



United Nations Global Compact
Communication on Progress

January 2019

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Susanna Mudge
President and CEO

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I'm excited to share with you Chemonics' first United Nations Global Compact (UNGC) Communication on Progress (CoP).

We joined the UNGC in 2018 to reinforce our commitment to leadership in the areas of human rights, labor, environment and anti-corruption; and to ensure our work supports key UN goals.

I joined Chemonics in 1992 and have been and continue to be so proud to be a part of Chemonics as we have grown into the company we are today, a global leader in international development with projects in more than 70 countries. What has remained true throughout our history is our commitment to quality and context — we do the best work possible for the stakeholders of the projects we lead. We signed on to the UNGC to take the responsible next step in our journey as an important way to measure our progress toward our internal goals as well as the goals of the international community.



Our global workforce shares a single mission: promoting meaningful change around the world to help people live healthier, more productive, and more independent lives. Every day, we seek to contribute to something larger than ourselves. Solving complex development challenges provides that opportunity — and requires us to tap into the power of our collective and diverse expertise. Chemonics combines broad regional experience with technical depth and unparalleled management skill, and our success is dependent upon us operating responsibly and sustainably.

We are proud to communicate our progress against the Ten Principles in this report, and will continue to report annually on our leadership, policies, and practices across the four principle areas.

I look forward to hearing your thoughts on this, our first UNGC CoP, and will continue to build upon our company's value system and approach to doing business responsibly.

Susanna Mudge
President and CEO



About Chemonics

Chemonics has been promoting meaningful change — helping people live healthier, more productive, and more independent lives — since 1975. We work across continents and most sectors of international development, from agriculture, to finance, to health. In 70 countries around the globe today, our network of approximately 4,000 specialists pursue a higher standard in development every day to help clients, partners, and stakeholders achieve results.

We are a 100 percent employee-owned company founded on strong ethics and solid values, and we pride ourselves on our integrity, collective knowledge, and the professionalism of our staff. Chemonics believes in providing a working environment that encourages high standards of performance, professional and personal development, and achievement of the organization's goals.

How the UNGC Principles Inform Our Work

As a new signatory to the UNGC, we are incorporating its Ten Principles into our business strategies, policies, and procedures, as well as into our culture of integrity. We communicate these commitments into the Chemonics Standards of Business Conduct, called Living Our Values, as well as home and field-office policy manuals that guide all our work internationally.

We apply our Standards of Business Conduct to the way we serve our clients, partners, and stakeholders around the world. These 10 fundamental business conduct principles apply to all employees worldwide, the Board of Directors, consultants, authorized representatives, and all others acting on behalf of the company. Additionally, we encourage stakeholders to hold us to these expectations. The company also expects everyone who represents its interests to strictly observe all U.S. laws and regulations and the laws of countries in which we work.

As this is our first CoP, in this report, we have explained our priorities and processes as a company as they relate to the UNGC, as well as specific actions and activities from January 11, 2018 to January 10, 2019.

Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Everything we do at Chemonics is anchored by our 10 Standards of Business Conduct, the first two of which are informed by our commitment to upholding the protection of internationally proclaimed human rights: Treat Others with Respect and Be a Good Business Partner.

Principle 2

Businesses should make sure that they are not complicit in human rights abuses.

Chemonics firmly values human dignity and human rights for all people and supports the principles established under the United Nations Declaration of Human Rights. Both at the company and in the international communities in which we work, we prioritize creating an equitable and respectful environment for our employees, our partners, and the communities we serve.

Supporting and protecting human rights is inherent to the work Chemonics does as one of the world's leading international development consulting firms. We are passionate about making a difference in the communities we serve and aspire to leadership and excellence for ourselves and our work.

Ensuring human rights, and ensuring we and our stakeholders are not complicit in human rights abuses, is a focus of all the projects we have implemented around the world.

We address structural human rights challenges by reviewing our business strategies at the country level and other legal and policy reform, and by supporting industry efforts to address human rights in international development, as evidenced by our affirmation of the Council of International Development Companies' *Guiding Principles on Preventing Harassment, Exploitation and Abuse*. We build on a contextual understanding of the root causes of human rights violations to coordinate strategies that protect those rights and prevent further violations. Chemonics also supports civil society organizations (CSOs) in their efforts to raise awareness of and advocate against human rights violations. In fact, in 2017 alone, we assisted over 300 CSOs in engaging in advocacy efforts to promote citizens' political participation.

Ensuring Safety and Security

Chemonics does not tolerate workplace violence. All employees and contractors are responsible for maintaining a violence-free workplace.

Given the nature of our work, we also provide clear guidelines to our leadership and employees about decision-making for evacuating or relocating employees. Those decisions are made by the Executive Office in consultation with the Global Safety and Security Department, the Crisis Management Team, and the in-country leaders of our projects.

Preventing Sexual Exploitation and Abuse

All Chemonics employees have a duty to foster and maintain an environment

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Human Rights, *continued*

that prevents sexual exploitation and abuse. Chemonics' policies are consistent with international guidelines, such as the UNGC's Ten Principles.

Chemonics employees are prohibited from committing or furthering acts of sexual exploitation or sexual abuse, or engaging in sexual activity with anyone under the age of 18, including project stakeholders. Exchange of money, employment, goods, or services for sex, sexual favors, or other forms of humiliating, degrading, or exploitative behavior is prohibited. This includes any exchange of assistance that may be provided to project stakeholders. In addition, Chemonics employees are prohibited from engaging in any form of trafficking in persons and are required to immediately report any potential violations.

Our responses to UNGC Principles 4, 5, 6, and 10, later in this document, further explain this commitment.



Mexico Human Rights Public Policy (HURPP)

The HURPP project incorporates human rights-based approaches into national government initiatives by strengthening legislative frameworks and building institutional capacity to align with international human rights standards. It addresses structural human rights challenges to support the Mexican government's National Human Rights Plan. Together with the U.S. Agency for International Development (USAID) and the Mexican Commission for the Defense and Promotion of Human Rights, HURPP strengthens the government's capacity for outreach and dialogue with CSOs on human rights policies.

Combating Violence Against Women and Children

This USAID/Egypt project led a variety of locally tailored, community responses to gender-based violence, including advocacy, raising public awareness, and direct service initiatives. In doing so, the project engaged religious and traditional community leaders as advocates. The project also built local capacity to advocate for policy change and to understand and implement related laws.



Labor

Our commitment to responsible labor practices is consistent everywhere we work. We are committed to hiring qualified employees; providing a safe and secure work environment; and taking meaningful steps to protect employees, visitors, clients, property, funds, and other assets.

Starting with our leadership, and including all Chemonics employees and representatives, we make decisions with integrity and work toward the greater good for society in all that we do. Our Office of Business Conduct promotes honest and responsible business practices, and our Employee Relations Department oversees employee management, investigations and reporting, policy violations, terminations, and more. The nature of our work involves practical choices that may pose challenges to ethical decision making, and our Standards of Business Conduct, as well as our staff dedicated to enabling our culture of integrity, help us resolve these challenges. In addition to our global Chemonics Policy Manual, which guides this work, each country in which we operate has its own field Policy Manual tailored to that country's labor laws.

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

For U.S.-based employees, Chemonics is an at-will employer, meaning that employees may end the employment relationship at any time. Chemonics complies with all applicable laws, including employment laws, and respects the rights of employees and individuals to organize and associate consistent with those laws. For employees in our field offices, we tailor our field policy manuals and labor policies to be consistent and compliant with host-country labor laws.

Chemonics is employee-owned, and we are proud that our employee stock ownership program has been extended to our employees in 26 countries. Employees are also represented by a team member from each department, who sits on a committee with our CEO, providing a direct means of communication between employees and leadership.

Principle 4

Businesses should uphold the elimination of all forms of forced and compulsory labour.

Chemonics' Standards of Business Conduct informs our approach to upholding the elimination of compulsory and child labor.

Anti-Trafficking

Principle 5

Businesses should uphold the effective abolition of child labour.

Chemonics is a contractor to USAID and the agency's requirements for its suppliers in many ways shapes our responsible labor practices. The USAID Acquisition Regulation (AIDAR) drives our anti-trafficking and child safeguarding policies. AIDAR requires that all of Chemonics' projects include an anti-trafficking plan; each contract has its own anti-trafficking plan unique to the program and country. In addition, we maintain a safeguarding policy in accordance with the U.K.'s Department for International Development (DFID), an important way to communicate our commitment to protecting children and other vulnerable populations.

Similarly, the Federal Acquisition Regulation (FAR) 52.222-50 requires Chemonics to implement a Combating Trafficking in Persons Compliance Plan for all of our contracts. We share the U.S. government's zero-tolerance

Labor, *continued*

policy on trafficking in persons. All individuals and companies working with Chemonics are prohibited from engaging in or supporting any form of human trafficking, defined as the recruitment, transfer, or harbor of any person by means of threat, use of force, or coercion for the purpose of exploitation. Forms of exploitation include, but are not limited to, prostitution or other forms of sexual exploitation, forced labor or services, and slavery or practices similar to slavery.

Our policies also comply with DFID's Supply Partner Code of Conduct, including training for staff members on modern day slavery and human rights abuses. Throughout our work, we ensure robust procedures are in place to reduce the risk of sexual exploitation, abuse, and harassment.

Safeguarding

Chemonics does not employ minors. The minimum age of employment at Chemonics is 18 years of age. We follow the Child Safeguarding Standards listed in AIDAR 752.7037 and the mandatory standard provision. As part of this work, we consider child safeguarding in project planning and implementation, and work to reduce the risk of child abuse, exploitation, or neglect in our projects. Importantly, we require that all employees, consultants, and others acting on behalf of Chemonics recognize child abuse, exploitation, or neglect and report potential violations to the Office of Business Conduct for investigation and appropriate action, up to and including termination of employment.

In October 2018, we were invited to showcase our innovative approaches to ethics and safeguarding at DFID's Safeguarding Summit. In line with the theme of the summit, "Putting people first: tackling sexual exploitation and abuse and sexual harassment," we featured our multi-channel, multi-lingual reporting system, as well as our program for staff care, in addition to other progressive ways we ensure the safeguarding of children and other vulnerable populations. We have implemented our approaches into our programs worldwide, including in countries that have no specific legal prohibitions against sexual or other forms of abuse, discrimination, or harassment.

In compliance with DFID's Supply Partner Code of Conduct, we have embedded our safeguarding policies, which prohibit all forms of child abuse and labor and other forms of exploitative and unethical treatment of employees and beneficiaries, into all the work we do. Using a systematic and multidisciplinary approach, our safeguarding program delivers duty of care to all staff and beneficiaries and is organized around the following objectives: promoting awareness of our expectation of zero tolerance for sexual harassment, exploitation, and abuse; providing assurances to victims and bystanders that complaints will be acknowledged, reviewed, referred, and addressed by trained investigators and accountable decision-makers; and facilitating access to safe, context-appropriate methods and channels for reporting, feedback, assistance, and support. This program combines

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Labor, *continued*

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

both high-tech and -touch solutions to positively influence and hold staff, beneficiaries, downstream partners, clients, and counterparts accountable.

We are passionate about making a difference in the lives of people around the world. Chemonics is committed to engaging a diverse global workforce and creating an inclusive workplace where all our employees can grow, draw on their unique backgrounds, and bring the best of themselves to sustain our business of promoting meaningful change around the world.

Our diversity and inclusion (D&I) efforts go far beyond compliance at Chemonics; we drive toward best practices in all that we do. There are three pillars to our D&I strategy: the composition of our workforce, our culture of integrity and inclusion, and the ways in which we work with our partners and engage in community events.

We maintain a robust quality management system for all employment policies and procedures. Employees receive in-house and digital trainings, as well as policy manuals.

Equal Employment

All employment decisions at Chemonics are consistent with the principle of equal employment opportunity. We recruit, hire, train, and promote people, as well as take all personnel actions, without regard to race, color, religion, sex, sexual orientation, gender or gender identity, age, disability, national origin, or any other category specified by federal or local law.

As a contractor to the U.S. federal government, Chemonics is required to report our employee data and comply with government regulations that prohibit discrimination.

Anti-Discrimination and Anti-Harassment

We publish anti-discrimination, anti-harassment, anti-sexual harassment, and anti-retaliation policies, which are available to all employees. Chemonics is committed to providing its employees with a work environment that is free of unlawful discrimination, including harassment on the basis of any legally protected status. Accordingly, the company does not tolerate any form of discrimination or harassment.

Chemonics was a founding member of the Council for International Development Companies (CIDC) in 2011. As a member company of the CIDC, we value a culture of respect and share a collective responsibility to protect the dignity of all our employees and those we serve. Our approach is global, as we are a signatory to the CIDC's *Guiding Principles on Preventing Harassment, Exploitation, and Abuse*.

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges.

We approach our work by first considering the environmental and social impacts of a project and work to leave areas in better condition than we found them. We emphasize prior and informed consent during all projects, meaning that we operationalize the precautionary principle by ensuring the stakeholders of a project understand and are part of the decision-making process around the impacts of that project before, during, and after its completion.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

All of Chemonics' programs abide by the environmental regulations and standards required by the entity funding the program. In the case of USAID-funded programs, we ensure that the programming is in adherence with the 22 CFR 216 (USAID Agency Environmental Procedures).

Chemonics' work in environmental and natural resource management, spanning more than 50 countries worldwide, is informed by decades of experience. Understanding that development challenges are interrelated, we design cross-cutting solutions to complex environmental problems. Our projects engage a broad range of stakeholders to support policies, promote new technologies, and harness and develop inclusive governance. In this way we employ strategies that conserve biodiversity, implement sustainable forestry, increase resilience to a changing climate, and strengthen integrated water resource management for sustainable livelihoods. In 2017, we reduced 3.8 million tons of carbon dioxide around the world, placed 3.4 million hectares under improved environmental management, and helped 556 thousand people to adapt to climate variability.

We also participate in industry-wide efforts to promote environmental responsibility; this commitment is at the heart of what Chemonics does.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Chemonics regularly reviews its corporate procedures regarding travel, office management, and communications to identify ways to reduce waste and paper consumption or to optimize communications in a way that reduces reliance on transportation.

As a contractor to the U.S. government, we consider the environment throughout each phase of our project development and execution. The standards for international development are high, and we work to exceed them in all that we do. For all our projects that address development challenges, we evaluate the most environmentally responsible way to conduct the work, ensuring that the technologies we use are safe and will do no harm.

Anti-Corruption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Chemonics follows all U.S. and international laws and agreements on corruption and strives to maintain a proactive approach to managing risks and responding to business conduct inquiries and concerns. Our Office of Business Conduct and Ethics Officer manage our business conduct program, which trains employees on company policies and procedures regarding ethical business conduct as well as ensures that the company's activities are conducted in accordance with applicable laws and regulations.

Chemonics expects high standards of ethical business conduct and compliance as employees perform their company responsibilities. Employees must not engage in conduct or activity that may raise questions as to the company's honesty, impartiality, or reputation or otherwise cause embarrassment to the company. Chemonics also expects consultants, agents, representatives, subcontractors, grantees, and vendors retained in relation to the provision of goods or services on any project to comply with company policies governing business conduct.

All employees must read, sign, and abide by Chemonics' Standards of Business Conduct. These expectations flow down to our partners through our subcontract and grant agreements. Employees must participate in all mandatory ethics training. In addition, employees should ask questions, seek guidance, report suspected violations, and express concerns regarding compliance with the Standards of Business Conduct and related policies.

Data Privacy and Ethics

It is essential that all Chemonics information and data be properly protected. However, gradations in types of data require different levels of control. All forms of information and data are reviewed periodically and classified according to their use, sensitivity, and importance.

B+WISER: Empowerment in the Philippines

We developed a cyber tracker application to enable local communities and indigenous groups to collect information on forest conditions to make informed decisions on natural resource protection. Using the tracker, communities are conserving biodiversity in forests, reducing forest degradation in watersheds, and increasing capacities for biodiversity conservation and disaster resilience in vulnerable areas.



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Anti-Corruption, *continued*

Chemonics values and is committed to maintaining as open a culture as possible with regard to sharing documents and information. Home-office and field staff are provided with access to the information and document management systems they need to perform their work and contribute to knowledge sharing. Chemonics is equally committed to protecting sensitive information, including personnel and financial information, and has security measures in place where there is a legal, business, or contractual obligation to restrict access.

Chemonics is currently working toward compliance with the General Data Protection Regulation (GDPR) for EU data subjects and is creating and updating an EU Data Protection Policy and a Website Data Privacy Policy, respectively.

Reporting of Concerns

Chemonics provides multiple ways to report concerns to the company. We communicate our anti-trafficking policy, as well as methods by which employees and contractors should report all business conduct concerns, to all new hires at Chemonics.

Chemonics policy strictly prohibits retaliation in any form for honest and appropriate reporting of suspected misconduct. In addition, the United States Pilot Program for Enhancement of Employee Whistleblower Protection (41 U.S.C. 4712) protects employees who report concerns involving fraud, waste, abuse, or other violations of laws or regulations that they believe have occurred.

Employees, partners, clients, and other individuals are encouraged to report retaliation, extortion, or bribery concerns to the Office of Business Conduct, as well as allegations of fraud or other criminal activity to USAID's Office of Inspector General and DFID's Counter Fraud and Whistleblowing Unit. They can also contact the HelpLine, which is accessible from overseas and can be reached at any time. They may also submit a report through EthicsPoint, an anonymous and confidential online reporting tool.

We conduct an annual survey of staff to ensure employees are educated on Chemonics' non-retaliation policy and to measure awareness and enforcement of the policy. We also provide a field-focused training on anti-corruption and bribery, which includes the importance of reporting misconduct.

