

Thule Group»

United Nations Global Compact 2019 Communication on Progress



CEO statement

2019-11-15

Dear Mr UN Secretary General

I am pleased to confirm that Thule Group 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,



Magnus Welanders
CEO and President of Thule Group



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Description of practical actions or plans

Human Rights

Principles 1-2

The Thule Group Code of Conduct is based on guidelines and principles from the UN Global Compact, International Labour Organisation, and the Organisation for Economic Cooperation and Development (see Figure 1). The Code of Conduct outlines policies regarding human rights, labour, environment, business ethics, discrimination, and internal behaviour codes. The Code of Conduct applies to the Thule Group Board of Directors, management, employees, suppliers, sub-suppliers, contractors, and partners. Training and policy documents are provided to employees via the newly launched compliance tracking system and Thule Group Online Academy platform.

Audits of our production facilities and Corporate Social Responsibility (CSR) audits of our suppliers ensure we and our suppliers follow these requirements. Corrective actions are required if human rights violations are identified via audits. The Thule Group Whistleblowing Policy and Tool also support the protection of human rights via safe grievance reporting, ensuring we are not complicit in any human rights abuses. Violations reported in the Whistleblowing Tool are managed jointly by the Thule Group Compliance Coordinator and an external law firm, which decides how investigations should be planned and executed. Thule Group also conducts fundraisers and donates annually to human rights organizations, such as the United Nations Refugee Agency (UNHCR).

Labour

Principles 3-6

The Thule Group Code of Conduct outlines our recognition that all employees, suppliers, contractors, and partners have the freedom of association and the right to participate in collective bargaining agreements. The Code of Conduct outlines Thule Group zero tolerance policies regarding forced labour, compulsory labour, prison labour, child labour, slavery, and human trafficking. Mandatory employee training is conducted via the newly launched compliance tracking system and Thule Group Online Academy platform.

In December 2018, Thule Group published its first annual statement on the UK Modern Slavery Act. This public statement describes Thule Group's business, supply chain, methods of risk assessment and monitoring, preventative measures, and corrective actions. Labour requirements are monitored and assessed regularly via internal and external audits at our own production sites and CSR audits at our suppliers. Topics covered in such audits include, but are not limited to, minimum wage, overtime wage, work hours, consecutive work days and working age. In 2019, Thule Group further expanded its supply chain work by conducting CSR audits at second tier suppliers. New Thule Group Supplier Quality



Figure 1. 2018 Thule Group Code of Conduct

Assurance employees were trained in CSR auditing and more supplier audits were conducted than in any previous year. Labour violations can also be reported via the public Thule Group Whistleblowing Tool. The Code of Conduct prohibits child labour of any person below age 15, or below age 18 if conducting hazardous work. If the regional law stipulates a minimum working age requirement that is higher, then Thule Group adheres to that requirement. In October 2019, a new Anti-Discrimination Policy was also launched. Internal and external audits at our production facilities, CSR audits at suppliers, and the Whistleblowing Tool serve as mechanisms to prevent, identify, and correct labour violations.

Environment

Principles 7-9

Thule Group works to minimize its environmental impact by setting ambitious goals in focus areas, including greenhouse gas emissions, energy, logistics, and waste and recycling. Thule Group is continuously investing in new energy efficient technology, shifting to 100% certified renewable electricity, and working to increase our recycling rate. The Thule Group Prohibited and Restricted Substances List (P&R List) was most recently updated in September 2019, based on proactive and precautionary limits that are beyond legal requirements. Thule Group utilizes the expertise of external groups (bluesign® and RISE Chemical Group) when updating the P&R List. Audits are also used to assess environmental impacts of our production facilities and our suppliers. These audits monitor environmental compliance, highlight necessary corrective actions, and are followed up regularly.

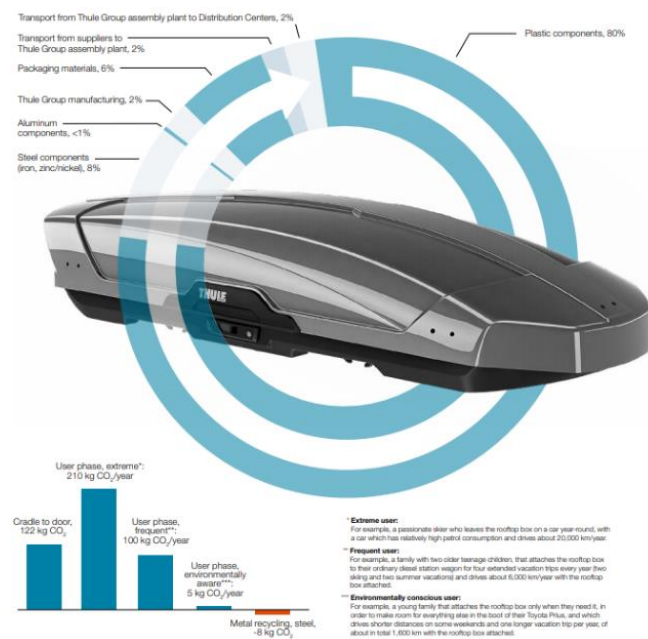


Figure 2. Life-cycle analysis of Thule Motion XT size XL

In 2019, leading sustainability consultancy South Pole conducted a third-party verification of our complete greenhouse gas inventory (including scopes 1-3). In 2019, Thule Group also conducted a pre-study of how to set Science Based Targets in preparation for implementation in 2020. Our environmental focus is continuously expanding to better include measurable KPIs and targets for materials, water, logistics and environmental impacts of our products and supply chain. In 2019, Thule Group began using a new sustainability data platform called Worldfavor to help support our expansion of quarterly sustainability data collection.

To continue growth of our eco-design program, Thule Group held an updated eco-design training in February 2019 for trainees from various departments. Thule Group has conducted numerous life-cycle analyses (LCAs) on our products, in order to increase our understanding of their carbon footprints and identify where we can make the biggest reductions in CO₂ emissions. In the Thule Group 2018 Annual and Sustainability Report, a new cradle to grave LCA for the Thule Motion XT rooftop box size XL highlighted plastic as the material responsible for most CO₂ emissions (80%) and showed several different user scenarios (see Figure 2).

Anti-Corruption

Principle 10

The Thule Group Code of Conduct outlines the principles of fair and ethical business that we require from Board Members, management, employees, suppliers, contractors, and partners. The Thule Group Anti-Bribery Policy states our zero-tolerance for bribery, extortion, money laundering, and all forms of corruption. Employees receive regular training via the newly launched Thule Group Online Academy platform. The Corporate Compliance Program provides structure for relevant training, monitoring, distribution of responsibilities, and points of contact for anti-corruption, anti-competition, trade sanctions and related topics (see Figure 3).

The Whistleblowing Tool allows internal and external stakeholders to report breaches in policies, negative conditions, or other irregularities occurring throughout our value chain. Internal Thule Group Corporate Governance Manual audits, Internal Audits according to our Thule Group Finance Manual, and quarterly and annual external audits are the main tools for identifying and preventing potential breaches against our anti-corruption guidelines. In October 2019, Thule Group production facilities in Germany and Belgium hosted on-site audits where no breaches against corruption guidelines were identified.



Figure 3. Thule Group Compliance Program General Orientation

UN Sustainable Development Goals

In December 2018, the Board of Directors established new sustainability goals for Thule Group based on the United Nation's 2030 Agenda. The sustainability efforts of Thule Group contribute primarily to seven UN Sustainable Development Goals (see Figure 4).

Environmental responsibility



Goal 6: Clean Water and Sanitation

- We strive to continuously reduce water consumption at all of our facilities and, where possible, are replacing drinking water with rainwater to an ever increasing extent.
- We use closed water systems in manufacturing, in order to minimize the discharge of hazardous chemicals and substances.



Goal 7: Affordable and Clean Energy

- Our target is for 100% of the electricity used at our plants to originate from renewable sources by no later than 2020.
- Our target is for more than 75% of all the energy used at our plants to originate from renewable sources by no later than 2025.



Goal 12: Responsible Production and Consumption

- We strive to reduce our waste and ensure increased recycling in our manufacturing processes, and our goal is to achieve a recycling rate of more than 98% and to ensure that 0% goes to landfills by no later than 2030.
- We strive to continuously monitor and expand the list of materials and chemicals that may not be used in our products, to increase the use of recycled materials in our products, and to use more eco-friendly packaging.



Goal 13: Climate Action

- We strive to reduce our climate impact by reducing emissions of greenhouse gases.
- Our goal is to reduce greenhouse gas emissions at our plants by 65% (compared with the base year of 2014), by no later than 2020.
- To ensure improved monitoring of greenhouse gas emissions throughout our value chain, we aim to have our long-term climate targets approved by no later than 2020 by the Science Based Targets Initiative, a scientific method of ensuring that our targets are in line with the global Paris Agreement on the climate.

Social responsibility



Goal 5: Gender Equality and Goal 10: Reduced Inequalities

- Gender equality and allowing everyone equal opportunities for development and actual participation, as well as equal opportunities for leadership at all decision-making levels, are all part of our core values.
- We conduct continuous assessments of our employees' remuneration to ensure an equitable pay structure.
- Our internal target is to secure a gender-equal company with gender-equal leadership by 2030, with no gender having less than 40% representation.



Goal 8: Decent Work and Economic Growth

- Thule Group strives to protect workers' rights and to counteract modern slavery, human trafficking and child labor by conducting CSR audits of suppliers, providing courses on human rights to employees and by continuously evaluating the equitability of pay structures.

Figure 4. UN Sustainable Development Goals identified as most relevant for Thule Group

Measurement of outcomes

Human Rights

Principles 1-2

- No instances of human rights abuse were identified in Thule Group self-assessments, on-site internal audits, or on-site external audits at our nine production facilities in 2019.
- Since 2016, Thule Group coordinated over 100 CSR supplier audits to ensure the protection of human rights throughout our supply chain (see Figure 5).
- In 2019, 55 CSR supplier audits were conducted compared to 30 in 2018. 48 first tier suppliers and 7 second tier suppliers were audited. Two new Supplier Quality Assurance employees also received CSR auditor training in September 2019.
- In October 2019, the new compliance tracking system was launched, including an online training academy for all Thule Group policies, manuals, and handbooks.
- In December 2018, Thule Group donated 116,000 SEK to the UN Refugee Agency in support of the organization's important emergency work in Yemen. A donation to the UNHCR or a similar organization is planned again in December 2019.

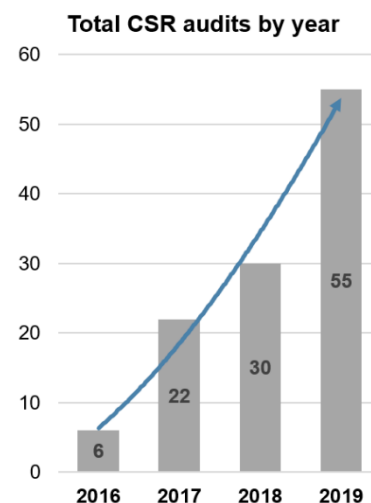


Figure 5. Thule Group CSR supplier audits by year

UN Sustainable Development Goals

- **5 Gender Equality** – Thule Group will promote gender equality by allowing everyone equal opportunities for participation, development, and leadership at all levels within the company.
- **8 Decent Work and Economic Growth** – Thule Group will continue to protect workers' rights and human rights through audits at our production facilities, audits at our suppliers, regular provision of employee training, and continuous evaluation of pay structure equity.
- **10 Reduce Inequalities** – Thule Group will conduct continuous assessment of employee remuneration to ensure equitable pay and aims to secure a gender-equal company with gender-equal leadership by 2030 (with no gender having less than 40% representation).

Labour

Principles 3-6

- No cases of slavery, forced, compulsory, or child labour have ever been identified in our supply chain or our production facilities.
- An external CSR auditing company, Intertek, audited our production facilities in Hillerstorp, Sweden and Huta, Poland. The plants respectively scored 87 and 100, where a score of 85 or above is considered to be excellent.
- In October 2019, Thule Group launched a new group-wide Anti-Discrimination Policy.

- Despite increased accidents in 2019 compared to 2018¹, internal health and safety efforts and renewed enforcement of rules reduced accidents throughout 2019 (see Figure 6).
- In 2019, Thule Group consisted of 43% women and 57% men.
- In 2019, women represented 8% in sales, 22% in engineering, and 50% in management. This is significant progress towards our target of increasing women in white-collar positions by 100%.
- Employee remuneration at our production facilities in Germany, Poland, Sweden, and the UK were assessed in 2019 to ensure equitable pay structure.

Accidents for entire Thule Group

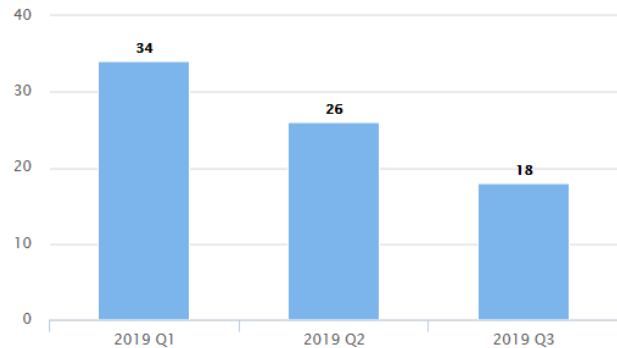


Figure 6. Thule Group workplace accidents (Quarter 1 2019-Quarter 3 2019)

UN Sustainable Development Goals

- **5 Gender Equality** – Thule Group aims to eliminate discrimination and harassment in the workplace and has created a new Anti-Discrimination Policy to support this goal.
- **8 Decent Work and Economic Growth** – Thule Group strives to protect workers' rights and counteract risks of modern slavery, human trafficking, child labour, and forced labour by conducting audits at our production sites, conducting CSR audits at our suppliers, and providing education to employees.
- **10 Reduce Inequalities** – Thule Group aims to reduce inequalities by regularly assessing employee remuneration to ensure equitable pay structure.

Environment

Principles 7-9

- The Thule Group 2018 Annual and Sustainability Report was the first report in compliance with GRI reporting standards, surpassing our target year of 2020.
- 7 of our 9 production facilities are currently certified ISO 14001. We are on track to meet our 2020 target for all 9 production sites to be certified ISO 14001.
- Our CO₂ emissions from our own operations decreased by 772 tonnes in 2018, compared to 2017. CO₂ emissions decreased by 66% compared to our base year of 2014, surpassing our 2020 target of 65% (see Figure 7).
- Our recycling rate reached 98.3% in 2018 and has remained at or above 98% in 2019. We have surpassed our 2020 target of a recycling rate of 96%.

¹ It is important to note that in 2019 a new production facility opened in Belgium, worked hours increased compared to 2018, and accident reporting became more diligent via inclusion of all agency worker accidents.

- Currently 93% of our electricity comes from certified renewable sources, bringing us very close to our 2020 target of 100% certified renewable electricity.
- A new LCA of the Thule Motion XT size XL rooftop box concluded that plastic components were responsible for 80% of the product's material CO₂ emissions and CO₂ emissions from product use vary depending on user scenarios.
- In 2019, the greenhouse gas inventory of Thule Group was externally verified by South Pole and no significant errors were identified.

Direct and indirect emissions of greenhouse gases are to decline 65% in relative produced quantities at our production facilities by the end of 2020, compared to the base year of 2014.

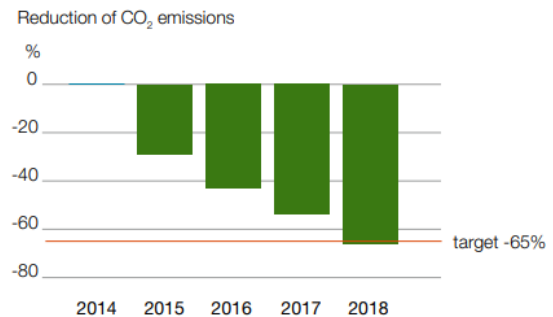


Figure 7. Thule Group greenhouse gas emissions reductions by year

UN Sustainable Development Goals

- **6 Clean Water and Sanitation** – Thule Group strives to continuously reduce water consumption through use of closed-loop systems and collection of rainwater.
- **7 Affordable and Clean Energy** – Thule Group aims to supply 100% of the electricity used in our production facilities from certified renewable sources by 2020. We also aim to supply at least 75% of the energy used in our production facilities from renewable sources by 2025.
- **12 Responsible Production and Consumption** – Thule Group aims to maintain solid waste recycling rates of at least 98% and reach a 0% landfill rate by 2030. We also aim to continuously reduce harmful substances in our products and use 100% FSC packaging by 2025.
- **13 Climate Action** – Thule Group has achieved the target of 65% reduction of CO₂ emissions from our production facilities by 2020, compared to a base year of 2014. To ensure improved monitoring and reduction of CO₂ emissions in our value chain, we also aim to have new, long-term climate targets approved by the Science Based Targets initiative in 2020.

Anti-Corruption

Principle 10

- Thule Group has not been involved in any legal cases, rulings, or other events related to bribery, money laundering, extortion, or any other forms of corruption in 2019.
- In 2019, new CSR supplier audit processes were developed and a new supplier risk assessment method was created, allowing Thule Group to better mitigate potential supply chain risks in specific countries such as China, Thailand, Cambodia, Romania, and Poland.
- Internal Finance audits and regular external audits conducted quarterly and annually ensure our compliance according to IFRS-accounting principles and our Corporate Compliance guidelines. Four times a year the Audit Committee also reviews Thule Group's compliance in all aspects of accounting principles and our compliance to laws and regulations.

UN Sustainable Development Goals

- **8 Decent Work and Economic Growth** – Thule Group counteracts corruption by conducting audits at our production sites and suppliers, training employees, and offering external and internal stakeholders the opportunity to report violations in the public Whistleblowing Tool.

The Ten Principles of the UN Global Compact

Human Rights

[Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and

[Principle 2](#): make sure that they are not complicit in human rights abuses.

Labour

[Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

[Principle 4](#): the elimination of all forms of forced and compulsory labour;

[Principle 5](#): the effective abolition of child labour; and

[Principle 6](#): the elimination of discrimination in respect of employment and occupation.

Environment

[Principle 7](#): Businesses should support a precautionary approach to environmental challenges;

[Principle 8](#): undertake initiatives to promote greater environmental responsibility; and

[Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

[Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.

References

[Thule Group 2018 Annual and Sustainability Report](#)

[Thule Group 2018 Annual Statement on UK Modern Slavery Act of 2015](#)

[Thule Group 2018 United Nations Global Compact Communication on Progress](#)

[Thule Group Anti-Bribery Manual](#)

[Thule Group Anti-Discrimination Policy](#)

[Thule Group Code of Conduct](#)

[Thule Group Compliance Program](#)

[Thule Group Prohibited and Restricted Substances Framework and List](#)

[Thule Group Trade Sanctions Policy](#)

[Thule Group Whistleblowing Policy and System](#)



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