chain	
PROCESS MANAGEMENT	5. Responsibility	GRI SRS 102-16
	6. Rules and Processes	
	7. Control	
	8. Incentive Systems	GRI SRS 102-35 GRI SRS 102-38
	9. Stakeholder Engagement	GRI SRS 102-44
	10. Innovation and Product Management	G4-FS11
ENVIRONMENT	11. Usage of Natural Resources	GRI SRS 301-1
	12. Resource-Management	GRI SRS 302-1 GRI SRS 302-4 GRI SRS 303-3 (2018) GRI SRS 306-2 (2020)*
	13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
SOCIETY	14. Employment Rights	GRI SRS 403-4 (2018)
	15. Equal-Opportunities	GRI SRS 403-9 (2018)
	16. Qualifications	GRI SRS 403-10 (2018) GRI SRS 404-1 GRI SRS 405-1 GRI SRS 406-1
	17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
	18. Corporate-Citizenship	GRI SRS 201-1
	19. Political Influence	GRI SRS 415-1
	20. Conduct that Complies with the Law and Policy	GRI SRS 205-1 GRI SRS 205-3 GRI SRS 419-1

\*GRI has adapted GRI SRS 306 (Waste). The revised version comes into force on 01.01.2022. In the course of this, the numbering for reporting on waste generated has changed from 306-2 to 306-3.