



United Nations Global Compact

**COMMUNICATION ON PROGRESS
JANUARY 2020**



“

Commitment and respect for human rights, ethics, transparency, governance, and our environment are more than policies and practices. At Chemonics, these are rooted in our unwavering resolve to work better, driven by a conviction that the world must be better.

”

Susanna Mudge
President and CEO

I'm pleased to share with you an overview of our progress and commitment to the Ten Principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, environment, and anti-corruption.

Every day, our global workforce shares a single mission: promoting meaningful change around the world to help people live healthier, more productive, and more independent lives. The Sustainable Development Goals (SDGs) guide our programming and provide a yardstick to measure our impact. From supporting female farmers' lands rights to revolutionizing global health supply chains, Chemonics' work contributes to the international development community's progress across the SDGs.

Underpinning our impact are strong business operations and proven ethical practices. We are constantly improving how we work to deliver better results for the communities and clients we serve. In 2019, we made tremendous strides, particularly in two critical cross-cutting areas: promoting a safe, abuse-free environment for all people and championing diversity and inclusion within the organization.

Over the years, we've collaborated with organizations across the globe to share proven and emerging safeguarding practices as part of our longstanding commitment to this critical agenda. In 2019, we developed a free, open-access toolkit that provides organizations with a step-by-step guide on how to lead training and set up institution-wide systems to prevent and respond to sexual harassment, exploitation, and abuse.

From delivering training courses that mitigate unconscious bias to creating employee resource groups that celebrate difference, we foster an inclusive environment for our diverse staff. In December, I signed the CEO Action for Diversity and Inclusion Pledge, which represents our commitment to cross-industry collaboration to learn and grow together to ensure our industry is both strong and inclusive.

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About Chemonics

From our founding in 1975, we have worked in more than 150 countries to help our clients, partners, and beneficiaries take on the world's toughest development challenges.

Working across all continents and sectors of international development — from agriculture, to finance, to health — our approach is built upon a foundation of partnership, shared learning, and technical innovation.

In 70 countries around the globe today, our network of more than 5,000 specialists pursue the highest standards in development to deliver sustainable impact to our partners, our clients, and most importantly, the communities we work with.

We partner with smallholders in Latin America to identify environmentally sustainable economic options and leading logistics firms to create transparent real-time global medical supply chain management systems.

We embrace project management as a discipline, not an afterthought, so our clients get maximum impact for minimum risk.

We think big, about applying lessons learned across all our projects, about bridging the gap between segregated technical fields, and about forging partnerships that unite the world's best minds to solve its toughest problems.

Our mission is to promote meaningful change around the world to help people live healthier, more productive, and more independent lives.

Here at Chemonics, we know that the way we work is key to achieving this mission. Chemonics is driven

by our values. As a business and as individuals, we measure our actions by these standards.

- Caring
- Excellence
- Innovation
- Integrity
- Opportunity

HOW THE UNGC PRINCIPLES INFORM OUR WORK

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

This Communication on Progress details the specific actions and activities taken from January 11, 2019, to January 8, 2020.

Our Values



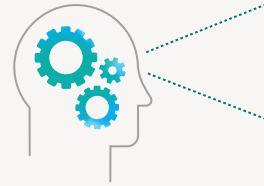
CARING

Simply put, we believe in serving others. We embrace teamwork and feedback, even when it is difficult. We challenge each other to be respectful, compassionate, and humble, and to listen to and empathize with others.



EXCELLENCE

For us, excellence means setting high standards for ourselves so we can deliver quality results. We believe in mastering skills, focusing on details, and learning from our mistakes so we can bring that combined experience to bring real value to our clients and partners worldwide.



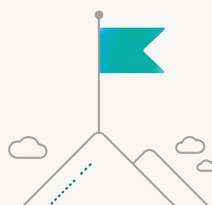
INNOVATION

To meet the challenges facing the world, we must be creative, flexible, and open-minded. We ask our staff and partners to be entrepreneurial, take initiative and introduce new ideas, translate ideas to actions quickly, learn, and accelerate change.



INTEGRITY

Integrity is the foundation of our work. We believe in an open-book approach to development and expect our staff and partners to trust one another, be transparent, honor commitments, accept accountability, and empower others to take action and make decisions.



OPPORTUNITY

We challenge ourselves every day to think big and seek out opportunities to be better, to take chances on ourselves and others. And we prize versatility and a lifelong commitment to learning and growing.

Human Rights

Chemonics is guided by our 10 Standards of Business Conduct. The first two uphold the protection of internationally proclaimed human rights: “Treat Others with Respect” and “Be a Good Business Partner.”

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.

We strive to achieve an equitable and respectful environment for the employees we hire, our partners, and the communities we serve.

We support the principles of the U.N. Universal Declaration of Human Rights. Protecting human rights and ensuring that we and our stakeholders are not complicit in human rights abuses is a key component of all the projects we have implemented around the world. USAID’s Office of Inspector General recently described our ethical and compliance performance as “best in class” among implementing partners.

To address structural human rights challenges, Chemonics updates its business strategies and policy manuals at the country level.

At Chemonics, we do not view our policy manuals in isolation — we tailor them to local cultures to ensure that everyone is treated respectfully. Wherever we work, we follow local laws and customs. We are developing a global framework to

help standardize policies across and within countries.

Chemonics' commitment to upholding human rights is not only embedded in procedures and policies but also within its professional culture.

ENSURING SAFETY AND SECURITY

We do not tolerate inaction on any form of workplace misconduct. We make sure all staff know their complaints will be acted on, and we provide affected individuals and bystanders with the support they need. All employees and contractors are responsible for maintaining a violence-free workplace.

If geopolitical disturbances or natural disasters affect Chemonics projects and staff, we provide company leadership and employees with clear guidance on how to evacuate or relocate employees. 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 that prevents sexual exploitation and abuse. Chemonics builds awareness of our prohibitions against all forms of sexual harassment, exploitation, and abuse by:

- Assuring victims and bystanders that complaints will be acknowledged, reviewed, referred, and addressed by trained investigators
- Providing comprehensive in-person orientation to all new staff on our Standards of Business Conduct
- Tailoring one-on-one training for new project leaders to ensure they are aware of country-specific safeguarding risks and their duty to create a culture of respect

In 2019, Chemonics rolled out multilingual e-training to all staff on countering sexual harassment. The course is mandatory for staff and subcontractor personnel and has been taken by nearly 5,000 individuals.

Risks constantly change. As such, we must react accordingly by learning and working together to protect all. Chemonics proactively engages in sector-wide efforts to share knowledge and promote collaboration on safeguarding. In December 2019, we launched "Sexual Harassment, Exploitation, and Abuse: A Toolkit for Building a Prevention and Response Program." Available to all organizations worldwide, the resource provides companies and NGOs with a step-by-step guide on setting up robust safeguarding programs. By providing smaller organizations and partners with resources to adopt and adapt tried-and-tested safeguarding processes, we help the sector move forward together.

In 2019, we engaged in industry events to examine ways to prevent sexual harassment. With the Washington, D.C., chapter of the Society for International Development, we facilitated a high-level panel for USAID's Action Alliance to Prevent Sexual Misconduct.

At the conference, USAID rolled out its draft policy on preventing sexual exploitation and abuse. Chemonics facilitated a consultation session to collect feedback on the agency's new comprehensive strategy.

Last year, we joined British Expertise International's Safeguarding Lead Network and sit on the network's Steering Committee. We also signed a commitment to the strategic shifts DFID announced at the Safeguarding Summit 2018.

In June 2019, Chemonics met with former DFID Secretary of State for International Development Rory Stewart and former Chair of the International Development Committee Stephen Twigg to discuss the private sector's commitment to safeguarding the employees and beneficiaries we engage and support.



Through the USAID-funded EnfoqueDH project, we support the Mexican government to address critical challenges to human rights. EnfoqueDH helps create protections for victims of human rights violations and helps prevent such violations. The project seeks to codify policies that prevent human rights violations as regulatory frameworks and legislation. The project advances collaboration between vulnerable social groups and local stakeholders as well as between federal and state government actors and civil society organizations to make a lasting contribution to the protection of human rights, the prevention of human rights violations, and the promotion of inclusive human rights agendas in Mexico.

Labor

At Chemonics, we are more than employees — we are owners. The company is run for profit but owned by its employees in more than 25 countries around the world. This unique setup means that we can be commercial in our controls and management structure but driven by our mission to improve lives. Whichever part of the business they work in and wherever they are based, our employee-owners have a shared dedication to exceeding expectations, acting ethically, and serving others.

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.

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. Chemonics employment policies align with international principles on labor and ethical employment. Chemonics respects the rights of employees and individuals to organize and associate.

Chemonics is an equal opportunity employer, meaning that we recruit, hire, train, and promote people in all job titles without regard to race, ethnicity, religion, age, national origin, disability, sexual orientation, or sex. To encourage a diverse pool of applicants, Chemonics engages with minority groups and communities to promote job opportunities.

Our Office of Business Conduct promotes honest and responsible business practices. Chemonics' Employee Relations Department oversees employee management, investigations, reporting, policy, violations, and terminations.

The work we do is inherently difficult and poses challenges to ethical decision-making. Our Standards of Business Conduct help us resolve ethical quandaries. Each country where we operate has its own field policy manual tailored to the nation's specific labor laws.

COUNTERING MODERN-DAY SLAVERY AND HUMAN TRAFFICKING

Chemonics has committed to protecting the safety, security, and well-being of staff, partners, and beneficiaries as our top priority. 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.

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, Chemonics published a statement on [Modern Day Slavery and Anti-Human Trafficking](#), which demonstrates how we prevent, identify, and stop slavery and human trafficking within the organization and the supply chains within which we operate.

ABOLITION OF CHILD LABOR

Chemonics abides by the Child Safeguarding Standards listed in AIDAR 752.7037 and the mandatory standard provision. 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 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 line with DFID's Supply Partner Code of Conduct, we have prohibited all forms of child abuse, child labor, and other forms of exploitative and unethical treatment of employees and beneficiaries in all our work.

CREATING A DIVERSE AND INCLUSIVE WORKPLACE

Chemonics is guided by a conscious commitment to diversity and inclusion. The company seeks to embed diversity and inclusion in all company regulations and activities to establish a diverse, fair, and flexible workplace.

The Corporate Diversity and Inclusion Team reports directly to Chemonics' president and CEO and is supported by a voluntary Diversity and Inclusion Council, composed of employees working across the company.



People care and they feel seen when we show them that we care about their identity.



Poulami Banerji
Recruitment Manager
and Member of ChemPRIDE

In 2019, Chemonics held training events on how to root out unconscious bias in talent management and development. We rewrote our recruitment training to include a module on unconscious bias. The training seeks to equip managers and recruiters with the ability to rise above their own unintentional biases to identify the right candidates.

In December, Chemonics signed the CEO Action for Diversity and Inclusion Pledge, which reflects Chemonics' ongoing commitment to make the workplace more inclusive and share the company's commitment and efforts with the global development community.

Chemonics runs several employee resource groups. These groups build awareness of diversity within the organization, leverage networks and experiences, and provide a platform to celebrate differences.

More than 70 countries criminalize consensual same-sex acts between adults, and LGBTQ+ individuals often face significant discrimination, stigma, and violence. Recognizing that LGBTQ+ development professionals work in many of these countries and share concerns about safety and security, Chemonics established ChemPRIDE, an LGBTQ+ employee resource group.

In 2019, ChemPRIDE started a [partnership](#) with the company's Security Department to ensure that LGBTQ+ staff have the information they need to understand the risks of specific assignments. ChemPRIDE and Chemonics' security team collaborated to update processes that improve the safety and security of employees across the spectrum of gender, sexuality, and sexual characteristics.

Chemonics also launched the ChemABLE and ChemVALOR

employee resource groups. ChemABLE supports, represents, and advocates for people with disabilities. ChemVALOR, a global veteran inclusion group, seeks to create a workplace that welcomes, hires, retains, and values military talent. These groups have written charters and work with senior vice presidents as sponsors to ensure their voices are heard at the highest levels of the company.

Appreciating, respecting, and celebrating diversity is a critical component of Chemonics' inclusion strategy. We published several think pieces on race, gender, and disability, and we led a roundtable discussion titled "Safety and Security for LGBTQI

Employees in the Global Context" at the Out and Equal Workplace Equality Summit.

Chemonics promotes pay equity. We analyze staff members in terms of sex, race, and ethnicity for each occupation category of the U.S. Equal Employment Opportunity Commission. As of 2019, this includes incorporating Component 2 Pay Data when filing employment data, which looks at salary information along with race and gender. In the U.K., we have ensured that our recruitment practices align with the General Data Protection Regulation (GDPR), U.K. law, and our own values and ethics.



Chemonics is passionate about promoting inclusive growth for all citizens, including historically disadvantaged groups such as women, people with disabilities, and the LGBTQ+ community. Through the recent USAID Governance for Inclusive Growth program, we worked with the public and private sectors in Vietnam to enhance governance and facilitate trade. The program improved the country's legal and regulatory environment, created systems of accountability, and promoted inclusive growth. The program implemented more than 40 activities to enhance policy development and worked with more than 50 civil society organizations to support reforms.

Environment

Chemonics is dedicated to preserving natural resources and valuable ecosystems. With support from Chemonics, more than 160 million acres are under improved environmental management to preserve aquatic or terrestrial resources — an area larger than that of France.

PRINCIPLE 7

Businesses should support a precautionary 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.

Chemonics helps communities build resilience to a changing climate. To reduce farmers' reliance on increasingly unpredictable weather patterns, Chemonics has provided 880,000 people with training in sustainable agricultural production. In 2018, with support from Chemonics, 3.7 million metric tons of carbon dioxide were sequestered or reduced.

GREENING THE WORKPLACE

To harness in-house expertise and reflect our 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 Washington, D.C., Crystal City, Virginia, and London.

The committee's top priority is to "green" Chemonics' operations and set the company on a path to decarbonization. The committee organized a company-wide Leave Your Car at Home Day to

promote eco-friendly commuting. In 2020, the Green Committee will launch a campaign celebrating staff members who champion environmentally friendly behavior.

PROMOTING RECYCLING

To reduce, reuse, and recycle materials used across the D.C. office, Chemonics started a staff-led composting and recycling scheme. Chemonics moved disposable cups from plain sight to limit single-use materials. To encourage use of reusable cups and plates, the facilities team provided more reusable plates and cups in the D.C. office.

DECARBONIZING OPERATIONS

The Green Committee is preparing to measure the Washington, D.C. office's carbon emissions. These metrics will support a data-driven sustainability strategy. In addition, the company is capturing air-travel data to measure the carbon dioxide emissions generated by staff travel. This data will help estimate the cost of offsetting and inform corporate sustainability policy recommendations.

In the United States, Chemonics offers staff a Commuter Spending Account, an employer-sponsored plan that allows employees to divert money for job-related commuting expenses from their paychecks into a special account



The Green Team is made up of individuals working across the organization, the diversity of ideas and support for sustainability initiatives is as inspiring as it is important.



Ashley Valle
Manager and Member of
the Green Committee

that is not taxed. This can be used for carpooling and public transport.

BUILDING SUSTAINABLE OFFICES

Early in 2020, Chemonics' London office will move to a permanent location. Sustainability and environmental considerations informed site selection and the

ongoing build-out. The Building Research Establishment Environmental Assessment Method (BREEAM) has assessed the base of the building as "excellent," and further construction will ensure continued compliance with this standard. The office aims to meet the SKA Gold Rating, a standard that assesses office fit-outs according to sustainability criteria.



"Before it was very difficult because we had to arrive at the school very early, because the liquid petroleum gas, compared to the biogas, was very slow," explains Nomfundiselo Sandlana, who manages biogas technology at Khangezile Primary School in Kwathema, Gueteng, South Africa. "Now I can arrive, and 15 minutes later, the porridge is ready. It's like fun now ... we're having fun!"

Chemonics and partner Agama Biogas have begun to install biogas digester stoves around the country, including in schools, as part of USAID's South Africa Low Emissions Development program. This new technology not only helps schools prepare meals faster for students who rely on them, but also provides far-reaching benefits for the environment. Preparing meals for 600 children using liquid petroleum gas creates about six tons of waste per year. This waste usually ends up dumped in landfills or around school grounds. When waste builds up, the impact compounds: Poor waste management in rural and underserved urban areas can cause more serious health risks related to vermin and dangerous air quality. Today, meals are more sustainable, and children start their school breakfast promptly.

Anti-corruption

Chemonics takes its role as a steward of public funds seriously. The firm maintains a robust governance structure and internal controls to ensure diligence, mitigate potential fraud risks, successfully deliver programs, and correctly manage and account for aid monies. We follow all U.S., U.K., and international laws and agreements on corruption and strive to maintain a proactive approach to managing risks and responding to business conduct inquiries.

PRINCIPLE 10

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

Chemonics expects high standards of ethical business conduct and compliance from employees. Employees must not engage in conduct that raises questions about 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 on business conduct.

Our Office of Business Conduct trains employees on company policies and procedures on ethical business conduct through our business conduct program. The program ensures that the company's activities adhere to applicable laws and regulations.

MONITORING AWARENESS OF POLICIES AND PROCEDURES

An annual survey of staff ensures that employees are aware of Chemonics' non-retaliation policy and measures awareness and enforcement of the policy. We also provide field-focused training on anti-corruption and bribery that emphasizes the importance of reporting misconduct.

After a mandatory annual training exercise, more than 1,200 staff responded to a survey of our ethics and compliance program. Findings included:

- 94 percent of staff reported that Chemonics follows honest and responsible business practices
- 99 percent of staff reported they know how to recognize potential misconduct
- 96 percent of staff reported they understand how to report conduct concerns

Chemonics employees are prohibited from engaging in false or fraudulent behavior. This includes actual or attempted fraud either for personal benefit or the benefit of the organization. Chemonics requires that all staff, project, and bid capture teams conduct due diligence on suppliers' and subcontractors' fraud and anti-corruption policies and procedures as a standard aspect of supply chain management.

Chemonics provides staff with guidance on how to report concerns

and blow the whistle on corruption. Chemonics provides instructions on U.K. and U.S. government disclosure and cooperation work instructions.

Chemonics' Office of Business Conduct discloses all allegations and credible evidence of misconduct to DFID's Counter Fraud Section and the USAID Office of Inspector General in a timely manner. The Office of Business Conduct regularly reports to the company's Board of Directors on corporate ethics and compliance risks, including incidents and allegations of fraud.

DATA PRIVACY AND ETHICS

Chemonics is committed to protecting its information and data in an appropriate manner. All forms of information and data are reviewed periodically and classified according to use, sensitivity, and importance.

Chemonics values transparency with documents and information. All employees regardless of location receive access to the information and document-management systems needed to work and share knowledge. The organization equally values protecting sensitive information, including personal and financial information, and has security measures in place where there are legal, business, or contractual obligations to restrict access.

The company complies with GDPR for EU data subjects. Also, Chemonics is creating an EU Data Protection Policy



Haitians tend to perceive justice as inaccessible to most citizens, especially in rural areas, and view the pursuit of justice as costly and lengthy. The USAID Haiti Justice Sector Strengthening Program is improving the country's legal framework, protecting citizens' legal rights, and increasing accountability and oversight within the justice system. The program's primary local counterparts are the Ministry of Justice and the *Conseil Supérieur du Pouvoir Judiciaire*, which governs judges and law clerks. In addition to expanding access to justice and protection, the program provides technical assistance to reform the country's judicial code. Investing in Haiti's case management will allow 18 jurisdictions to accelerate judicial cases and increase transparency of the legal process.

and updating its Website Data Privacy Policy.

REPORTING CONCERNS

Employees and contractors have multiple pathways to report concerns to Chemonics. All new hires receive a briefing on our anti-trafficking policy, as well as methods to report all 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 protected by the U.S. Pilot Program for Enhancement of Employee Whistleblower Protection (41 U.S.C. 4712).

All staff, partners, clients, and other stakeholders are encouraged to report ethical concerns to the Chemonics Office of Business Conduct, and 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 our HelpLine, which is accessible everywhere at all times, or anonymously submit concerns through EthicsPoint, a confidential online reporting tool.

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Get in touch.

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