

INPACS GmbH

UN Global Compact

Communication on Progress (COP)

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I. Statement of continued support by our CEO

To our stakeholders:

Herewith I confirm that INPACS reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of

- Human Rights,
- Labour,
- Environment and
- Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



CEO, INPACS GmbH
José Del Pino

II. Implementing the Ten Principles into Strategies & Operations

Criterion 1: The COP describes mainstreaming into corporate functions and business units

Criterion 2: The COP describes value chain implementation

Since 2004, INPACS unites over **100 family-owned wholesaler companies** in more than **50 countries** on **three continents**. To customers worldwide from the sectors of healthcare, industry, facility management and hospitality INPACS is offering supply solutions in the area of 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.

The INPACS headquarters is the **service and coordination centre** of our global distribution network. In a **guiding role, we inspire strategies and actions** among our members that create exceptional customer value & business growth. Overall, we are **leading by example** and creating the framework for central and group-wide consistent **quality targets, values and standards**.

Across the procurement, sales and business development divisions, the sustainability department is taking the leading role in implementing the **group-wide sustainability strategy** addressing responsible **procurement and supply chains**, sustainable **products and services** as well as careful **organisations and workforce**.

Please note that due to small office operation, the INPACS headquarters has an insignificant leverage power regarding sustainability aspects. Therefore, this report focuses on information regarding our **network and market role**.

1. Human Rights Management

Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights

Criterion 4: The COP describes effective management systems to integrate the human rights principles

Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration

The adherence to human rights standards according to the conventions of the International Labour Organisation (ILO) as well as to the Universal Declaration of Human Rights is part of our corporate policies. Our [Code of Conduct for Suppliers](#) has been reviewed in the beginning of 2021. Our corporate policy will be reviewed in the second half of 2021. Both documents specify corporate human rights protection within our organisations as well as along our supply chains, whereas the Code of Conduct for suppliers will additionally stipulate transparency and disclosure obligations. These obligations will be enforced by amendments to the individual supplier contracts. Regarding our own operations, in 2021, [EcoVadis](#) has attested INPACS again an advanced labour and human rights performance.

Along the supply chain, our strategic goal is that *all suppliers commit to and transparently operate in line with our Code of Conduct*. We investigate the adherence of our suppliers to the Code of Conduct with the help of risk assessments conducted by EcoVadis. With regard to human rights, EcoVadis analyses an organisations' policies, actions and results in the field of child labour, forced labour, human trafficking, diversity, discrimination and harassment as well as external stakeholder human rights. This evaluation is mandatory for all suppliers, while gradually different supplier groups are approached and evaluated. In 2020, we were able to gain EcoVadis data on 24 central suppliers. Furthermore, we supported the evaluation of 50 local suppliers of member companies. The management of this global supply chain risk evaluation is an important service for our member companies.

Within our network, we set the same standards: *All members operate in line with our Code of Ethics*. Here, we also investigate the adherence of our member companies to the [Code of Ethics](#) with the help of EcoVadis. In 2020, the published scorecards by INPACS members reached an average score of 59, showing an improvement by 2 points compared to 2019. The average „labour and human rights“ theme score in 2020 amounted to 65, showing an improvement by 8 points compared to 2019. All evaluated members meet the minimum requirement of 50 points (good CSR performance) in the „labour and human rights“ theme and scored between 50 and 80. This is a first indicator for low human rights risks among the evaluated member companies.

In case of the identification of substantial sustainability risks, e.g. by poor evaluation results in the area of human rights, a corrective action plan will be expected – this refers both to members and suppliers. Anyway, the process as a whole is new, still, standardized network processes and procedures will need to be set up in the coming year.

2. Labour Management

Criterion 6: The COP describes robust commitments, strategies or policies in the area of labour

Criterion 7: The COP describes effective management systems to integrate the labour principles

Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration

The adherence to human rights standards according to the conventions of the International Labour Organisation (ILO) as well as to the Universal Declaration of Human Rights is part of our corporate policies. Above that, each member is responsible for fair labour standards and compliance with labour law according to local conditions. INPACS is in this course not engaging for the implementation of German standards abroad, but for the creation of an international playing field for sustainable management practices according to the above-mentioned global regulations.

The group-wide sustainability strategy is prioritizing UN Sustainable Development Goal 8 for decent work and economic growth and calling on all members to *protect labour rights and to ensure safe working environments within own operations and along the supply chains*.

Along our supply chain, this is implemented by the supplier risk assessments conducted by EcoVadis. Additionally, to the human rights indicators ([please see Section II.1](#)), EcoVadis also analyses an organisations' policies, actions and results in the fields of employee health and safety, working conditions, social dialogue as well as career management and training.

The average EcoVadis Theme Score "Labour and Human Rights" of the evaluated INPACS members improved from 57 to 65 points compared to 2019. Here, all INPACS members meet the minimum requirement of 50 points (good CSR performance), since all evaluated members scored between 50 and 80 points. This a first indicator for the absence of medium or high labour rights risks among the evaluated member companies.

3.Environmental Management

Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship

Criterion 10: The COP describes effective management systems to integrate the environmental principles

Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

The adherence to environmental standards and the minimization of our environmental footprint are basic principles in our corporate policies.

Our sphere of influence globally lies in

- the development of resource-saving and circular business models as well as in
- the effective reduction of greenhouse gas emissions.

Therefore, we cooperate extensively with our suppliers and customers in order to create measurable, lasting impact for the achievement of UN Sustainable Development Goal 12, sustainable consumption and production. Here, we made the following group-wide commitments in our Sustainability Strategy:

Save resources

We practice a systematic development of products and services that helps reducing the use of energy, water, and further raw materials along the entire product life cycle.

Reduce GHG emissions

We promote and facilitate maximum bundled orders to minimise the carbon footprint for transport.

Avoid critical ingredients

We opt for eco-friendly ingredients to protect life on land and under water.

Reduce waste

We promote circular economy by demanding recyclable products and packaging, facilitating the return of valuable materials for recycling and implementing reusable concepts.

Maximum transparency

We ensure the availability of data on the use of resources, emissions and ingredients along the entire product life cycle including packaging.

To fulfil these commitments, we are setting up a customer consultation service, which creates transparency and provides related tools along the entire product life cycle.

Additionally, we are developing a sustainability reporting service for our customers. Here, we will show the sustainability performance of the customers' procurement process based on key performance indicators. In this course, we visualize sustainable consumption through

data and give concrete recommendations for more sustainable product portfolios and general recommendations for action (e.g. delivery bundling, waste concept etc.).

The core of this new approach is that we proceed methodically, analytically and scientifically to enable informed decisions based on transparent data.

Within our network, our goal is to create transparency on our greenhouse gas footprint and on this basis, to formulate and pursue ambitious reduction targets for the achievement of UN Sustainable Development Goal 13, climate action. In 2020, we were able to develop a supporting tool for the creation of greenhouse gas reports according to the GHG Protocol Corporate Accounting and Reporting Standard. We conducted related [greenhouse gas reporting member trainings](#) and until 2021, we expect to have Greenhouse Gas Reports available for 1/3 of INPACS members.

The average EcoVadis Theme Score "Environment" of the evaluated INPACS members amounts to 63 points, showing a good average environmental performance. All evaluated members scored between 50 (good performance) and 80 points (advanced performance). Here, EcoVadis is analysing environmental aspects within an organisations' operations (energy consumption and GHGs, water, biodiversity, local & accidental pollution, materials, chemicals and waste) as well as regarding the manufactured products (product use, product end-of-life, customer health and safety, environmental services and advocacy).

Along the supply chain, these environmental aspects are also investigated within the supplier risk assessments conducted by EcoVadis.

4. Anti-Corruption Management

Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption

Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle

Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anticorruption

The compliance with applicable law and, in particular, regarding prevention from corruption and bribery, is constituted in our corporate policies as a basic principle.

Compliance with the law and policy is third-party audited and validated in the context of the ISO DIN EN ISO 14001 certification. In 2020, there have been no incidents nor significant fines or non-monetary sanctions.

Within our network, we can monitor our member companies' performance in the field of Ethics with the help of risk assessments conducted by EcoVadis. Here, EcoVadis researches organisations' policies, actions and results in the field of corruption, anticompetitive

practices and responsible information management. In 2020, the average EcoVadis Theme Score "Ethics" of the evaluated INPACS members amounted to 58 points, showing a good average ethical performance. All evaluated members scored between 30 (partial performance) and 70 points (good performance).

Also, EcoVadis has attested the INPACS head office again an advanced performance with respect to fair business practices in 2021.

Along the supply chain, the above mentioned ethical aspects are also investigated within the supplier risk assessments conducted by EcoVadis.

III. Taking Action in Support of Broader UN Goals and Issues

Criterion 15: The COP describes core business contributions to UN goals and issues

Criterion 16: The COP describes strategic social investments and philanthropy

Criterion 17: The COP describes advocacy and public policy engagement

Criterion 18: The COP describes partnerships and collective action

As an international network of family-owned businesses, we are eager to effectively fulfil our corporate social responsibility on a global scale. Therefore, our sustainability strategy is underpinned by the official framework of the United Nations Sustainable Development Goals.

Our core business can be broken down in the action fields procurement & supply chain, products & services as well as organisation & workforce. Here, all our engagement is focusing on Sustainable Development Goal 8 (Decent Work), 12 (Sustainable Consumption and Production) and 13 (Climate Action). Being an international company network, common measures affect operations in over 50 countries with over 8.000 employees.

Procurement and Supply Chain



Respect for labour rights

We require the protection of human and labour rights for all workers within our operations and along our supply chain. In order to identify need for action, we measure our members' and suppliers' compliance with the INPACS policies and codes. In case of uncertainty regarding conformity, corrective actions will be required and monitored.

Products and Services



Save resources

We practice a systematic development of products and services that help reducing the use of energy, water and other raw materials along the entire product life cycle.

Reduce waste

We promote circular economy by demanding recyclable products and packaging, facilitating the return of valuable materials for recycling and implementing reusable concepts.

Maximum transparency

We ensure the availability of data on the use of resources, emissions and ingredients along the entire product life cycle including packaging.

Sustainable consumption

We make sure to purchase products and services for our operations that help saving resources and emissions, reducing waste and protecting the environment.

Organisation and Workforce



Reduction of GHG emissions

We engage for immediate action on local, national and international level to significantly reduce greenhouse gas emissions in short-term to combat climate change and its impacts. Concretely, we support all members to report on their greenhouse gas footprint and to effectively pursue ambitious reduction targets.

Our strategic social investments focus on UN Sustainable Development Goal 5 Equal Opportunities as well as 10 Reduced Inequalities.



Diversity and Gender Balance

We are committed to protect diversity within our operations. Additionally, we support the promotion of equal opportunities for all genders in leadership at all levels of decision-making. But we need to have in mind that not all our members are able to implement the INPACS standards, due to different regulation.



Family friendly workplaces

We support virtual communication and the reduction of employees' travel and commuting as state-of-the-art and environmentally friendly workplace models.

Regarding advocacy and public policy processes, 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 the INPACS Code of Ethics.

In its core business, INPACS strengthens family-owned and mid-sized businesses, internationally, by giving them access to global accounts, competitive purchase opportunities as well as best practice know-how. In this course, the members will also be supported by INPACS when facing economic challenges to secure their long-term existence. The members' employees in turn have a secure job and this sustains the stability of the community. As families, our members feel connected to their communities, because they have been acting there for generations.

Furthermore, to effectively pursue our strategic goals, we are involved in the following organisations:

- Membership and active participation by INPACS senior advisor in the committee of ISSA (International Sanitary Supply Association) including annual fees of 410€.
- International Participant of the UN Global Compact, the world's largest initiative for sustainable corporate governance. INPACS supports the UN Global Compact with \$ 1.250, annually.

Central to the INPACS sustainability strategy is to build partnerships that support our engagement for the UN Sustainable Development Goals. To effectively pursue this objective, we have started a dialogue with actors and experts in our target markets.



Build Effective Partnerships

To successfully face global sustainability opportunities as well as challenges and increase our impact with respect to the Global Goals, we build effective partnerships with the relevant stakeholders.

IV. Corporate Sustainability Governance and Leadership

Criterion 19: The COP describes CEO commitment and leadership

Criterion 20: The COP describes Board adoption and oversight











Criterion 21: The COP describes stakeholder engagement

The highest level of authority within INPACS bear the shareholders and the supervisory board. These bodies are responsible for the governance of the entire network and all strategic decisions, also related to sustainability matters.

For the steering of the group-wide sustainability strategy, also a special working committee has been formed. Members of this committee are the Chairman of the Board and the CEO of INPACS, as well as owners and top managers of INPACS members from seven countries and divisions like operations, sales and sustainability management. The high-level composition of the committee illustrates the strategic relevance of sustainability for the entire network. The committee members convene several times per year, their core task is to monitor the implementation of the sustainability strategy, discuss new alignments and develop proper support measures for the entire network. The committee is making recommendations to the INPACS supervisory board.

Also, the Strategic Working Committee Sustainability has appointed one ambassador for each Global Goal, personified by an executive body of an INPACS member. The ambassadors are actively engaging for the pursuit of their respective UN Sustainable Development Goal within the network.

Our Ambassadors for Sustainable Development

 <p>Smaro Babani VARIO, Greece</p> <p><i>"Equal opportunities for all genders at work are a fundamental condition for healthy working environments and societies."</i></p> <p>5 GENDER EQUALITY</p> 	 <p>Håkon Skjellevik-Heger Norengros, Norway</p> <p><i>"Respect for human rights at work as well as safe and secure working environments are crucial to resilient operations and supply chains."</i></p> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	 <p>Darren Broad Nationwide, UK</p> <p><i>"As a worldwide business network diversity is part of our DNA and shall be protected as a fundamental value."</i></p> <p>10 REDUCED INEQUALITIES</p> 	 <p>Julia Del Pino INPACS</p> <p><i>"Effective changes in the way societies produce and consume are imperative for future (human) life on this planet."</i></p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	 <p>Wanda van't Veer Hazet, Netherlands</p> <p><i>"The recent pandemic gives us a foretaste of what a fullfledged climate crisis could entail in terms of simultaneous shocks to supply, demand and human health."</i></p> <p>13 CLIMATE ACTION</p> 	 <p>José Del Pino INPACS</p> <p><i>"To successfully face global sustainability challenges and opportunities we need to build effective partnerships with the relevant stakeholders."</i></p> <p>17 PARTNERSHIPS FOR THE GOALS</p> 
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With respect to our business model, our key stakeholders are our suppliers and customers. We are in intense dialogue with both on all levels – internationally, nationally and locally. The dialogue involves strategic as well as operative topics, legal aspects and the identification of development opportunities regarding the UN Global Compacts' ten principles.