

UN Global Compact – Communication on Progress 2020

For the past 50 years, Palladium has been helping our clients to see the world as interconnected - by formulating strategies, building partnerships, and implementing programs that have a lasting social and financial impact. We call this "Positive Impact".

Support for the UN Global Compact

22 January 2020

To our teams, stakeholders, clients and partners,

Re: Palladium's support for the UN Global Compact - 2020

Palladium is a global impact firm, working to link social progress and commercial growth. We are in the business of making the world a better place, and we believe that collaborative models and systemic approaches are the way to achieve progress and success.

We continue to integrate the values of the UN Global Compact and Sustainable Development Goals into the work we do, and I would like to take this opportunity to publicly reaffirm our commitment to the UNGC initiative and its universal principles.

Our 2020 Communication on Progress outlines how we continue to embed the principles of the UNGC into our projects and day-to-day operations, our achievements over the past twelve months and our plans for continuing to make progress against the goals next year.

Yours sincerely,

G. Rhys Morris

Rhys Morris

Chief Operating Officer, EMEA

Palladium International Limited



Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

Assessment, Policies & Goals

Our belief in the universal principles of human rights is enshrined in the way we do business. Our approach defines 'Positive Impact' as '**the intentional creation of enduring social and economic value**', and we aspire to realise it in everything we do.

We have a dedicated Safeguarding function, housed in within our Sustainable Business Steering Group. Our vision is to **embed a culture of safeguarding** across our organisation, **protecting our people, clients and communities** with which we work from harm.

We commit to:

- An accountable and transparent culture where safeguarding is everybody's responsibility;
- A safe and secure environment for the communities we work with, our people and clients;
- A safeguarding aligned business ecosystem and supply chain.

Palladium's **Code of Conduct** applies to all personnel and contractors, and outlines the company's expectations on safeguarding related topics such as **integrity and ethics, anti-discrimination, child protection, sexual abuse or harassment, privacy** and **information protection**.

Our **Whistle-blower Protection Policy** outlines our commitment to ethical behaviour and zero tolerance approach to retaliation. The associated procedures provide for the reporting and investigating of suspected human rights abuses.

Implementation

All Palladium staff members and individual consultants are expected to complete **annual trainings** upon engagement with the company and annually from then onwards. The trainings cover:

- Whistle-blower Procedures
- Code of Conduct
- Diversity & Inclusion (D&I)
- Child Protection
- Prevention of Sexual Exploitation and Abuse



All our contracting mechanisms include provisions obliging all personnel and contractors to abide by the spirit and the letter of the Code of Conduct, as well as detailing the impact of breaching those provisions / engaging in misconduct.

Palladium also ensures that any suspicion that human rights are not being respected can be reported anonymously through a dedicated **whistle-blower hotline**, which is made available to personnel, contractors, clients and beneficiaries in every country that we operate in.

All Palladium programmes are subject to **Child Protection Risk Assessments** as well as more general **annual risk-assessments**.

Employees are required to report suspected violations of the company **Code of Conduct** to line managers or through the company whistle-blower mechanism. Investigations of misconduct, including suspected human rights violations, are governed by our **Standard Operating Procedure (SOP) for Investigations** and **Whistle-blower Protection Policy and SOPs**. Failure to comply is subject to possible disciplinary action including contract termination, non-renewal or other appropriate actions.

The outcomes of whistle-blower complaints are captured in Palladium's **whistle-blower register**, which is maintained by the **Internal Projects Systems Review (IPSR)** and **Risk Management teams**. Access to the register is restricted to protect confidentiality. Investigations are conducted in conjunction with corporate functions such as HR, depending on the nature of the complaint. Upon completion of the investigation, reports are shared with donors and clients as required.

Human Rights Principles: Maternal, Newborn and Child Health II

Key SDGs



The Maternal, Newborn and Child Health Programme (MNCH2) is a five-year country-led, UK aid-funded, health programme across six northern states in Nigeria managed by Palladium. MNCH2 aims to create a quality continuum of care from pre-pregnancy through the first five years of the life of a child to reduce maternal and child mortality. MNCH2 works with community organisations, local and state governments, health practitioners, and more to achieve its goals and objectives of improving the lives of women, children and families.

Measurement of Outcomes

| Commitment | Description | Progress / Impact |
|---|---|--|
| Safeguarding Risk Assessments | <p>In 2019 we committed to undertaking a specialised safeguarding risk assessment for all programmes in EMEA.</p> <p>The risk assessment is designed to identify which areas of the business have a higher risk in terms of protecting the beneficiaries we work with. The tool assesses the context in which each project operates, the activities undertaken and the risks associated with staff, partnerships and supply chains.</p> | Risk assessments for all EMEA projects were completed in April 2019. Where risk areas were identified, the project teams are provided with additional support from the in-house safeguarding function. |
| Safeguarding Focal Point | A key component of the safeguarding function's efforts in 2019 was the establishment of dedicated safeguarding focal point (SFP) in every EMEA project. The SFP's role is to support to their project team on safeguarding and act as a first port of call for any concerns and complaints. | SFPs for all EMEA projects were identified in the first quarter of 2019. SFPs were provided with safeguarding training and resources. |
| Safeguarding toolkit | A dedicated safeguarding toolkit to build the capacity of our projects and our personnel to develop appropriate training, implement additional community-based complaints mechanisms, where necessary, and to address allegations of sexual exploitation and abuse in an appropriate and effective way. | The toolkit is complete and includes the safeguarding roadmap, training materials, external resources, relevant policies and key points of contact. The toolkit is available to all Palladium EMEA staff via Palladium's internal SharePoint portal. |
| Protection against Sexual Exploitation & Abuse Guidelines | The development of a Protection against Exploitation and Abuse (PSEA) Guideline to assist all personnel in preventing and responding effectively to sexual exploitation and abuse (SEA) of beneficiaries and vulnerable members of the community in countries where Palladium works. This was designed to complement our Modern Slavery Guidelines and Family Sexual and Gender Based Violence Policy. | The PSEA Guidelines were finalised in March 2019 and are available to all staff via Palladium's internal SharePoint portal, and to all contracted personnel via the Palladium website. |

PSEA Online Training

The development of specialised training on PSEA, housed on Palladium’s learning portal and included as one of the mandatory trainings for all new joiners and continuous staff, completed on an annual basis.

The PSEA training is now live on the Palladium learning portal, as of November 2019.

Staff have until 31 January 2020 to complete the course.

UN Standards of Conduct

The UN Standards of Conduct is a set of global standards to support the business community in tackling discrimination against lesbian, gay, bi, trans and intersex people.

As Palladium globally, we have endorsed the UN LGBTI Business Standards. This indicates that we are in line with the UN principles around respect for human rights. This unique endorsement is specifically aimed at businesses who work globally and provides a framework for how they might operate around the world- supporting and affirming LGBTI human rights through their own practices and internal policies while upholding a respect for local laws and regulations.

“You Matter, Period.”

In 2019, Palladium EMEA began implementing an initiative to ensure female staff members across EMEA have free access to sanitary products in all Palladium offices.

Ten offices in EMEA have successfully implemented this initiative, in countries such as UK, Tanzania, Nigeria, Uganda, Rwanda, Zimbabwe, UAE, Saudi Arabia and Qatar. We will continue to implement in other offices, where possible, throughout 2020.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation

Assessment, Policies & Goals

We ensure that the best in class principles and practices of **non-discrimination, diversity** and **inclusiveness** are embedded within our operations through our **Talent Attraction & Selection Policy**. Our in-house **Chief Diversity Officer** ensures that the core principles of diversity and inclusion are integrated throughout the business, enabling a culture of **creativity, innovation**, and **respect for differences**. Our vision is to create a diverse and inclusive culture where difference is valued and leveraged to drive innovation and deliver results.

Our in-house Diversity & Inclusion (D&I) function commits to:

- An inclusive working environment and diverse workforce at all levels;
- Diversity and Inclusion considerations will be embedded into all project design and delivery;
- A diverse business ecosystem and supply chain that is aligned with our D&I ambitions;

Palladium's **Due Diligence Policy** ensures that our supply chain conforms to **global best practice principles**, such as those of the Ethical Trading Initiative and International Labour Organisation.

Our commitment to the universal labour principles are demonstrated by our **Modern Slavery Statement** and our dedicated **Child Protection Policy**. Palladium globally is also a signatory of the Charter for Change. The Charter is linked to the Convention on the Rights of Persons with Disabilities. Palladium's global entity has also endorsed the UN LGBTI Business Standards. This indicates that we are in line with the UN principles around respect for human rights. This unique endorsement is specifically aimed at businesses who work globally and provides a framework for how they might operate around the world- supporting and affirming LGBTI human rights through their own practices and internal policies while upholding a respect for local laws and regulations.



Our in-house Chief Diversity Officer **Dr Rosanna Duncan** ensures that the core principles of **diversity and inclusion** are integrated throughout the business.

Implementation

Palladium’s in-house D&I function has developed **Diversity & Inclusion Awareness training** which is mandatory for all employees.

Palladium employees and individual consultants are also required to complete **mandatory child protection training** at least annually.

Our **Employee Assistance Programme** ensures that our staff have access to external support should they require it. We also provide employees with a range of benefits **promoting general health** and **well-being**.

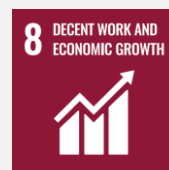
Our in-house **Contracts and Compliance team** ensure compliance with the national labour standards of every country in which we operate.

As well as our general whistle-blower register, Palladium utilises a **Child Protection Register** to capture complaints or issues of this nature. The register and subsequent investigations are managed by the IPSR team in conjunction with the D&I function.

Palladium records incidents of safeguarding concerns and is required to report on them to our largest client, the UK Government. Employees are required to report suspected violations of the above policies to line managers or through the Palladium whistle-blower mechanism. Investigation is conducted in line with the company **Investigations SOP** and **Whistle-blower Protection Policy and SOPs**. Failure to comply is subject to possible disciplinary action including contract termination, non-renewal or other appropriate actions.

Labour Principles: Propcom Mai-Karfi

Key SDGs



Propcom Mai-Karfi is an innovative, market-driven programme funded by UK aid and managed by Palladium that aims to reduce poverty in Nigeria. The programme works with government, the private sector and businesses to enable rural markets to work better for the poor.

The programme produces remarkable results by stimulating sustainable, pro-poor growth in selected rural and agricultural and markets, and by improving the position of poor men and women within these market systems to make them more inclusive.

Measurement of Outcomes

| Commitment | Description | Progress / Impact |
|---------------------------------------|--|---|
| Diversity statistics | We committed to improving our diversity statistics globally and use quantitative Key Performance Indicators to measure our progress. | Globally, 50% of Palladium staff at Grade 17 or above are women and 50% are men. 4 of 9 Regional Business Partners are women, and 5 are men. Palladium's global workforce is made up of 63 nationalities. |
| Fair Recruitment & Selection Training | We committed to developing a recruitment training for all interviewing managers that will include recruitment best practice, employment legislation and un-conscious bias information for all hiring managers. This is designed to favour greater diversity and continue to embed D&I into the company's operations. | The Fair Recruitment and Selection Training has been developed and is with Palladium's IT developer for upload onto Palladium's internal learning portal. |
| Gender pay gap | Palladium is committed to the continuous improvement of the gender pay gap globally. | As of July 2019, the equal pay gap across Palladium globally was +1.06% in favour of men, with some parts of the business reporting a 0% equal pay gap. As of June 2019, the equal pay gap in Palladium EMEA was 2.5% in favour of men. |
| Blind recruitment model | By removing identifiable characteristics and information such as name, gender, age and university names, and using anonymised written assessments, Palladium has implemented "blind" approaches to recruitment to tackle un-conscious bias and improve the inclusivity of the company's selection processes. | In its first year of implementation 2018-19, Palladium ran 16 blind selections across partnerships resulting in successful hires. This has since been expanded to Palladium's client-facing projects |

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Assessment, Policies & Goals

Environment is one of the core components of our Sustainable Business Framework. Our vision is to create a working environment where all our people take responsibility for **living and working in a more sustainable way**.

We have committed to:

- Creating a workforce that understands and embraces environmental sustainability;
- A reduction in our environmental impact;
- An environmentally aligned business ecosystem and supply chain.

Implementation

The Environmental Working Group (EWG) is now housed within Palladium's Sustainable Business Steering Group. As a result, annual workplans and progress updates are now required, facilitating greater accountability and monitoring actions against targets.

Our Environmental Policy covers the following areas:

- Minimising the environmental impact of our operations and service delivery
- Engaging in offsetting schemes and initiatives whenever this is feasible
- Prioritising partnerships with environmentally conscious suppliers and contractors
- Improving the environmental engagement of our employees
- Monitoring and verification of our environmental performance, including transparent reporting of progress



Palladium is working to minimise its environmental impact across the following areas: Suppliers, Transportation, Recycling schemes, Wildlife, Community.

The EWG's efforts in 2019 have focused on identifying ways to reduce Palladium's environmental impact. 'Brown bag lunches' focusing on practical ways that offices and projects can affect change have been held in Bristol, London and Dubai. Suggested actions include switching to green energy, enhancing recycling facilities, cycling or walking to work, minimising printing and encouraging vegetarian options when providing office meals.

Multiple hub and field offices have begun to implement their own changes in areas such as waste and recycling, energy provision, green activities (such as tree-planting in Bristol, UK), catering and procurement of sustainable suppliers.

The process of evaluating the different options for addressing the **carbon footprint** of Palladium EMEA's operations continued throughout 2019. The carbon footprint associated with the company's air travel and accommodation has been successfully measured and the necessary processes to measure the remaining emissions associated with our global operations have been identified. The EWG has been tasked with evaluating the options for reducing our emissions, and off-setting unavoidable emissions where feasible. This process will continue throughout 2020.

Employees are required to report suspected violations of the Environmental Policy to line managers or through the Palladium whistle-blower mechanism. Investigation is conducted in line with the company **Investigations SOP** and **Whistle-blower Protection Policy and SOPs**. Failure to comply is subject to possible disciplinary action including contract termination, non-renewal or other appropriate actions.

Environmental Principles: Partnerships for Forests

Key SDGs



Partnerships for Forests, a programme managed by Palladium, catalyses investments in which the private sector, public sector and communities can achieve shared value from sustainable forests and sustainable land use.

By creating market-ready 'Forest Partnerships' that offer an attractive balance of risks and benefits for the private sector, public sector and communities, the programme aims to mobilise significant investment, principally from the private sector. The programme also supports demand side measures that strengthen demand for sustainable commodities, and activities to create the right enabling conditions for sustainable investment.

Measurement of Outcomes

| Commitment | Description | Progress / Impact |
|------------------------------------|--|--|
| Offsetting schemes and initiatives | Our Environmental Policy commits us to engaging in offsetting schemes and initiatives whenever feasible. | The EWG is in the process of evaluating options for generating a positive environmental impact to address and offset Palladium's unavoidable carbon emissions. We hope to select an option during 2020. |
| Environmental Risk Assessment | A core component of the Environmental Policy is understanding and minimising our environmental impact. To do so, a risk assessment was deemed necessary so that high risk activities and projects can be identified and managed. | <p>An environmental section has been added to monthly project risk reports, as of November 2019.</p> <p>An in-depth environmental risk assessment is in development and will be further refined in 2020.</p> |
| Environmental Awareness Training | Environmental awareness of our staff is a central part of the strategy to reduce Palladium's environmental impact. The training will provide a general overview of key environmental concepts, as well as practical examples of actions that can contribute to a reduced environmental impact. | The Environmental Awareness Training is under development. It is anticipated that this action will be completed and the training made available by May 2020. |
| Clean Air Day | Clean Air Day is the UK's largest air pollution campaign, held on 20 June 2019. | In response to Clean Air Day, Palladium EMEA's Bristol UK office encouraged staff to walk, cycle or scoot to work. Where driving was found to be unavoidable, staff were encouraged to purchase carbon credits to offset emissions. The total amount of avoided carbon was 3.04 tonnes. |
| Project Manual | The Sustainable Business Steering Group has developed annexes for a company wide Project Manual that requires all project teams to adhere to the principles of Sustainable Business and develop individual workplans accordingly. | The EWG has incorporated language in the Palladium Project Manual stating that "each project should set its own environmental standards that reduce, mitigate and compensate for its environmental impact. Project-specific environmental standards should ensure that the environmental consequences of project activities are identified and evaluated prior to the start of the activity. These standards should be developed at project initiation and revised as appropriate should the nature of the work change. All project staff should also be oriented to their responsibilities in upholding the standards in their daily work." |

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Assessment, Policies & Goals

Palladium rejects corruption in all of its forms and has zero tolerance for bribery, including facilitation payments or graft. Expectations with regard to anti-corruption, bribery and graft are contained in our **Code of Conduct**.

Our **Risk Management Framework Guidelines** require all Palladium projects to undergo annual risk assessments, compliance reviews, spot checks and site visits.

Our **Due Diligence Policy** and **Conflict of Interest Policy** are designed to identify any links to public officials or other actual, potential or perceived conflicts of interest so that they can be managed effectively and minimise the risk of corruption.

Implementation

As part of our due diligence process, all staff, contractors and business partner representatives must verify their identity. Names of individuals and organisations are cross-referenced with an **external anti-corruption database** and asked to certify their compliance with relevant legislation.

All employees, personnel and contractors are contractually obliged to comply with Palladium's Code of Conduct. A mandatory **Code of Conduct** and **Whistle-blower training** takes place annually, attended by all employees and consultants. Attendance is logged to ensure full participation. A formal **declaration of compliance** with the Code of Conduct is required alongside the training, which includes conflict of interest disclosure.

Employees and all contracted personnel and contractors are required to report suspected violations of the above policies to line managers or through the Palladium whistle-blower mechanism. Investigation is conducted in line with the company **Investigations SOPs** and **Whistle-blower Protection Policy and SOPs**. Failure to comply is subject to possible disciplinary action including contract termination, non-renewal or other appropriate actions.

Palladium maintains a dedicated **Fraud Register** that includes all current fraud cases, status and action items and is managed by our **IPSR** and **risk management** team. Investigations are conducted by the IPSR team, local representatives or external parties where appropriate. Reports and findings are escalated to management at least monthly.

Projects valued over a specified threshold are subject to annual audits which can take the form of **operational, financial** or **compliance audits**. Spot checks are conducted regularly, the subject of which is defined by the **IPSR team**. **Annual risk assessments** are conducted by the IPSR team which results in a report covering recommendations and an internal audit plan.



All Palladium staff are trained annually on our **Code of Conduct** to ensure staff are fully aware of our policy regarding anti-corruption, bribery and graft.

Anti-Corruption: Mobilising Data for Anti-Corruption

Key SDGs



MODAC is a four-and-a-half year UK aid-funded project managed by Palladium that aims to improve the quality and use of data to increase the number of high-level sanctions, penalties and prosecutions in corruption cases.

MODAC funds partnerships that facilitate the process of generating, collecting and transforming data in user friendly ways so that professionals in government, judiciary, civil society and the media can use it to identify and pursue corruption cases. MODAC works in Nigeria, Ghana and will expand to Kenya in 2020.

Measurement of Outcomes

| Commitment | Description | Progress / Impact |
|--|--|---|
| Annual Project Gateway Risk Assessment | All Palladium projects are subject to an Annual Project Gateway Risk Assessment, covering key risk indicators of fraud and financial mismanagement. Where projects are found to be high-risk, the risk management team provide a more in-depth risk analysis of activities, followed by field visits where deemed necessary. | Annual Project Gateway Risk Assessments were completed for EMEA projects in August 2019. Of 48 gateway assessments, 7 full project risk assessments were completed. |