

INPACS CSR SUMMARY 2022

Issued June 2023

Foreword

Dear Reader,

2022 was yet another eventful year. As the COVID-19 pandemic was abating, the war in Ukraine shocked Europe and the world. The whole INPACS network came together to assist our Ukrainian colleagues at Betta Service wherever we could. Its broader repercussions in form of inflation and rising energy prices impacted people and businesses across the world.

However, despite these acute challenges, it is important to not lose sight of the other, more long-term developments and difficulties facing us. The most prominent example of planetary challenges is the fight against climate change, but the ambitions for a fairer world through tougher labour and human rights standards should not be forgotten. As a global distribution network uniting more than 30 family-owned wholesaler businesses worldwide, INPACS is aware of the importance of these topics, and we are committed to doing our part to achieve them.

This CSR Summary will provide transparent information for all our stakeholders about INPACS' initiatives taken on sustainability in the reporting year 2022, including KPIs on our environmental impact. The Summary serves as a complement to our biennial reporting in accordance with the German Sustainability Code (DNK) as well as the annual reporting in line with the UN Global Compact's Communication on Progress (CoP).

We hope that this Summary provides you with insights into our work.



Julia Del Pino Latorre

Head of Sustainability, INPACS

About INPACS

The INPACS headquarters (HQ) represents the service and coordination centre of a global distribution network uniting more than 100 family-owned wholesaler businesses, across Europe, Asia, and Australia / New Zealand. INPACS serves customers from the sectors of healthcare, industry, facility management and hospitality and offers harmonized service standards and comprehensive product portfolios. Our product range includes cleaning and hygiene supplies, foodservice supplies, guest amenities as well as personal protective equipment and medical supplies.

With our international network and our carefully selected global supply partners by our side, INPACS is playing a key role as a multiplier in the market, facilitating tailored consumption for global customers. In this role, we constantly strive to improve our sustainability impact within our sphere of influence. We are guided by the vision:

Together we care for a cleaner future.

Sustainability and INPACS' Business Activities

When examining sustainability at INPACS HQ, the sustainability performances of its members need to be considered as well. The strength of our HQ lies in the close cooperation with our network regarding the promotion of sustainability, both in the ecological and the social sense. In this regard, we have set concrete sustainability goals and minimum expectations which are being increased continuously. Monitoring and support are ensured through a Member Alignment Score. It scores the members on their progress of achieving the goals set out in the network-wide Sustainability Strategy. The progress of its members on sustainability is the true impact of the HQ's work.

Through our collaborative partnerships with our members, suppliers, and customers, we have a great impact along our entire supply chain from advocating for sustainable products to recommending the best solution for our customers and the environment.

As a network with regional, national, and international operations that serves customers from all industries, INPACS is directly and indirectly, affected by ecological, political and socioeconomic developments in many parts of the world. One of the greatest challenges is the negative impact of global warming on INPACS' business activities.

Our Commitments to Corporate Social Responsibility (CSR)

Our target is to foster continuous development and improvement of our CSR. Therefore, all documents and measures described below are part of our network-wide INPACS Sustainability Strategy and reflected in our Sustainability Targets.

Sustainability Reporting

At INPACS, we categorically follow a precautionary approach and act in conformity with applicable laws and regulations. We have been a participant of the United Nations Global Compact (UNGC) since 2020 and are committed to promoting and implementing its Ten Principles on:



- Protection of human rights
- Fundamental principles and rights at work
- The Protection of the environment
- Prohibition of corruption and bribery

This understanding is reinforced by our commitment to the UN Global Compact. We report on our progress on these goals in the UNGC's Communication on Progress, annually.

Since 2015, we report our sustainability efforts and progress on a voluntary basis in accordance with the German Sustainability Code (DNK). Here, the focus lies on our work within our network. Our sustainability reports are being published every two years.



The
SUSTAINABILITY
Code
Signatory 2021

Codes and Guidelines

To ensure the implementation of our CSR commitment within our entire network, we have established corresponding Codes and Guidelines designed to ensure ethical and responsible behavior in various aspects of the working life. The following principles are codified in the network-wide INPACS Sustainability Strategy as well as adhered to in the mandatory INPACS Code of Ethics for our employees and the INPACS Code of Conduct.

The Codes and Guidelines act in accordance, amongst others, with the:

- International Labour Organisation (ILO) Conventions
- UN Global Compact – The Ten Principles
- Universal Declaration of Human Rights
- UN Rio Declaration on Environment and Development

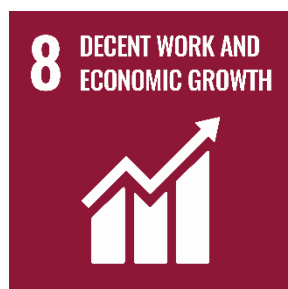
In addition to the sources mentioned above, the Codes include, amongst others, sections on diversity, equal opportunities, and occupational health and safety. Since 2017, we have a

Guideline for Accepting and Providing Grants in place which applies to all employees at INPACS HQ. This guideline helps to assess the appropriateness of gifts, invitations, grants, and so on. Furthermore, all members are obliged to sign and adhere to the Basics of Cooperation of our network, including the above stated legal requirements and expectations.

UN Sustainable Development Goals

As a global distribution network and supply solutions expert, we have an impact on global development in a variety of ways. Within our sphere of influence, we aim to reduce the negative effects of our business activities on people and the environment and to equally strengthen the positive effects. Our sphere of influence does not only include our own organizations, such as our members which are responsible for implementing fair labour standards and acting in compliance with local labour laws. Additionally, it is the procurement and value creation process of our customers as well as the selection and partnership development of our suppliers.

Our organization is dedicated to reducing environmental pollution in all areas, including the supply chain, products and services, organization, and workforce, and to protecting people throughout all business relations. We strive to become sustainability experts and visionaries in the markets in which we operate. In addition, we strategically aligned our organization to contribute to the following three UN Sustainable Development Goals (SDGs):



The network-wide sustainability strategy prioritizes SDG 8 for “Decent Work and Economic Growth” and urges all members to “ensure fair, safe, and modern working conditions”. This is within our direct sphere of influence because we can ensure this is followed within our own operations and within our supply chains.

This is reflected, for example, in our Supplier Code of Conduct which is a mandatory document to sign. Through this we ensure that the suppliers operate transparently and that the employees in our supply chains are treated fairly, and no injustice takes place. Similarly, these values are reflected internally in the INPACS Code of Ethics.

An important role INPACS is playing for its members is to act as a unified voice vis-à-vis other stakeholders, such as a suppliers or customers. INPACS members are mostly small and medium enterprises, all of them family owned. Therefore, their influence with these parties would be lower if they acted by themselves. Through this, INPACS supports the economic development of these companies.

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



SDG 12 “Responsible Consumption and Production” is also a focus topic, with the network committing to “conduct [its] supply chains responsibly with integrity.” Additionally, the promotion of more sustainable products is a tangible step that INPACS and its members can take to work towards this SDG.

We have analyzed our product portfolio according to our methodology on sustainable product choice, with the labelling of such products currently being implemented. Products and materials are evaluated according to characteristics such as their recyclability or biodegradability. Based on this, conventional products can be replaced by customers’ choice through innovative sustainable alternatives. This includes the development of service concepts for customers to improve their own sustainability performance, e. g. sustainable waste concept to enable the customer to achieve a higher recycling rate through consistent waste separation and usage of recyclable products. Furthermore, a sustainability dashboard will be launched in 2023 to enable our members to offer a customer individual management report on sustainable procurement by analyzing the customers’ individual product portfolio and procurement process. This target is pursued by INPACS in cooperation with IGEFA SE & Co. KG in Germany.

In 2022, INPACS introduced its INPACS Sustainability School. It is a knowledge hub for sustainability that aims for a positive social impact by offering diverse formats of knowledge building, e. g. webinars or tools, to all stakeholder groups, such as customers, suppliers, members, and employees. The content is adjustable to the audience and is meant to empower the stakeholders to take charge of their own sustainability work. Presentations covered topics from “How to identify the most sustainable products?” to “How to reduce the transport climate impact within the procurement process”.



An example of how we support our members through our Sustainability School is by providing a Design for Recycling Guideline. It helps members with answering questions of what own brands packaging needs to have to be recyclable and “circularity-friendly”. Through 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. Another example is 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 CO₂ emissions and costs can be analyzed. This offers the customer a scientifically based instead of subjective and emotionally influenced decision-making.



With regard to the SDG 13 “Climate Action”, INPACS HQ is accounting for its greenhouse gas emissions annually. Based on these annual overviews, reduction opportunities have been identified and addressed. The same applies to the members of the network, who are also encouraged to report their emissions annually.

One focus point identified as a major lever at INPACS HQ is business travel. As emissions in this category mostly stem from flight emissions, employees are encouraged to travel by trains rather than by plane. To address another source of emissions, emphasis was placed on finding a modern, energy-efficient office space when INPACS was looking for a new office space.

CSR Assessments

INPACS HQ

In 2017 INPACS HQ began to be regularly assessed by EcoVadis, an international renowned CSR assessment and rating provider. Our sustainability strategy addresses the INPACS' core business which results in an intense staff involvement in the headquarters' operations. This is a direct consequence of lean management structures and a continuous interdisciplinary dialogue between the headquarters departments. In 2021, this work has achieved the CSR platinum medal by EcoVadis, recognizing the advanced level of the INPACS sustainability management system in the fields of environment, labour, human rights, and ethics¹. With 77 out of 100 possible points an improvement by 2 points was achieved compared to 2019. INPACS remains within the top 1 % of all EcoVadis rated companies, worldwide.

Publication date: 2 Mar 2021

Valid until: 2 Mar 2022



¹ This high rank was reaffirmed with 78 / 100 points in the evaluation in the beginning of 2023.

Members

Starting in 2017 as well, we evaluate our members through Eco Vadis. It simplifies monitoring our network against defined targets that make the economic, environmental, social and partnership orientation of our network measurable.

Additionally, we have implemented a key instrument with regards to our Sustainability Strategy within the network. Starting in December 2022, the entire member network is being systematically monitored and scored according to its alignment with the INPACS Sustainability strategy. The Member Alignment Score (MAS) is based on our strategic sustainability goals and will be carried out from now on annually.

Some criteria are, e. g.:

- Defined sustainability responsibilities and resources
- Implementation of a sustainability strategy on member level, its alignment with the INPACS strategy
- Advanced CSR performance approved by EcoVadis

The MAS will be reviewed once a year and is fundamental for our individual member support.

Suppliers

To facilitate risk management of labour and human rights, amongst other topics, along the supply chains, a risk assessment program via EcoVadis has been in place for all INPACS' suppliers since 2019. Suppliers must exceed a threshold of 45 points to be classified as a low-risk company and recognized as an INPACS supplier. This, in addition to the suppliers' adherence to the Supplier Code of Conduct ensures that necessary compliance is given and risks are minimized. We also reserve the right to carry out regular checks in the form of supplier audits.

ISO Certifications

At INPACS HQ, we set high standards for our performance and ongoing improvement. To make sure, the above-mentioned codes, guidelines, and measures 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. Hence, internal and external third-party audits take place, regularly, to substantiate our quality and environmental management systems and performance indicators.

Achievements in Reporting Year 2022

Every year, all targets set in the previous year are reviewed, revised, or checked off. The targets are in line with our Sustainability Strategy and progress is being reported continually

and directly to the Executive Board. In 2022, INPACS HQ reached several goals that had been set with regards to CSR, this includes:

Stakeholder	Target
INPACS HQ	Creation of a Sustainability Report for the reporting year 2021 according to the German Sustainability Code
Members	Monitoring of the local application of the Code of Conduct
	Development of an internal Member Alignment Score Questionnaire based on the INPACS Sustainability Strategy
Members, Customers	Creation of factsheets to facilitate knowledge transfer to the members and offering an additional informative service to customers
	Launch of a first version of a sustainability dashboard
Members, Suppliers	Monitoring of regular sustainability evaluations through the third-party CSR rating provider EcoVadis
INPACS HQ, Members, Suppliers, Customers	Introduction of INPACS Sustainability School

Targets for Reporting Year 2023

Targets for the year 2023 which apply both within INPACS HQ and to the network more broadly include:

Stakeholder	Target
INPACS HQ	Update of the INPACS Sustainability Strategy
	Revision of the Supplier Code of Conduct
	Publication of an internal Travel Guideline
	Provision of employee benefits
	Provision of factsheets for members, sales representatives, customers covering topics such as recyclability
	Implementation of supervision of supply chain
INPACS HQ, Members	Implementation of roundtables for INPACS members to foster discussion about sustainability

Key Performance Indicators (KPIs)

Our workforce at INPACS HQ

The 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. It covers, among other topics, diversity, equal opportunities, and occupational health and safety.

INPACS	2022	2021
Total number of employees	25	25
Male	13 (52 %)	9 (36 %)
Female	12 (48 %)	16 (64 %)
Non-Binary	0	0
Women in managerial positions	2 (40 %)	3 (50 %)
Absentee Rate	8,2 %	10,4 % (due to two long term illnesses)
Injuries per employee	0	0
Work-related fatalities	0	0
Reported incidents of discrimination	0	0
Percentage of employees receiving social benefits	100 % (health insurance)	100 % (health insurance)
Average number of training hours per employee	8,3	22,3
Percentage of workforce represented in occupational safety commitments	100 %	100 %

Representation, Salary, and Benefits

INPACS HQ employed 25 people in 2022 (52% male, 48% female). Two out of five managers were female (40%).

All INPACS employees - including the general management - are offered a comprehensive and competitive remuneration which consists of salaries above minimum wage, retirement pension and additional contributions to achieve a fair, reliable, and attractive compensation. The salary 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 also laid down in the headquarters' internal Staff Policy. Equal opportunities between employees are ensured through different measures, for example through flexible working hours, home office solutions and part-time work availability to adapt to the work-life balance and to ensure the highest productivity of their work. On average one office day per week is desired. Additional benefits, like sabbatical leave for long-term employees, are available.

Health Insurance

INPACS HQ's employees are covered by German health insurance. They are entitled to paid parental leave in line with German legal requirements as well as paid sick leave. Additionally, every employee is covered by public and professional liability insurance (Betriebs-und Berufshaftpflichtversicherung) for bodily injury and property damage and accident insurance (Unfallversicherung), including daily hospital allowance.

Employee Training and Development

The average hours of training per employee in 2022 was 8,3 h. This includes professional education and training hours per employee as well as mandatory health and safety instructions, data protection and information security trainings. New employees at the headquarters generally receive an introduction training regarding the above-mentioned Codes as well as anti-corruption briefings (in line with the integrated management system certified according to DIN EN ISO 9001 and 14001 and to be compliant with employee conduct). 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.

To make sure the continuous high level of qualification and adaptation of employees to changing requirements at work and job content, tailored trainings are offered from a wide range of topics within a specific training catalogue. Besides, our employees are always encouraged to speak to their supervisor and to request further training on topics that they would like to improve on. This can also be a topic identified together with the supervisor at their annual performance review. At INPACS it is also encouraged to take educational leave.

Risks and Development at the Workplace

A systematic risk analysis of the work of INPACS HQ employees has not taken place and no specific objectives have been defined. However, as INPACS HQ's work is solely office based, risks to our employees are minimal. Regular voluntary occupational health checks for all employees are offered. To support employees beyond the basic legal requirements, INPACS HQ facilitates changes to job content, ergonomics, work equipment, and even change of residence, wherever necessary and feasible. INPACS HQ is also certified according to the standards DIN EN ISO 9001 and 14001 and receives direct reporting from health and safety officer to management.

100 percent of the workforce is represented in occupational safety committees (ASA) - by the external occupational safety specialist, the occupational physician, 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 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 as part of the auditing for quality and environmental management (DIN EN ISO 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. 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.

Additionally, employee feedback regarding the working environment is always considered by the management team. So-called "Lunch Talks," where our employees spoke to the CEO and COO in small groups, were conducted in 2022. Here, employees could give direct feedback regarding opportunities to increase workplace satisfaction. Through this, the desire for a more centrally located office space became known. This outcome, in addition to lessons learned from the COVID-19 pandemic and changing habits regarding working from home, was the starting point for the search for a new office space. In line with this, a relocation to a smaller office in a more central location will be completed by January 2023. Here, new office equipment will enable our employees to adjustable office equipment for enhanced ergonomic working conditions.

In 2021, EcoVadis scored INPACS HQ's labour and human rights practices with 70 points classifying INPACS HQ as an advanced performer. Equal opportunities, diversity, occupational health and safety, participation rights, amongst others, are addressed by EcoVadis in this theme.

The Environmental Impact of INPACS HQ

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 is concluded in an annual corporate carbon footprint report based on the GHG Protocol Corporate Accounting and Reporting Standard.

As the INPACS HQ is the service and coordination center of the global distribution network, it only operated an office space of 414 m² used by up to 23 employees in 2022. Therefore, the direct consumption of natural resources is minimal. INPACS HQ is taking all possible measures to reduce the energy consumption and related greenhouse gas emissions. Its main levers lie in educating and supporting the network's members to reduce their greenhouse gas (GHG) emissions.

	Unit	2022	2021	Difference in %
Business travel	t CO ₂ e	41.10	9	+ 356,7
Fuel	L	8.625	7.862	+ 9,7
Energy	kWh	8.556	10.057	- 14,9

Heating (Gas)	kWh	20.947	19.838	+ 55,9
Paper	sheets	4.500	9.367	- 51,9
Water	m ³	33	38	-13,2
Waste	--	--	--	--

Business Travel

GHG emissions caused by business travel were the largest source of emissions attributed to INPACS HQ in 2022, especially in form of flights. After a large reduction of emissions from travel in 2021 due to restrictions related to the COVID-19 pandemic, these emissions rose significantly. Because of this, the necessity of a business travel guideline was identified. The process of writing this guideline began in 2022 and will include a decision support on which transportation mode is to be chosen based on travel time.

Fuel (Diesel and Petrol)

The consumption of fuel (diesel and petrol) by cars used for field sales activities amounted to 8.625 l of gasoline or diesel in 2022. This is an increase of 9,7 % compared to the year before. INPACS HQ does not deliver goods and therefore does not have fuel consumption related to deliveries. Employees who have a company car are encouraged to use public transportation when possible.

Energy usage

The office energy usage for the execution of business activities (IT processes) and building use (lighting, air conditioning, kitchenware) corresponds to that of modern energy-efficient office buildings. The technological equipment used at INPACS HQ has the highest efficiency ratings. The energy consumed is provided by a distributor of renewable energy. All employees are encouraged to act with energy conservation in mind, e. g. turning off all lights if an office room is not in use. The measures taken enabled energy consumption to be reduced by 14.9 %.

Heating

The emissions related to the heating of the office building increased in 2022 compared to 2021 by 55,9 %. This can be explained by the move away from mandatory home office rules after the abatement of the COVID-19 pandemic. As people returned to the office, the need for heating increased.

Paper

The office paper consumption is minimal because mainly electronic mediums are used for correspondence and invoicing. However, we were able to reduce paper usage by 51,9 %. Additionally, only recycled paper is available in the office.

Water

The consumption of water by INPACS HQ corresponds to the usage of the bathroom and kitchen used by the HQ's staff. The water usage was reduced by 13,2 % without significant measures.

Waste

There is a negligible amount of exclusively non-hazardous waste generated by the office operation. It is mainly divided into small amounts of office paper and kitchen waste is included in the landlords' waste management and classified as a non-material aspect at INPACS HQ. No separate monitoring is conducted at INPACS HQ. In the rare case of electronic waste, it is collected separately.

Employee Commuting

While INPACS does not yet collect data on the emissions from employee commuting, it can be assumed that the increased acceptance of working from home among employees has led to a reduction in these emissions compared to pre-pandemic levels.

Anti-Corruption Management

INPACS is a small organization with short communication channels and close cooperation with the management level. The dual-control principle is common practice and used for all topics. Therefore, the risk related to corruption is assumed to be small.

INPACS HQ supports the UN Global Compact and officially commits to making its Ten Principles part of its business operations – including working against corruption in all its forms, extortion, and bribery. The formal basis for this commitment is the INPACS Code of Ethics for our employees which includes the ongoing goal of compliance with applicable law and, in particular, regarding prevention of corruption and bribery. To further minimize the risk, the Guideline on Accepting and Providing of Grants, was implemented in 2017. As INPACS employees are in constant contact with numerous people in their day-to-day business, such as customers, suppliers, service providers, public authorities, and others, raising the awareness of employees to possible conflicts of interest is of importance. It is also part of our INPACS Supplier Code of Conduct. The Guideline and Codes are publicly available on the website of INPACS.

INPACS HQ firmly rejects any type of grant that may influence the decision making of its employees. Employees who are actively working together with suppliers or customers as well as legal and IT department receive a mandatory training on corruption prevention.

Since the foundation of the company in 2004 no corruption incidents have occurred at INPACS HQ. Nevertheless, the development of a more comprehensive anti-corruption compliance program is planned for 2024.

Compliance with Law and Policy

In principle, all German and European ongoing legislative processes in the fields of antitrust, competition, trademark, environmental and employment law are relevant to INPACS. 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 nonmonetary penalties for non-compliance with laws and regulations. This was approved in the course of internal and external reviews.