



Global Compact

COMMUNICATION ON PROGRESS 2009



INet – excellence in technology

Skopje / R. Macedonia
June 2010



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



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



*SAP 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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Macedonia

Contact:
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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:
June 2010

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

INet has been established with domestic capital as a privately owned company in 1991. The main activities include distribution and implementation of computer, network and communication equipment, covering all the areas of information technology and telecommunications. The strategic alliances with strong partners as IBM (HW & SW Authorized Distributor), Lenovo (Authorized Distributor & Service Partner), SAP (Sales & Service Partner), Red Hat (Advanced Partner, Authorized Training Partner), Xerox (Authorized Distributor & Service Partner), and Trend Micro (Authorized Partner), guarantee a range of innovative top information technology. Since our inception, we constantly follow our mission: "1) Broadening the reach of our business partners, connecting them with new markets, technologies and solutions; 2) Earning the respect and loyalty of our business partners through superior value and service and 3) creating innovative ideas through bright, energetic, customer-focused and talented people."

The world is passing through a period of unprecedented economic difficulty. Thus, we were seriously challenged to continue with our business while contributing to the advancement of society. Though after five years, every participant is required to address all four issue areas, we can proudly say that as Global Compact participant we have shown excellence in promoting and integrating the ten principles into overall company strategy. To reflect our full commitment that CSR is corporate management, we upgrade our approach beginning in fiscal 2009 to incorporate CSR-related priorities directly into our business strategies. In accordance with this, we are working to realize our already identified priorities:

1. Achieve ultimate customer satisfaction;
2. Embed environmental awareness;
3. Better utilization of organization and human capital;

Customer relationship management

It is a broadly recognized, widely-implemented strategy for managing and nurturing a company's interactions with customers, clients and sales prospects. Our overall goals are to nurture and retain clients the company already has and find and win new clients and reduce the costs of marketing and client service. CRM denotes a company-wide business strategy embracing all client-facing departments and even beyond. When an implementation is effective, people, processes, and technology work in synergy to increase profitability, and reduce operational costs.

Our customers have difficulties to survive in today's unprecedented harsh economic environment. Our customers need to move forward with their plans and operations that require high-quality business communications. Thus, our mission is to constantly improve the functions and quality throughout the entire range of our products and services covering such critical areas. The clients want a trustworthy partner, ready and capable of helping them meet the challenges of an increasingly complex, high-speed, and globalized business environment.

Having in mind that our company has been doing business in ICT industry for almost 20 years, we already knew that SAP ERP solution is No. 1 in the world and it will perfectly fit in our needs. In order to successfully respond on all challenges of modern business, INet has streamed to improve its own business and to raise efficiency on higher level. SAP All-In-One solution, localized in accordance with Macedonian law and customized to follow existing structured business processes of INet combined with some of SAP Best practice processes in order to bring higher level of business efficiency.

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.

Environment relationship management

In November 2008 National Intelligence Council issued a report titled as Global Trends 2025: A Transformed World. Reading the report further reinforces the point that in due time the world will be facing ongoing violations including climate changes. Thus, our corporate management cannot afford to ignore environmental problems. In 2009 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 Three Day - plant your future". 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.

The drive for such citizen initiative for reforestation particularly pleased and was accepted by the employees of INet, giving a contribution in rebuilding forests, and acknowledging the company's social responsibility. The potential for contributing to society through such undertakings is enormous, and we will pursue it as our top priority.

How can we contribute to society? This is something that we will continue to address tirelessly in the future. We are committed to capitalizing on our business activities and concentrating the capabilities of INet on developing social contribution programs that respond to the needs of society.

Shareholder relationship Management

We believe that one of the most important responsibilities is to respond to the expectations of our shareholders and fully appreciate that society demands proper corporate governance. We have pledged ourselves to satisfying the requirements of internal controls in financial reporting, maintaining the highest levels of compliance, and upholding the standards of corporate ethics. At the same time, we are committed to the pursuit of efficient and sound management. It is our hope to generate powerful synergy effects by combining these merits with our own corporate strengths.

INet will continue to play a responsible role in the global community. To ensure that is so, I will continue strong leadership and fully commit myself to the responsibility of leading the Company.

**INet LLC
Managing Director**



Toni Petreski, MBA



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 arts 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.

- INet has taken particular care to ensure that its core activities do not contravene international human rights law. In January 2007 INet has been rewarded with IT Mark Certification insuring the implementation of quality standards in three main areas: one related to overall Business Management (strategic, commercial, financial, marketing, etc); another on Information Security Management; and the third one, particularly related to the Maturity of their Services & Systems Processes.

December, 2009 INet once again confirmed continuation of quality standard processes & procedures. Thus he had been successfully recertified with **IT Mark Certificate**.



- INet is winner of the Awards Leaders in Corporate Social Responsibility (CSR) in Macedonia for 2009, in the category Awards for Corporate Social Responsibility, subcategory Award for integrated approach to CSR for small enterprise. The official ceremony of the Awards Leaders in Social Responsibility for Philanthropy and Corporate Social Responsibility (CSR) in Macedonia for 2009 has been organized by the Center for Institutional Development – CIRa. INet gained a special designed Statue with a Certificate of Recognition. The aim of this annually ceremony held for the third time is to express public recognition to citizens, enterprises, civic organizations, media and institutions which have promoted positive donor practices and CSR activities for community support in the Republic of Macedonia during the last year.

„It is my honour that for the third time INet has fully justified its social liability and responsibility toward the community. This Award is specially significant for us because it is related to integrated approach to CSR, as a proof of the continuity of the activities that INet has been taking over the years – activities which create better standard of leaving” – announced Nadezda Dimitrovska, Chief Operating Officer 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
 - As a result of the previous activities, INet has already built an image of a company which is social responsible leader and has been invited by many Educational Institutions to make presentations to the different audience and to share the experience.

1.3 INet's plans for continual fulfillment of the human rights principles:

- 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;
- INet plans to develop measures for operation's influence on human rights;

- INet plans to provide training for company internal politics regarding human rights to its employees;
- Having forward looking strategy for full satisfaction of its stakeholders, INet plans to develop fully functional information system for its partners;
- INet will not authorize, nor tolerate 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.
- INet will continue to foster openness and dialog with its businesses; governments, academia and civil society representatives to proactively define What, Why, When and How could be done to accelerate CSR.



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.

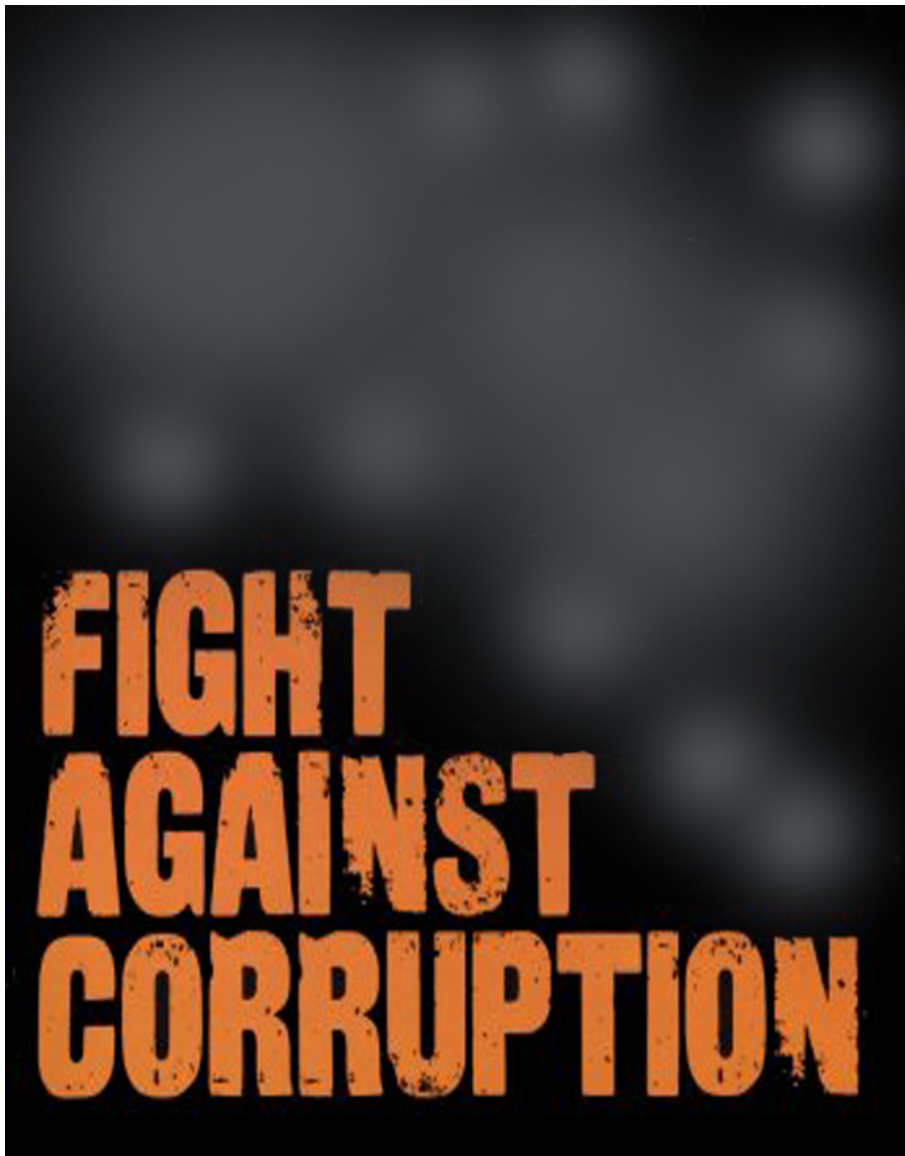
3.2 INet's Practical Action toward fulfillment of these principles & Measurements of Outcome:

- 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:

- Treatment of electronic 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, filing 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 programme 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