



United Nations Global Compact

COMMUNICATION ON PROGRESS

JANUARY 2021



“

I am proud to lead an organization with a mission that not only upholds the 10 principles of the United Nations General Compact, but also measurably contributes to the Sustainable Development Goals.

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Jamey Butcher, President and CEO

In nearly every way, 2020 has challenged us to learn and adapt to advance our mission in the face of the pandemic. Looking back, I see that it was the dedication, resilience, and innovative approaches of our talented global workforce and our unwavering commitment to our values that allowed us to continue our work, whether it was ensuring that children could transition to remote learning, women affected by domestic violence had access to support, or life-saving medicines were delivered worldwide. I am proud to lead an organization with a mission that not only upholds the 10 principles of the United Nations General Compact (UNGC), but also measurably contributes to the Sustainable Development Goals (SDGs).

And for Chemonics, as with the United Nations, how we do our work is intrinsically tied to the work itself.

In 2020, we had to adapt how we work, but we did not change the fundamentals. Our priority is and has always been the safety and well-being

of our staff and the communities in which we work worldwide. Maintaining that priority as the pandemic emerged early in this year meant preemptively closing our offices and establishing a team to ensure our global professionals and partners had the resources they needed to pivot to remote work and remote implementation, while navigating the shifting landscape of COVID-19. And as unrest related to racial injustice spread midyear, we launched the internal Standing Committee on Racial Equality to actively engage our global community in responding to racial injustice.

These are just two examples of many we share in this report about how we integrate our values in pursuit of our mission. Our commitment to and respect for human rights, ethics, transparency, governance, and the environment are also threaded throughout all our work and are at the foundation of everything we do. These values and principles consistently guide our partnerships, approaches, and our mission.

Jamey Butcher
President and CEO

About Chemonics

Chemonics is a leading international development consulting firm. In more than 80 countries, our 4,400 development professionals work to realize a healthier, more prosperous, and peaceful world.

The complexity of development challenges necessitates collaboration. Chemonics brings together the right capabilities, technical expertise, and people to deliver, whatever the challenge. We approach every situation with a collaborative and open mindset, co-constructing knowledge and projects with the communities, governments, and organizations with which we work. A shared sense of trust, accountability, and purpose constitute the foundation of our partnerships. As an employee-owned business, Chemonics incentivizes transparency, integrity, and equity. We create an inclusive space for all our employees and extend this culture of inclusion to our work.

From our founding in 1975, we have worked in more than 150 countries to help our clients, partners, and local communities take on the world's toughest challenges. Today, we reimagine global supply chains to deliver essential medicines to the right place at the right time. We take a promising new way of powering a village in Kenya and adapt it to a village in Colombia. We embrace project management as a discipline, not an afterthought, so our clients get maximum impact for minimum risk. And we think big about applying lessons learned across all of our projects, bridging the gap between segregated technical fields, and forging partnerships that unite

the world's best minds to solve its toughest problems.

We know that real change comes from a workforce rooted in the communities we serve. The passion, skills, and local knowledge of our staff underpin the quality of our delivery. Our global network shares an unwavering resolve to work better, driven by a conviction that the world must be better. We're one of the world's leading partners in international development because where Chemonics works, development works.

HOW THE UNGC PRINCIPLES INFORM OUR WORK

Chemonics incorporates UNGC's Ten Principles into its business strategies, policies, procedures, and culture of integrity. We codify these commitments in the Chemonics Standards of Business Conduct, called "Living Our Values," as well as home-office and project-office

policy manuals that guide 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 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 expects everyone who represents its interests to strictly observe the laws of the countries in which we work.

This Communication on Progress details the actions and activities Chemonics has taken from January 9, 2020, to January 8, 2021, to uphold the UNGC's Ten Principles.

Progress toward the SDGs

Chemonics is committed to making the Sustainable Development Goals (SDGs) a reality. We track the work of our projects and report annually on how they contribute to meeting the SDGs. 2020's report revealed that, in 2019, Chemonics directly helped make progress toward 13 of the 17 SDGs. Funding and support from our donors — principally USAID from the U.S. government and UK aid from the UK government — made this progress possible.

SDG 1
No Poverty
From small enterprises in Pakistan to rural businesses in Ukraine, Chemonics supported 229,000 project partners in unlocking improved access to financial services.

SDG 3
Good Health and Well-Being
To protect pregnant women's health, Chemonics provided 5.8 million maternal services to women around the globe.

SDG 5
Gender Equality
The Moldova Competitiveness Project that we implemented supported 324 purely women-owned companies to improve their processes, technologies, and practices, helping them overcome social norms and achieve meaningful economic participation.

SDG 8
Decent Work and Economic Growth
From supporting young entrepreneurs in Tunisia to training workers in the Jordanian tourist industry, our programs created 13,000 jobs across 15 countries.

SDG 11
Sustainable Cities and Communities
Through activities that ranged from reforesting Haitian land to addressing the effects of flooding in Mozambique, Chemonics improved 713,000 people's ability to adapt to a changing climate.

SDG 15
Life on Land
Our projects placed 462,000 hectares of land under improved environmental management, maintaining the biodiversity of vital ecosystems like Cinaruco, Colombia's first nationally protected area that allows inhabitants to use its resources.

SDG 17
Partnerships
Chemonics struck 306 partnerships between public and private sector organizations, unleashing the entrepreneurialism and dynamism of the private sector to address pressing development goals.

SDG 2
Zero Hunger
To support farmers in growing and selling more, Chemonics' programs trained 78,000 farmers to use irrigation to sustainably boost crop production.

SDG 4
Quality Education
Chemonics-implemented programs provided 3.6 million children with literacy lessons.

SDG 6
Clean Water and Sanitation
Thanks to the USAID Water Infrastructure Support and Enhancement program that we implemented in Lebanon, 24,000 people received first-time or improved access to water and sanitation services.*

SDG 10
Reduced Inequalities
We worked with 285 civil society organizations, including LGBTI+ civil rights organizations in Sri Lanka and women's groups in Somalia, to enable citizens to better participate in their political systems.

SDG 13
Climate Action
Chemonics enables communities to develop sustainably. The South Africa Low Emissions Development Program supported the local private sector to adopt low-emissions technologies, sequestering 310,000 metric tons of CO₂.

SDG 16
Peace, Justice and Strong Institutions
In Nigeria, Chemonics worked with 8,769 campaigners to spur 60 policy changes that responded to issues across the education, peace, health, and budget transparency sectors.

*This program began in 2015 and ran through to 2019.

Human Rights

Chemonics passionately upholds and champions human rights. We commit to human rights not because we are obliged to but because it is the right thing to do. This commitment guides us to treat everyone with dignity and respect, no matter the circumstance.

PRINCIPLE 1

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

PRINCIPLE 2

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

Our Standards of Business Conduct guide us to do so everywhere we work. We reinforce these standards through mandatory ethics classes that form a cornerstone of the onboarding process for new staff. All staff take annual e-training to remain informed of ethical expectations and their responsibilities as a Chemonics employee.

We respect the human rights of not only our employees but also our partners' employees and the individuals who make up the communities with which we work. We apply the principles of the U.N. Universal Declaration of Human Rights fairly across the projects we implement. In 2018, USAID's Office of Inspector General described our ethical and compliance performance as "best in class" among its implementing partners.

Our Standards of Business Conduct are universal, yet we recognize the need to adapt them to different contexts. We tailor our project policy manuals to local cultures, ensuring everyone is treated with respect. Writing local laws and

customs into policy manuals equips us to deal with any breaches of conduct.

RESPONDING TO COVID-19

The COVID-19 pandemic and its second-order effects pose a threat to all people's rights and livelihoods. Chemonics' robust safety and security systems allow us to move quickly to protect our employees and the people with whom we work.

We preemptively shut down our corporate and country offices without being prompted by national legalization, putting staff care and well-being first. In February, Chemonics set up a self-reporting tool to allow employees to disclose COVID-19 infections and enable a tracking and tracing system that could support the global workforce through the pandemic. Each office designated a point of contact responsible for managing the tracking system and upholding Chemonics' commitment to protecting staff. Assigning responsibility to specific individuals enabled Chemonics to respond to infection reports in a timely fashion and provide tailored assistance to staff. Localized factors — office dynamics, local laws, and office-specific closure policies — determined the nature of the support offered to staff.

Chemonics created a COVID-19 resource page on its intranet. The page gives employees access to a variety of resources to help deal with the pandemic's day-to-day

implications, including mental health. Where local labor laws allowed, Chemonics made additional sick leave and paid dependent care leave benefits available to impacted staff. Chemonics limited international travel and established additional travel safety and health protocols. Virtual well-being sessions and an allowance to purchase home-office equipment helped staff adapt to their new way of working.

We updated internal training sessions to reflect the needs of remote workers, notably the mandatory "Identifying Sexual Harassment and Promoting a Respectful Workplace Training." The course now includes an explanation of how sexual harassment manifests online and how to report it.

Chemonics set up a dedicated team of experts with the express goal of advising projects on continuing to deliver impactful development work and supporting them in doing so.

ENSURING SAFETY AND SECURITY

Protecting the safety, security, and well-being of staff, partners, and beneficiaries is a priority for Chemonics. Our safeguarding program is anchored by a strong organizational culture of integrity, a comprehensive code of conduct, and industry-leading practices for ethics and compliance.

We make sure all staff know that we will act on their concerns. Chemonics provide individuals and victims with



A pharmacist dispensing HIV medicine to a patient and providing safe and continuous access to care and services through the pandemic by using the appointment spacing model in Adama Hospital Medical College, Adama town, Oromia regional state, Ethiopia.

BERHAN TEKLEHAIMANOT, USAID GLOBAL HEALTH AND SUPPLY CHAIN PROGRAM - PROCUREMENT AND SUPPLY MANAGEMENT (GHSC-PSM).

CASE STUDY: THE COVID-19 CRISIS MANAGEMENT TEAM

In January 2020, Chemonics formed a COVID Response Team. The team responds to the pandemic's threat to our staff and the communities with which we work. Led by senior representatives from HR, security, communications, and contracts departments, the team drew on resources across the organization to form a coordinated response.

The team, tasked with creating corporate COVID-19 policies, worked to protect employees by communicating relevant guidance and keeping the global workforce abreast of new developments. All offices submitted close-down plans that fully accounted for the well-being of the individuals for whom Chemonics has a duty of care. Any offices that now want to reopen must submit a startup plan for senior approval so that the transition back to office life can be managed with the greatest safety.

The COVID Response Team continues to monitor the situation to provide company-wide oversight and prevent any problematic activities that might put people at risk.

the support they need to recover. All employees and contractors are responsible for maintaining a violence-free workplace.

If geopolitical disturbances or natural disasters affect Chemonics' projects and staff, Chemonics provides company leadership and clear guidance on how to evacuate or relocate employees. The Executive Office makes decisions in consultation with the Global Safety and Security Department, the Crisis Management Team, and the in-country leaders of our projects.

To increase understanding of our policies, we organized an internal "Caring During Crises" panel event. Panel speakers shared their perspectives on security events that profoundly affected their communities, how crises impact staff and operations, and how our values shape our response efforts.

PREVENTING SEXUAL EXPLOITATION AND ABUSE

All Chemonics employees share the responsibility of preventing and reporting sexual exploitation and

abuse. Every complaint is treated seriously and reviewed by trained investigators. Staff receive mandatory sexual harassment training. Staff and contractors must take this training within 30 days of starting at Chemonics.

Chemonics' dedicated Gender Equality and Social Inclusion Practice works closely with projects to develop resources that help identify, prevent, and reduce gender-based violence and the exploitation of women and girls. This team works with project-office staff to assess their work plans, providing resources that help integrate and mainstream safeguarding measures. The team also supports designated focal points from Chemonics' projects. These focal points work with their leadership teams to promote and implement equitable and inclusive programming across all technical sectors with a safeguarding lens in mind.

Chemonics is committed to partnering with the global development community to make international development a safe and equitable

industry. In late 2019, the Gender Equality and Social Inclusion Practice published "Sexual Harassment, Exploitation, and Abuse: A Toolkit for Building a Prevention and Response Program." Several of our partners and other development implementers, like CARE International, have adopted this resource. The team also produced a COVID-19 addendum, which has been translated into Spanish, French, and Arabic.

At Chemonics, we diligently hold ourselves and our partners to account. In August 2020, our chief ethics and compliance officer moderated the Society for International Development - Washington Chapter's high-profile "USAID Progress on Protection from Sexual Exploitation and Abuse" event.

In November 2020, several Chemonics staff spoke at the annual Women and Girls Africa Summit. We also moderated a panel at the summit on preventing sexual harassment, exploitation, and abuse in organizations and how that translates to better policy and programming.

Labor

Our commitment to ethical labor practices is universal. As an employee-owned company, the interests of staff are represented at the board level. Our unique corporate structure means that we recognize staffs' needs, thoughts, and concerns at the highest echelons of the company.

PRINCIPLE 3

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

PRINCIPLE 4

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

PRINCIPLE 5

Businesses should uphold the effective abolition of child labor.

PRINCIPLE 6

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

We provide meaningful and appropriate protections for all staff, clients, funds, property, and other assets. Our Standards of Business Conduct align with internationally accepted principles on labor and ethical employment and shape our protection interventions.

Chemonics invests in ethics. Chemonics' Ethics and Compliance Office updates and applies policies across the organization, supported by groups like the Employee Relations Department and the Diversity and Inclusion Team.

To supplement our robust corporate policies this year, we rolled out a project-level safeguarding policy for the UK aid-funded Cross-Border Evidence, Policy, and Trends Programme. The policy explains our approach to ensuring victims, survivors, and whistle-blowers receive respectful, confidential, and sensitive treatment. The safeguarding policies of other UK aid-funded projects, like the Manahel education project in Syria, inform the policy. Our new UK Duty of Care policy, launched in November 2020, gives employees a clear understanding of

the policies, procedures, and practices Chemonics uses to create a healthy, safe, and secure working environment for its global workforce.

Chemonics respects the rights of employees and individuals to organize and freely associate. We actively encourage employees to create an ethical and equitable workplace. Our influential employee resource groups have the remit to enact real change.

CREATING A DIVERSE AND INCLUSIVE WORKPLACE

Chemonics is an equal opportunities employer. Across offices and opportunities, we recruit, hire, train, and promote people without regard to race, color, religion, sex, national origin, political affiliation, sexual orientation, gender identity, marital status, disability, protected veteran status, genetic information, age, or other legally protected characteristics. Chemonics works to attract diverse applicants, engaging with underrepresented groups and communities to promote job opportunities. A diverse workforce opens us up to the experiences and viewpoints needed to fight all forms of injustice.

Jamey Butcher, our president and CEO, is a proud signatory of the “CEO Action for Diversity and Inclusion Pledge,” the largest CEO-driven business commitment to advance diversity and inclusion in the workplace. At the time

of this report’s writing, Chemonics was the only international development organization to have signed the pledge.

We significantly sharpened our focus on promoting diversity and inclusion in 2020, recognizing the appetite for change that events in the United States and around the world clearly illuminated (see example on next page). Chemonics is proud that its employees have been so active in promoting racial equality within and outside of the organization. The company has supported their efforts by sharing resources with tips on how to demonstrate safely. Chemonics’ establishment of the Standing Committee on Racial Equality helps ensure that operations reflect the values of the company and its employees.

The Diversity and Inclusion Team works across the organization, coordinating internal and external efforts to make Chemonics a welcoming environment for all. The team runs several mandatory training sessions that support all employees and contractors to identify unacceptable behaviors and potential discrimination. For example, Chemonics is creating training on topics such as microaggressions, unconscious bias, and inclusive communications. We are designing these workshops to equip staff with the tools to overcome unintentional biases and foster a perennially welcoming and affirming space for all.

CASE STUDY: STANDING COMMITTEE ON RACIAL EQUALITY

We have established coffee circles, town halls, and listening sessions for our colleagues to share experiences and raise concerns. These fora have included spaces in which Black employees could connect safely and supportively with one another in the wake of George Floyd's killing by police and renewed national attention to police brutality.

Earlier this summer, President and CEO Jamey Butcher launched the Standing Committee on Racial Equality. The committee collaborates with Chemonics' existing Diversity and Inclusion Council to center the experiences of the Black community — as well as Indigenous persons and people of color — to identify actionable, sustainable approaches to improving staff care, increasing engagement and learning, tackling systemic and institutional barriers, and supporting community outreach and activism within the communities in which we live and work.

Chemonics is making a \$10 million commitment to diversity and inclusion efforts over the next three years. Fulfilling these ambitious commitments will take time — as does all fundamental change with a sustainable impact. Meeting the commitments starts with establishing clear goals and a timeline for action — in our case, an initial three-year focus with the knowledge that our diversity and inclusion journey will be longer.

Our employee resource groups give staff a platform to share their uniqueness and advocate for organizational and societal change. These groups include those for:

- People with disabilities
- The LGBTQIA+ community
- The Black and African diaspora
- Military veterans

These groups achieve meaningful progress within Chemonics. For example, this year, ChemABLE completed the Disability Equality Index, an external benchmarking tool for disability inclusion. Chemonics is one of the few large-scale employers that has signed up for the scheme. We aim to establish and maintain an industry-leading place of work, where disability inclusion and equality are

business priorities. Employee resource groups have written charters and work with senior vice presidents as sponsors to ensure their voices are heard at the board level.

Staff are also establishing additional employee resource groups — groups including Women and Gender, African American and Black Employees Across the Diaspora, and Asian and Pacific Islanders.

In 2021, Chemonics will continue to support employee resource groups that align the company's corporate operations with staff needs.

Chemonics works with others in the development community to share its institutional knowledge and experience as well as to learn from others. We



The Standing Committee on Racial Equality is laying the foundation for structured, sustained action to build racial inclusion and equity at Chemonics and in the communities where we live and work. This effort is about ensuring the company is prepared and committed for the long haul.



Chad Anderson, Senior Specialist,
Communications and Outreach

publish articles in globally renowned outlets like Devex and work within our industry to contribute to ever-evolving diversity and inclusion best practices.

In October 2020, we were an Elite Sponsor for the annual Women in Global Development Leadership Forum, which featured several Chemonics staff as speakers. That month, we also sponsored staff to attend the Out & Equal Summit, an external event to increase LGBTQIA+ inclusion in the workplace.

EQUAL PAY AND FAIR RECRUITMENT

Chemonics promotes pay equity. We see pay equity as a vehicle for directly achieving and sustaining a world-

leading workforce and supporting the creation of a more equitable world. In 2020, Chemonics conducted a pay review for home-office staff, with plans in place to roll the review out to project offices in due course. The review seeks to identify the necessary policies to deliver fair and equitable pay for all staff. Annually, we complete an affirmative action plan to analyze staff members in terms of sex and race. This plan and the analysis inform our efforts to achieve equal representation.

When drawing up contracts with partners, we embed clauses that ensure fair and equal representation is an essential part of the project planning process. We believe that our partners should share our values and ethics.

OUR ZERO-TOLERANCE APPROACH TO FORCED LABOR

Protecting the safety, security, and well-being of our staff, partners, and the people and communities we work with is our chief priority. Chemonics' safeguarding systems are anchored by a strong organizational culture of integrity, a comprehensive code of conduct, and industry-leading practices for ethics and compliance.

Chemonics recognizes that modern-day slavery can take many forms, including the trafficking of people, forced labor, servitude, and slavery. We take our labor responsibilities seriously. In June 2019, Chemonics published a statement on Modern Day Slavery and Anti-Human Trafficking. The statement demonstrates how we prevent, identify, and stop slavery and human trafficking in the organization and the supply chains in which we operate. This year, we updated the statement with a more detailed description of the options for reporting potential violations and other concerns.

Chemonics abides by stringent, non-negotiable standards and procedures

related to child welfare and protection. We employ only people over the age of 18, and we consider child safeguarding in project planning and implementation. We actively mitigate the risk of child abuse, exploitation, and neglect in our projects. All employees, consultants, subcontractors, and grantees sign anti-trafficking and child safeguarding clauses prohibiting employees and consultants from engaging in child abuse, exploitation, or neglect. All employees are required to report potential incidents of child abuse, neglect, and exploitation to the Office of Business Conduct for investigation and appropriate action, up to and including termination of employment.

In 2020, we employed the UK government's Modern Slavery Assessment Tool (MSAT) to work with our suppliers to understand the potential risks in our supply chains better and improve protections for workers, underlining our commitment to rooting out all forms of child abuse, child labor, and other forms of exploitative and unethical treatment of employees and beneficiaries.

Environment

Both environmental sustainability and climate concerns affect the daily decisions Chemonics makes. Our core principles of caring and integrity guide us to make the right decisions concerning the planet and the people we support.

PRINCIPLE 7

Businesses should support a pre-cautionary approach to environmental challenges.

PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9

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

In August, we acquired the Government Services Business Unit of Nexant Inc., a sought-after advisor to governments and multilateral organizations in energy sector planning, policy, reform, and investment. The addition of Nexant Government Services Business Unit enhances Chemonics' multidisciplinary offering in energy and ability to help address the challenge of providing affordable, reliable, and sustainable energy for the 1.2 billion people worldwide who lack reliable access.

We help communities build resilience to a changing climate and its effects on their livelihoods. Chemonics runs projects that look to address the drivers and fallout of climate change, like the UK aid-funded Nepal Climate Change Support Programme. Through this program, Chemonics manages a ~\$12 million fund for the implementation of infrastructure projects to increase resilience to climate change, primarily in Karnali Province. The program also builds the public financial management capacity of local government staff at the municipal level.

OUR NEW, GREEN WORKPLACES

Our new London corporate office opened this year, and it symbolizes our corporate commitment to exceeding environmental regulatory standards. Sustainability and environmental considerations were paramount in selecting the office's location and fit-out.

Chemonics achieved a 'Gold' [SKA rating](#) — the highest possible rating — for its London office fit-out. The SKA rating is an environmental assessment tool for sustainable fit-outs. It ranks projects by eight sustainability issues covering every facet of an office building and its ongoing operations. Our gold rating means we use recycled products, carefully monitor

paper use, and employ energy-saving methods where possible.

Our London office also achieved the [Building Research Establishment Environmental Assessment Method's \(BREEAM\)](#) top rating of "excellent." BREEAM is a world-leading method of assessing an office building's environmental, social, and economic performance.

In Washington, D.C., the construction of our U.S corporate office continues. Once complete, the office will meet or exceed regulatory standards for environmental efficiency. The building shell is certified "LEED Gold" and the interior "LEED Silver" in line with the [U.S. Green Building Council's regulations](#). In 2020, to support the



In collaboration with Chemonics' leadership and our colleagues across the company, the Corporate Environmental Sustainability Department is working to reduce the environmental impact of the programs we implement across the world to improve people's lives.

Chris Perine, Principal Advisor,
Corporate Environmental Sustainability

building's sustainable design and construction, Chemonics formed a sustainability workstream that leverages in-house technical expertise to lead the LEED certification process and establish efficient recycling and waste processes. As soon as the building opens, we will monitor all emissions and electricity use to ensure that our operations are environmentally friendly.

OUR CORPORATE COMMITMENT TO THE ENVIRONMENT

To reflect its commitment to protecting the environment and halting climate change, Chemonics established a Green Committee in 2019. The Green Committee consists of environmentally-conscious staff members based in Chemonics' corporate offices in the Washington,



A village on the banks of the Caño Mochuelo river in Colombia, an area supported by the Colombia Natural Wealth Program

CASE STUDY: THE COLOMBIA NATURAL WEALTH PROGRAM

Colombia's diverse and culturally rich ecosystems anchor the agricultural productivity and natural resources upon which many rural and indigenous communities depend. To ensure these communities' conservation, protect local livelihoods, and diminish socio-environmental conflicts, Chemonics implements the Natural Wealth Program. This program employs innovative conservation strategies beyond those of conventional public protected areas.

Since 2018, the program has supported the conservation of nearly 459,000 hectares of legally protected land through three different schemes. First, the program protects Indigenous and Community Conservation Areas and conservation areas adopted by Indigenous governments. Second, it promotes private conservation through the registration of new Private Natural Reserves. Third, it supports the Colombian government in establishing the Cinaruco protected area, which allows its inhabitants to use its natural resources sustainably.

D.C. and London metropolitan areas. The committee's top priority is to green Chemonics' operations and set the company on a path to decarbonization.

In 2020, Chemonics institutionalized its commitment to environmental sustainability by creating the Corporate Environmental Sustainability Department. The department harnesses Chemonics' internal expertise and has a remit to harmonize current environmental and climate practices and create a plan for systemic corporate environmental sustainability. In early 2021, Chemonics' will review a plan to formalize corporate environmental sustainability across Chemonics' global operations. The

plan will outline how our company will address the growing climate crisis as part of a holistic approach to environmental management. Importantly, the plan will provide the impetus for meaningful conversations across our business and ensure that environmental sustainability is at the heart of progress for the company and the projects it implements.

The Corporate Environmental Sustainability Department supports both corporate-level and project-level activities (see example on previous page). Project staff can contact the department for guidance and resources on mitigating environmental impacts and climate risks, making their activities sustainable, and reducing their carbon footprint.

Anti-corruption

Chemonics' robust governance structure and internal controls ensure diligence, mitigate potential fraud risks, and correctly manage and account for aid monies. We recognize the extra responsibility that our public funding entails, demanding the highest standards of ethical business conduct and compliance from our staff.

PRINCIPLE 10

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

Chemonics requires employees, consultants, agents, representatives, subcontractors, grantees, and goods and services vendors on any project to comply with company policies on business conduct. They must not engage in conduct that raises questions about the company's honesty, impartiality, or reputation.

The Office of Business Conduct trains employees on company policies and procedures on ethical business conduct. Chemonics' business conduct program ensures that company activities fully align Chemonics' values and ethics, which are informed by the UNGC's Ten Principles. To prevent corruption, we proactively manage risks and promptly respond to conduct inquiries. Our procurement policies and anti-bribery systems ensure that we are not contributing to corruption and that public money is not falling into the wrong hands.

ADOPTING A NEW APPROACH TO RISK

As a large, global employer that operates across several disciplines and geographies, Chemonics actively works to understand and mitigate programmatic, financial, and reputational risk. In 2020, Chemonics merged its existing Office of Business Conduct and Financial and Compliance Review Team into the new Ethics and Compliance Office. The office oversees all types of risk and works to implement a comprehensive risk management framework that enhances early detection and the resolution of high-risk issues.

The framework defines and establishes key risk indicators for every area of Chemonics business. The framework

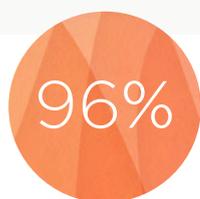
also mandates a root-cause analysis by the Ethics and Compliance Office if systemic issues or issues with considerable financial implications emerge. Following the analysis the office monitors the implementation of the corrective and preventative actions that are taken. The office discloses all allegations and credible evidence of misconduct to the Foreign Commonwealth & Development Office's Counter Fraud Section and the USAID Office of Inspector General, and regularly reports to Chemonics' Board of Directors on ethics and compliance risks, including incidents and allegations of fraud.

Chemonics requires that all staff, project, and bid capture teams perform due diligence on suppliers

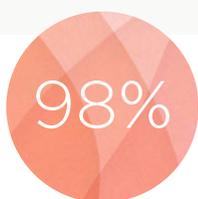
MONITORING AWARENESS OF POLICIES AND PROCEDURES

The Ethics and Compliance Office conducts an anonymous annual survey of employees to monitor their levels of awareness of Chemonics' policies and how to report potential breaches. Yearly mandatory training on anti-corruption, bribery, conflict of interest, and other relevant topics for all staff means they remain informed of changes to policies and reporting structures.

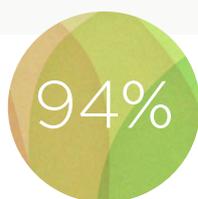
This year, the survey of 5,096 staff found that:



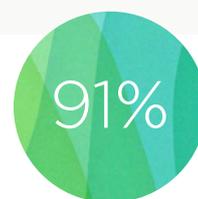
believe Chemonics follows honest and responsible business practices



know how to recognize potential misconduct



understand how to report conduct concerns



trust Chemonics to take appropriate action when misconduct is reported



Whether training our staff and partners on our expectations for responsible business conduct or holding each other accountable to deliver work with integrity, we play a small but important role in furthering the cause of anti-corruption.



Melissa Logan, Chief Ethics and Compliance Officer

and contractors and their fraud and anti-corruption policies as a standard part of supply chain management. Staff also receive guidance on how to report concerns and blow the whistle on corruption.

DATA PRIVACY AND ETHICS

We protect all data and information. Chemonics categorizes information according to use, sensitivity, and importance, to facilitate its regular review and appropriate protection. We understand the risks involved with storing data, particularly personal and financial information. We employ stringent security measures where there are legal, business, or contractual obligations to restrict access to data.

In 2020, we rolled out mandatory training on data protection principles, the General Data Protection Regulation, and the daily role staff play in protecting data in their work. We will update these courses regularly to keep pace with the rapidly changing world of data security, and we will require staff to take the courses annually. We have also published an EU Data Protection Policy, which details our commitment to handling data securely and with the utmost care.

REPORTING CONCERNS

Employees and contractors have multiple pathways to report concerns to Chemonics. All new hires receive an orientation on standards of conduct.

The orientation clarifies the various methods available to staff to report any business-conduct concerns.

Our policy strictly prohibits retaliation in any form for honest and appropriate reporting of suspected misconduct. Additionally, employees who report concerns involving fraud, waste, abuse, or other violations of laws and regulations are provided robust protections from punitive actions consistent with the U.S. Pilot Program for Enhancement of Employee Whistleblower Protection (41 U.S.C. 4712) and similar initiatives.

We encourage all staff, partners, clients, and other stakeholders to report ethical concerns to Chemonics' Office of Business Conduct and to report allegations of fraud or other criminal activity to USAID's Office of Inspector General and the Foreign Commonwealth & Development Office's Counter Fraud and Whistleblowing Unit. They can also contact Chemonics' HelpLine, which is accessible everywhere at all times, or they can anonymously submit concerns through EthicsPoint, a confidential online reporting tool.



Get in touch.

Chemonics welcomes feedback on our progress as a signatory to the UNGC. Please contact us at info@chemonics.com.