



Global Compact

COMMUNICATION ON PROGRESS 2010



INet – excellence in technology

Skopje / R. Macedonia
June 2011



Authorized Distributor &
Authorized Warranty
Service Provider (for
Macedonia and Kosovo)



Authorized Distributor &
Authorized Warranty
Service Provider
(for Macedonia and
Kosovo)



Sales & Services
Partner (for
Macedonia, Albania
and Kosovo)



Advanced Partner
(for Macedonia,
Albania and
Kosovo)



Red Hat – Certified
Training Partner
(for Macedonia,
Albania and
Kosovo)



Premium Partner
(for Macedonia, Albania
and Kosovo)



Authorized Distributor

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INet LLC

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State:
Macedonia

Contact:
Nadezda Dimitrovska

Function:
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Short Description of the business:

Distribution and implementation of computer, network and communication equipment, covering all the areas of information technology and telecommunications

Date:
July 2011

Membership date:
January 2005

Number of employees:
14

Industry:
ICT - Information and Communication Technology

Statement of continuing support for the Global Compact from the Chief Executive Officer

Corporate responsibility is about respecting laws and regulations, treating our employees fairly and ensuring their safety, keeping our environment green and working with others to achieve a common goal. In short, doing the right thing at every possible way, honest measurement of performance, and the courage to be open about both successes and shortcomings. Covering all the areas of information technology and telecommunications we guarantee a range of innovative top information technology.

This is the sixth Global Compact report of our performance on issues relevant to our business and corporate responsibility we have direct control over, emphasizing the wider contribution we can make to sustainable development. Beginning in fiscal 2009 we upgraded our approach incorporated CSR-related priorities directly into our business strategies. In accordance with this, we worked to realize our identified priorities: 1) Achieve ultimate customer satisfaction; 2) Embed environmental awareness; 3) Better utilization of organization and human capital.



Our business in 2010 focused on tree core areas:

- Promoting the CSR Concept
- Implementation of SAP ERP Solution
- To foster the spread of great ideas, a belief that there is no greater force for changing the world than a powerful idea.

Promoting the CSR Concept

Business Leaders Forum is the platform of socially responsible companies in Macedonia, which aim is to promote the CSR concept, motivation of the other companies, raising the awareness etc. The platform joins small, medium and large companies which manage the business on a responsible way. The BLF members have the support in the processes of planning, implementation, improvement off the CSR activities. The aim is to provoke sustainable growth of the business with profitability growth, but generating positive economic, social and ecological effects to the society development.

Implementation of SAP ERP Solution

After a detailed analysis of the existing organizational structure and business processes, solution was designed in which 60% of existing INet processes and functionality was kept through the customization of SAP Solution. In order to increase customer satisfaction and improve internal organizational efficiency, about 25% of the existing processes were necessary to be redefined in accordance with the SAP Best Practices in wholesale and ICT Industry. About 15% of the processes and functions were specific and related to the Macedonian legislation and there was a need to further develop them as part of localization effort. In order to raise the efficiency of existing processes on a higher level, SAP All-In-One Solution has been used and adapted to existing business processes of INet.

The spread of great ideas

INet was one of the official sponsors of the first TEDx Event in Macedonia conference among other companies who saw the opportunity to share the "Ideas worth spreading". Core to this goal is a belief that there is no greater force for changing the world than a powerful idea, so that millions of people can gain a better understanding of the biggest issues faced by the world, and a desire to help create a better future. In the past Sapling has supported projects that use these tools to leverage every dollar spent and create sustainable change in areas such as global public health, poverty alleviation, and biodiversity. Therefore organizations such as the Acumen Fund, Environmental Defense, One World Health, and PATH had been granted millions dollars.

INet must continue playing a responsible role in the global community.

INet
Executive MBA, Managing Director

Toni Petreski, MBA

HUMAN RIGHTS



1. HUMAN RIGHTS:

Principle 1.

Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence;

Principle 2.

Business should make sure they are not complicit in human right abuse;

1.1 INet's Commitment and Systems toward fulfillment of these principles:

We are committed to support and respect human rights by incorporating international human rights in our every day operations, including policy and practice linked to legal obligations and voluntary practice such as provision of health insurance to workers, implementation of worker safety regulations, positive involvement in communities in which they operate and support for the rule of law and transparent and fair legal systems, donations and sponsorship on diverse initiatives and events, etc.

1.2 INet's Practical Action toward fulfillment of these principles & Measurements of Outcome:

- We have Corporate Giving Program which invests volunteer, cash and in-kind support in communities where our associates live and work. These investments are directed to innovative programs to promote education and economic self-sufficiency, to ensure quality of life and improve the health and well-being of citizens. This program, guided by our corporate values of teamwork, respect, accountability, integrity and innovation, focuses on three areas:
 - Education
Support is targeted at scholarships, computer science, distribution management and other programs that promote economic self-sufficiency. General operating support will not be considered.
 - Health and Human Services
Support is targeted at community-based social and health service agencies for specific programs. A significant portion of the support granted in this area will be channeled through INet's investment. General operating support will not be considered
 - Arts and Culture
Program support is targeted at performing art centers and cultural organizations. General operating support and requests to underwrite performances and exhibitions will not be considered.
- INet has developed benefits programme for its employees.
- INet does not authorize, nor tolerates or knowingly ignore the human rights violations of one of its business partners, committed in the furtherance of the two party's common business goals.
This is stated in its Code of Conduct:
Dealing with suppliers, customers and others – gifts, meals, entertainment and payment:
All contacts and dealings with customers, suppliers, and potential suppliers must be conducted so as to avoid even the appearance of impropriety or violation of any applicable law or any other act or this Code (Referring to the INet's code of conduct which sets out the policies and procedures for the fair and honest business practices and behaviour that INet expects from its staff).
- INet aligns its behaviour with the expectation of its stakeholders.
 - *Principle 6 of [Corporate Governance Code](#):*
The Company takes into consideration the interests of the Company's stakeholders and has a [Code of Conduct](#) that regulates the Company's relationship with its stakeholders.
6.1. The stakeholders, in particularly the employees, may freely communicate with the Board of Directors about their concerns related to illegal or unethical practices and their rights are not compromised by doing this;
 - *Principle 8 of [Corporate Governance Code](#):*
The Board of Directors is responsible for the strategic guidance of the Company, the effective monitoring of the management, and the Board's accountability to the Company and the Shareholders.

- Starting January 1st 2010, INet began official usage of SAP ERP Solution. As a small business entity, INet is the first company from Macedonia that has accepted the challenge of implementing the world-famous brand, in order to successfully respond on all challenges of modern business and bring higher level of business efficiency. After a detailed analysis of the existing organizational structure and business processes, solution was designed in which 60% of existing INet processes and functionality was kept through the customization of SAP Solution. In order to increase customer satisfaction and improve internal organizational efficiency, about 25% of the existing processes were necessary to be redefined in accordance with the SAP Best Practices in wholesale and ICT Industry. About 15% of the processes and functions were specific and related to the Macedonian legislation and there was a need to further develop them as part of localization effort. The project was successfully implemented within 6 months, in accordance with the methodology for implementation of SAPPHIR, SOPHIE (SAPPHIR Optimization of Project management Helps to Implement Easier). In order to raise the efficiency of existing processes on a higher level, SAP All-In-One Solution has been used, localized in accordance with the legislative of the Republic of Macedonia and adapted to existing business processes of INet. The solution is combined with some of SAP Best Practice Processes.

Key benefits of implementing SAP: Improvement of business processes, Faster response on customer requests, Higher level of business transparency to the company shareholders, Faster and accurate decision making.

“Every step of all End-to-End processes in INet is now structured and well defined which helps employees to work more efficiently and collaborate on every step of the process” – said Nadezda Dimitrovska, COO of INet and SAP Implementation Project Leader.

“With analyzing capabilities for each business part and history that can follow each sales flow from end to beginning I am now able to make better decisions in order to win more projects and keep my strategic customers satisfied”- said Toni Petreski, Managing Director of INet.

- Business Leaders Forum is the platform of socially responsible companies in Macedonia, which aim is to promote the CSR concept, motivation of the other companies, raising the awareness etc. The platform joins small, medium and large companies which manage the business on a responsible way.



The BLF members have the support in the processes of planning, implementation, improvement off the CSR activities. The aim is to provoke sustainable growth of the business with profitability growth, but generating positive economic, social and ecological effects to the society development. The administrator of the platform is Center for Institutional Development - CIRa.

Business Leaders Forum is the first initiative for joint of the business sector for CSR improvement in Macedonia. As an initiative, it exists in over 90 countries in the world and is promoted for the first time in 1990 by Prince Charles and a group of business leaders.

With the signature of the Memorandum of Understanding, INet justifies its high social liability and responsibility. The founders agree to implement a set of social, ethical and ecological principles into the management of the business.

„It is my great honour that INet has the possibility to be one of the founders of the first BLF in Macedonia. INet as a small company, joined this initiative together with the other big companies. With this opportunity INet fully justified its social liability and responsibility toward the community” – announced Toni Petreski, Managing Director of INet.

- Community Groups Membership

- MASIT - Chamber of Commerce for Information and Communication Technology (www.masit.org.mk). MASIT is a voluntary, non-profit association and organizational form of all private companies, whose basic activities are manufacturing, trading and services in the area of information technology, and which are registered on the territory of Republic of Macedonia.
- United Nation’s Global Compact Initiative (www.unglobalcompact.org). INet is among the first Macedonian companies that joined Global Compact initiative in January 2005, embracing and supporting the ten universal principles of corporate social responsibility as part of its operations.

- Mrs. Nadezda Dimitrovska, COO of INet is the Liaison person for Macedonian Global Compact Network, November 2008 – present

- In organization of The School of Computer Science and Information Technology INet awarded the Top IT Project at the University American College Skopje, acknowledging the ideas that can be realized through the projects drafted during the school years. The contest was designed so that students could present their projects drafted during the school year in teams of 2-3 students, through which their ideas can be realized.



There were reported 6 projects out of 10 projects of 20 students. The preparations included three most immanent IT Companies who gave full support to this kind of collaboration between faculty and IT firms.

The Commission consisted of eight members, three from the business sector and 5 members from The School of Computer Science and Information Technology at the University American College Skopje. In order to give same chance to all the committee had created the following categories appropriate under exposed Presentations:

- Award for a project that is most applicable
- Award for the most complex project
- Award for a project that is most innovative

To all students who participated in “The Top IT Project” were given “Award of Excellence” which could be used in their CV.

- The first TEDx Event in Macedonia was held on 30.10.2010. INet was one of the official sponsors of the conference among other companies who saw the oportunity to share the "Ideas worth spreading". 12 carefully selected speakers held presentations in four sessions in front of 100 people audience. Whole day event was broadcasted live on the internet.

The selection of speakers was made by a public call for nominations which was released in the form of web application and shared through social networks. The idea was to include speakers with various backgrounds and the final program to cover topics from many areas, bearing in mind the general themes at TED: Technology, entertainment, design, business, science, culture, art and global issues. The two main selection criteria were: the idea that the speaker wants to submit, and the ability to do it in a way characteristic of TED-conference. The selected speakers of TEDxSkopje were university professors, established professionals and talented young people at the beginning of their career. Beside the 12 speakers, each session included additional materials such as recorded speeches from previous TED-events

- Within its corporate activities, INet for the third time gained The acknowledgement for socially responsible practices in 2009. This year's acknowledgement was awarded in the category 'Ethical Management in SMEs for the project 'Implementation of SAP ERP Solution in INet'.



This year, the award is part of the project ‘Social Responsibility of the enterprises in Republic of Macedonia’, co-financed by the European Union and implemented by the Ministry of Economy in partnership with: Macedonian Enterprise Development Foundation, The Union of Economic Chambers in Macedonia and the Association ‘Connect’.

INet plans to continue providing donations and sponsorship in order to educate Macedonian Audience in the area of Information Society development and electronic data transfer;



2. LABOR STANDARDS

Principle 3.

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4.

Elimination of all forms and compulsory labor;

Principle 5.

Effective abolition of child labor;

Principle 6.

Eliminate discrimination in respect of employment and occupation;

2.1 INet's Commitment and Systems toward fulfillment of these principles:

INet is an employer that provides its employees with a benefit program responsive both to the diversity of its community and to the many life changes individuals experience during their employment. Qualified employees are eligible for the majority of benefits immediately upon hire.

2.2 INet's Practical Action toward fulfillment of these principles & Measurements of Outcome:

- INet practises equal treatment for each employee both in terms of gaining access to employment and in the treatment of employees once they are at work. Employees are selected on the basis of their ability to do the job and there is no distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin. Each employee with respect is equally treated to the terms and conditions of the employment such as: equal remuneration, hours of work and rest, paid holidays, maternity leave, security of tenure, advancement, social security, and occupational safety and health.
- INet contributes a significant amount of benefits for its employees, such as:
 - Medical examinations;
 - Usage of mobile phones;
 - Possibility to purchase goods from many different stores under special conditions - In the few stores for technical equipment, Inet's employees can buy products under special condition;
 - Possibility to purchase products from INet's assortment with special price reduction;
 - Possibility for personal growth through trainings organized and paid by INet;
 - Auspicious working time, (from Monday to Thursday working time is from 08:30 till 17:00; In Fridays, from 08:30 till 14:30);
 - Collective worker's insurance;
 - INet's yearly budget includes designate sum that could be used for occasional gifts. That means that every celebration connected to employees, like: birthday, wedding, new born child, name day, etc. is noted and rewarded with occasional gift;
- INet respects employee's right to join the associations of their own choice and freedom to take industrial action in defense of their economic and social interests;
- INet practices voluntary process used to determine terms and conditions of work and the regulations of relations between employers, workers, and their organization;
- INet supplies work without any restrain and every employee is free to leave in accordance with established rules;

2.3 INet's plans for continual fulfillment of the labor standards:

- INet will continue to respect employee's right to join the associations of their own choice and freedom to take industrial action in defense of their economic and social interests;
- INet will continue to supply work without any restrain and every employee will be free to leave in accordance with established rules;
- INet will continue to provide equal treatment for each employee both in terms of gaining access to employment and in the treatment of employees once they are at work;
- INet plans to upgrade benefit programs for its employees.
- INet will continue to provide regular educational training for its employees concerning safety and security at their working place.
- INet plans to develop and implement working environment's security policy.
- INet will continue to invest into employee's personal growth through trainings organized and paid by INet;



3. ENVIRONMENT

Principle 7.

Business should support a precautionary approach to environmental challenges ;

Principle 8.

Undertake initiatives to promote greater environmental responsibility

Principle 9.

Encourage the development and diffusion of environmental friendly technologies

3.1 INet's Commitment and Systems toward fulfillment of these principles:

At INet, our commitment to corporate citizenship and social responsibility extends throughout the company. Whether we are conserving energy and natural resources, ensuring a safe and healthful workplace, or working with our suppliers to develop sustainable global markets, we apply our extensive innovation resources and expertise to solve some of the most pressing global issues.

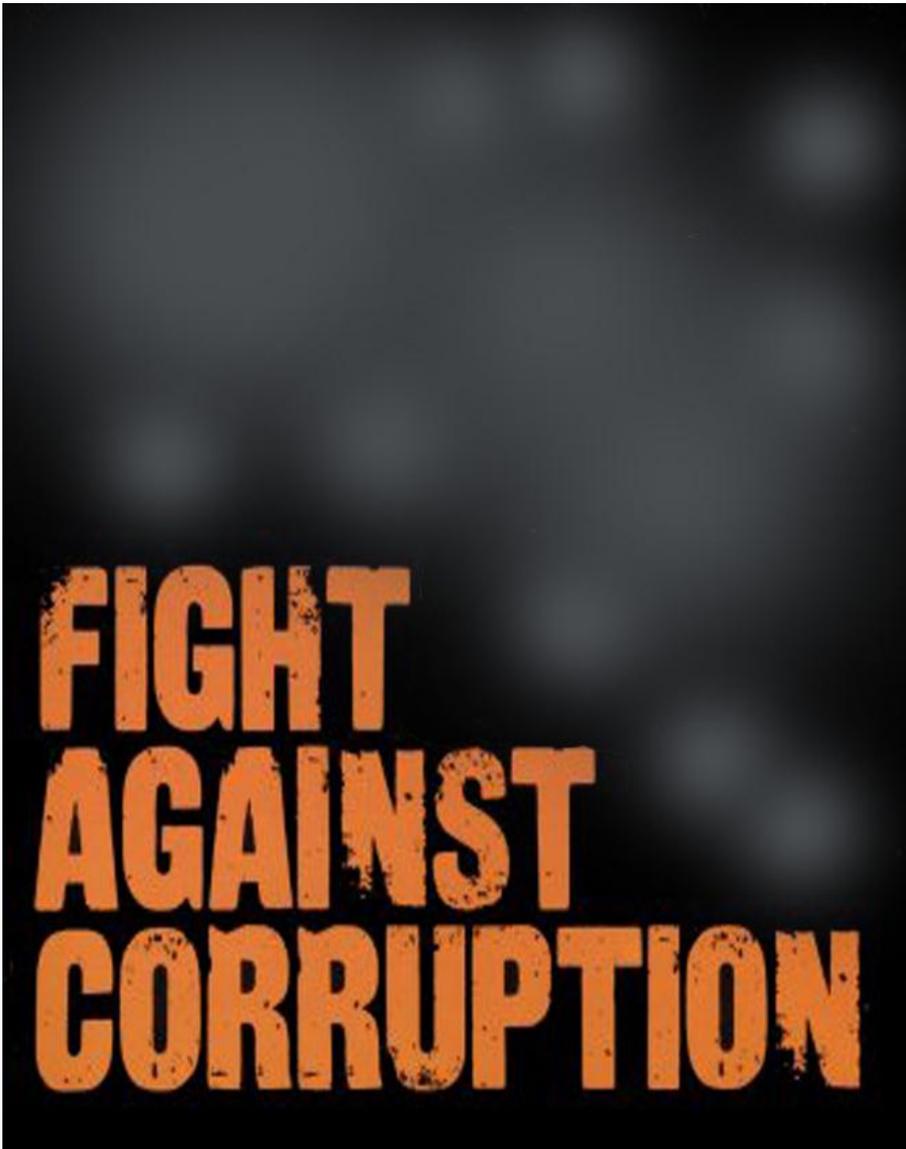
3.2 INet's Practical Action toward fulfillment of these principles & Measurements of Outcome:

- INet has been established culture of environmental accountability through recycling of paper waste;
 - This year INet again took active participation in restoration of wood fund of Republic of Macedonia under the motto "Imagine Macedonia in green", in frame of the "The Tree Day - plant your future" In this action were planted 7.50 million plants on a surface area of 3,674 hectares with what Macedonia has become an example in the region and wider, for citizen union ship, for improving international image, massive output regardless of political color and religious affiliation. Employees of INet took action for planting the yard in front of its company contributing at the same time, for surrounding working environment, i.e. for healthier living environment.
- Use of the materials (components) resulting from the processes: High quality computer components; INet has direct vendor relations with world-known brands which are already deeply involved in environmental protection and confirm their responsibility; brands are already concerned about 'environmentally friendly technologies' and recycling programs.
- We are committed to environmentally responsible business practices.
- INet distributes computers components declared by their manufacturers to be in conformance with the environmental performance standard for electronic products - IEEE 1680- 2006.



3.4 INet's plans for continual fulfillment of environment principles:

- Recycling the plastic waste;
- INet is fostering openness and dialog with its stakeholders to proactively define environmentally sustainable practices;
- Research and distribution of more environmentally friendly products; Green business technologies;



4. FIGHT AGAINST CORRUPTION

Principle 10

Business should work against corruption in all forms, including extortion and bribery

4.1 INet's Commitment and Systems toward fulfillment of these principles:

INet believes that long term economic, political and social development can be achieved only by good governance and by fighting corruption. INet is committed to conducting business in a fair, honest and sound manner to help assure that the long term interests of its shareholders are being served. As part of this commitment, Code of Conduct had been developed which sets out the policies and procedures for the fair and honest business practices and behavior that INet expects from its staff.

4.2 INet's Practical Action toward fulfillment of these principles & Measurements of Outcome:

- We were awarded for the third time with a Certificate for Good Corporate Governance for 2009. "Transparency – Zero Corruption" in cooperation with Economic Chamber of Macedonia and Chamber of Commerce of North West Macedonia within the activities for implementation of the Declaration "Zero" Tolerance for the Corruption, staged election for companies with good corporate governance on which INet was selected and awarded for the third time with certificate for its good corporate governance. Evaluation of the companies was conducted by a team of experts, according to prepared list of criteria from several areas of activity: management of the company, the attitude toward employees, communicating with customers, relations with suppliers, as well as the contribution of the company in the community and the environment in which act.
- The implementation of its Code of Conduct is achieved through application of the following principles:
 - An Employee must take no action on INet's behalf which the Employee knows, or suspects that it violates any applicable law or other act;
 - In addition to full compliance with all laws, each INet employee must comply with the moral and ethical standards of local society, including but not limited to the Macedonian ones;
 - Employees must be truthful in all communications with one another, our customers, internal and external auditors, governmental agencies, and third parties. Employees must maintain truthful business records that accurately and fairly reflect INet business and financial transactions. Employee must not falsify or forge any business records;
 - INet shall at all times provide full, fair, accurate, timely and understandable disclosure in report and documents that it files with, or submits to any regulatory authorities, and on other public communications made by INet; The Chief Executive Officer, and other members of the Company Management Team bear a special responsibility to help and ensure that a culture exists throughout INet as a whole that assures the full, fair, accurate, timely and understandable reporting of INet's financial results and condition;
 - INet will not tolerate, and no Employee may pay, offer or authorize any bribe or any other unlawful payment on behalf of INet;
- INet will not engage in or tolerate retaliation against an Employee who has reported a potential violation under this Code or cooperated with an investigation into reported misconduct. However, filling a report which the Employee knows to be false is prohibited and subject that Employee to an appropriate discipline procedure which could include termination;
- Starting January 1st, 2010, INet began official usage of SAP ERP Solution. As a small business entity, INet is the first company from Macedonia that has accepted the challenge of implementing the world-famous brand, in order to successfully respond on all challenges of modern business and bring higher level of business efficiency. SAP ERP solution is a software solution already proven in the world that offers a complete portfolio of business management solutions and is powerful business management software for small and medium enterprises. The project was successfully implemented within 6 months, in accordance with the methodology for implementation of SAPPHIR, SOPHIE (SAPPHIR Optimization of Project management Helps to Implement Easier). In order to raise the efficiency of existing processes on a higher level, SAP All-In-One Solution has been used, localized in accordance with the legislative of the Republic of Macedonia and adapted to existing business processes of INet. The solution is combined with some of SAP Best Practice Processes. Key benefits of implementing SAP. 1) Improvement of business processes, 2) Faster response on customer requests, 3) Higher level of business transparency to the company shareholders, 4) Faster and accurate decision making.

4.4 INet's plans for continual Fight against corruption:

- INet will modify the code of good corporate governance if practices change;
- INet is planning to put in place an effective compliance program containing measures aimed at education, training and appropriate disciplinary measures if the manual or code of conduct is violated.
- INet is planning to develop program for applying sanction against code violation fairly, consistently and without bias.

"We employ the highest ethical standards, demonstrating honesty and fairness in every action that we take"

"We take responsibility for all decisions and actions that we perform"



INet – excellence in technology