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Thankyou Group

UN Communication
of Progress Report

FY2022

Statement of Continued Support by the Chief Executive Officer

20th of August 2022

For the second year in a row, I am honoured to highlight Thankyou's work across the domains of human rights, labour, environment and anti-corruption. Our vision remains resolute, which is to see a world where not one person lives in poverty (SDG Goal 1).

Over the last 12 months, we have continued to grow and make improvements in the areas of our carbon emissions, and waste as we continue to lay the foundations within our supply chain to prepare ourselves for global expansion in a sustainable manner.

We fully support the United Nations Sustainable Development Goals (SDGs) and are committed to implementing the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

Yours sincerely,

Daniel Flynn

Managing Director - Thankyou Group Pty Ltd

1. Human rights

Assessment, policy and goals

We exist for the end of extreme poverty. We believe that every life has intrinsic value and worth, and every person deserves to live a life of dignity. This is why, we continue to be committed to actively supporting the UN Declaration on Human Rights which, our Responsible Business Goals (1 and 2) set out to achieve across our operations.

Through the financial year of 2022 (FY22), we continued to implement our business code of conduct for all of our direct partners, including new potential, significant suppliers. The internationally recognised Code of Conduct standards that were upheld included providing safe working conditions, fair wages, and fair hours of work for workers, as well as ensuring women's rights were upheld.

Our Responsible Business Goal One states:

- All Thankyou's direct partners (partners Thankyou has a contract with) commit to Thankyou's Responsible Business Statement & Goals, Responsible Sourcing Policy and Code of Conduct.
- All Thankyou's licence partners commit to Thankyou's Responsible Business Statement & Goals, Responsible Sourcing Policy, and Code of Conduct during the license agreement stage of the partnership.
- All existing significant product suppliers for Thankyou managed products are to be socially and environmentally audited, and

found to be compliant to Thankyou's Code of Conduct standards by December 2022.

- All new significant product suppliers for Thankyou managed products are to be socially and environmentally audited, and found to be compliant to Thankyou's Code of Conduct standards by date of first production.
- Throughout the financial year 2022 (FY22), we have also continued to refine our Responsible Sourcing Goals (ensuring our suppliers are working to identify human rights risks in their procurement practices), and establish our goals to ensure raw materials are procured ethically. These goals include:
 - 100% visibility of all inputs for existing Thankyou managed products by December 2022.
 - 100% visibility of inputs for all new Thankyou managed products by date of first production.
 - Responsibly source² all Thankyou's inputs by 2025, meaning:
 - Any product & packaging input which is greater than > 50% of total procured weight (per product)
 - All palm oil (including derivatives) to be RSPO certified
 - All products to be 'Cruelty Free' (not tested on animals)
 - All products to be Greywater safe
 - All products to be rosewood oil free or certified
 - All paper inputs to be responsibly sourced (e.g. FSC / SFI certified or an equivalent certification standard)
 - All inputs deemed as socially and/or environmentally 'high risk'³ by an internal materiality assessment (Thankyou performed) to be responsibly sourced through either a certification scheme or a third-party audit
 - In addition, all packaging inputs must meet the requirements specified in Goal 4.

As a social enterprise responsible for distributing funding to our partners, we have implemented the Australian Charities and Non-for-profit Commission's External Standards. These standards look at ensuring the appropriate management practices, processes, policies, and procedures are implemented by the NGO, and ensure the protection of the vulnerable people that these NGOs work with when conducting overseas operations.

Implementation

In Financial Year 2022 (FY22):

- Key suppliers have performed social and environmental audits to ascertain compliance to our internal code of conduct
- We also have followed-up key suppliers on completing and complying to our code of conduct requirements
- We have also reviewed multiple social and environmental audits, and social/environmental self-assessment supplier questionnaires for potential supplier partners to assess our material human rights risks in our supply chain
- When approaching new product development, we have performed human rights material risk assessments for both our product and packaging raw inputs.
- We have also substituted inputs that are regarded as high-risk, and made manufacturing decisions that ensured that we either substituted or certified high-risk ingredients for our new ranges
- From a philanthropic perspective, we have also created and implemented our Code of Conduct, as well as our Protection of Vulnerable Person policy across our portfolio of impact partners, fulfilling the ACNC External Standards requirement.
- We frequently review the compliance of our impact partners who work with communities living in extreme poverty subjected to Thankyou's code of conduct and vulnerable persons policy. This policy safeguards and protects the vulnerable community members, and outlines steps for Thankyou and our impact partners to mitigate these risks.
- We have also implemented our Child Protection Policy, Workplace Conduct, Equal Opportunity Policy, and a Grievance and Complaints Policy to ensure human rights considerations are taken in our operations.

Measurement of outcomes

Thankyou Group has had zero reports of investigations, legal cases, rulings, fines, or other events related to human rights abuse in the workplace in the last twelve months.

Thankyou also measures and tracks its progress on its Responsible Business Goals, and embeds its performance using the Objective and Key Results (OKR) framework which is managed across all departments, and is overseen by the Thankyou Management Board.

2. Labour

Assessment, policy and goals

Thankyou Group actively supports the UNGC Principles 3,4,5,6 by implementing our Business Code of Conduct across our organisation and all new and existing direct partners. Our Code of Conduct is based upon the Ethical Trading Initiative's base code and therefore, the International Labor Organisation's standards.

The code outlines Thankyou Group's position on forced labour, which takes a zero-tolerance stance on all forms of forced labour, including bonded and child labour.

Furthermore, our partners must allow for freedom of association, ensuring workers receive fair wages, reasonable hours of work, and there is zero tolerance for workers being subjected to discrimination and harassment.

We have also implemented a Responsible Sourcing Policy which ensures our suppliers are working to identify and mitigate any labour risks in their procurement practices.

Internally with our direct team, we implement our Child Protection Policy, Workplace Conduct and Equal Opportunity Policy, as well as a Grievance and Complaints Policy to ensure that the UNGC Principles (outlined in 3 to 6) are embodied in our operations.

Implementation

In Financial Year 2022 (FY22):

- Thankyou required all direct suppliers and partners (including our impact partners) to sign off and adhere to the Code of Conduct before entering any formal partnership. Our partners (both potential and current) submitted the relevant documentation, such as an Internal Code of Conduct, to our Responsible Business Team so we could benchmark and assess their capacity to meet Thankyou's Code of Conduct standards.
- Our significant manufacturers were also socially audited against our Code of Conduct, and have made improvements across their workplaces in order to be compliant to our standards.
- Thankyou's Responsible Sourcing Policy requires suppliers to make visible their own supply chains, which then helps Thankyou to discover and mitigate potential risks across the supply chain (eg. procurement, manufacturing and logistics).
- Within any new product development phase, our Responsible Business Team is required to highlight human rights risks at the initial phase of discovery, and provide recommendations to senior stakeholders on any mitigation steps required. As a result, we've found manufacturers and partners who are aligned, and are using raw materials that are in-line with the standards outlined in our Code of Conduct.
- We have also continued to implement our Workplace Conduct and Equal Opportunity Policies, Child Protection Policies, and a Grievance and Complaints Policy to ensure we handle labour grievances in a fair, transparent and timely manner.

Measurement of outcomes

Thankyou Group has had no reports of investigations, legal cases, rulings, fines, or other events related to labour abuses in the workplace in the last twelve months.

Thankyou Group regularly measures and tracks its progress on its Internal Labour Policies, with incident reports made ongoingly available to the Managing Director, and discussed at the management board level.

3. Environment

Assessment, policy and goals

At Thankyou, we continue to affirm and uphold the UNGC Principles 7, 8 and 9 by focusing on these three areas of our business:

1. Offsetting our carbon footprint
2. Ensuring we minimise the negative impact of our waste
3. Minimising our water impact

1. Carbon Neutral

More than ever, measuring, reducing and offsetting our carbon footprint is of paramount importance for organisations operating responsibly.

As of 2020, Thankyou is a certified carbon neutral organisation for its operations by Climate Active. Carbon emissions associated with our products and supply chain estimations were included and offset as part of this assessment.

Thankyou continues to measure and offset 100% of its operational and product GHG emissions, using FY20 as a baseline year, which is externally validated by a third-party environmental audit.

2. Our Waste Targets

Thankyou is focusing on consumer packaging by adopting goals to ensure packaging uses fewer resources, is more easily

recycled, and uses materials that can be returned and reused, with an overarching goal of minimising waste associated with the consumption and generation of consumer packaging.

Our KPIs for all existing and future Thankyou products to meet these goals by December 2025:

- 100% reusable, recyclable or compostable packaging
- 70% of plastic packaging being recycled or composted
- 50% of average recycled content included in packaging
- To phase out of problematic and unnecessary single-use plastics packaging

After working in developing contexts to ensure low-income communities gain access to safe water services, we know water scarcity is a serious issue globally. Therefore, we will measure our water consumption and also ensure the environment our partners work within are kept safe.

- All new and existing Thankyou product suppliers to ensure they are adhering to local environmental protection regulations by safely disposing of hazardous chemicals during the manufacturing process, to ensure waterways are protected
- Measure and report on Thankyou's direct total water usage (operations and products) annually by December 2023

Implementation

In Financial Year 2022 (FY22):

- All of our direct suppliers and partners (inclusive of our impact partners) signed off and adhere to our Responsible Business Goals.
- Our significant manufacturers have been environmentally audited which ensures that our suppliers dispose of materials correctly, and safely, mitigating harmful impacts their operations have on the surrounding environment they work in. All suppliers that have been socially and environmentally audited in the last 12 months are compliant with this standard.
- The Responsible Business Team highlighted the environmental risk of both our current and new product ranges. They were able to provide analysis and recommendations to senior stakeholders on mitigation actions to improve our environmental performance. This also includes employing subject matter experts and sustainability consultants to identify potential risks and provide recommendations.

- We continue to belong to the Australian Packaging Covenant, which ensures we align and publicly report on the progress of our waste targets mentioned in the section above. We are nominated for an industry award by APCO based upon our performance.
- We were able to be certified Carbon neutral by Climate Active for the second year in a row
- We are also in the process of redeveloping our entire personal care range, which will be more sustainable, launching in H1 of 2023

Measurement of outcomes

Thankyou Group has had no reports of investigations, legal cases, rulings, fines, or other events related to environmental issues occurring in the last twelve months.

Thankyou Group also measures and tracks its progress on its goals by reporting to the management board on the progress of our Responsible Business Goals. Environmental KPIs are also enshrined in our annual business plans and managed by our Sustainability Team.

4. Anti-Corruption

Assessment, policy and goals

At Thankyou, we have a zero-tolerance on corruption, bribery and extortion. found within our code of conduct, under *Principle 1 - Legal and Ethical Business Practices*:

- Thankyou's authorised suppliers/partners must fully comply with all applicable laws of the countries in which they are located, including all laws, regulations and rules relating to wages, working hours, employment, labour, health and safety, the environment, and immigration.
- Thankyou's authorised suppliers/partners must act in an ethical manner, ensuring that corruption in all its forms, including extortion and bribery, is not permitted within their supply chain. Our significant suppliers are externally audited against these standards and must rectify any non-compliances found.
- We engage with external financial auditors who perform tests on our internal financial systems and controls in order to minimise the risk of corruption and financial impropriety occurring.
- As we are a social enterprise responsible for distributing funding to our partners, we have implemented the Australian Charities and Non-for-profit Commission External Standards. These standards look at ensuring the appropriate management practices/process/policies and procedures:
 - For activities implemented, finances and other resources, it uses overseas

- Ensuring adequate record-keeping mechanisms are set-up
- Ensuring processes and procedures that work to combat fraud and corruption in its overseas operations.

Implementation

In Financial Year 2022 (FY22): Y22

- Thankyou's direct partners (inclusive of our impact partners) have signed-off to the Code of Conduct and therefore submitted relevant internal documents to ensure that they align with our zero-tolerance policy on corruption.
- Thankyou's significant manufacturers have also been audited which ensures that our suppliers must possess and implement anti-corruption policies within their operations. Currently, all suppliers that have been socially and environmentally audited in the last twelve months are compliant with this standard.
- Thankyou's Responsible Business Team have highlighted key anti-corruption risks within the initial phase of creating potential products/suppliers. They then were able to provide recommendations to senior stakeholders on mitigation steps. This involved finding aligned partners located in countries with adequate anti-corruption legislation and using raw materials that align with the standards outlined in our code of conduct.
- Every year, our external financial auditors perform tests to ensure that the financial controls we have put in place are robust enough to minimise the risk of corruption and financial impropriety occurring.
- We have assessed and found all of our impact partners' anti-corruption policies (specifically conflict of interest, gifts and entertainment, and payment processes policies) to be compliant with our own standards of anti-corruption and fraud.
- In line with our ACNC external standards requirements for all partners we fund, we have continued to implement our conflict of interest policy, gifts and entertainment policy as well as outlined the minimum safeguards required by our partners to process our funding.

**Measurement
of outcomes**

Thankyou Group has had no reports of investigations, legal cases, rulings, fines, or other events related to corruption occurring in the last twelve months.

Our ACNC external standards are reviewed at the Thankyou Charitable Trust by all directors, and our key supplier risks are identified, discussed and mitigated (if necessary) within the Head of Departments and with the Managing Director.

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