



COMMUNICATION ON PROGRESS

Submission to the United Nations Global Compact
February 2020





Introduction

Cardno's International Development Division (Cardno) is a social development and physical infrastructure firm dedicated to sustainable and inclusive value creation for over fifty years.

We work with multilateral and bilateral agencies, businesses, governments, and communities to build and implement sustainable solutions to complex challenges.

Strengthened by our geographic and market diversity in over 110 countries, we are committed to creating lasting change in emerging economies, with a focus on Asia, the Pacific, Africa, North America, and Australia.





Statement from the CEO

At Cardno, we are committed to operating sustainably, responsibly, and in a way that produces positive impact for our stakeholders; including our clients, the communities we work in, employees, suppliers and our shareholders.

This commitment flows from our core business where we deliver quality development programs in emerging markets across the globe. With over 50 years of successful implementation, we are skilled at creating effective, meaningful, and scalable programs and solutions in complex environmental, economic and social contexts.

Across all of our projects, Cardno focuses on responsible, inclusive and sustainable operations. This agenda drives our association since 2018 with the United Nations Global Compact (UNGC) and our increasing alignment with the ten principles.

With this context, I am pleased to reaffirm Cardno's commitment to the United Nations Global Compact and the ten principles, and with it present our second annual Communication on Progress. We made considerable progress in 2019 against the four areas—human rights, labour, environment and anti-corruption—and are pleased to provide detail in this report.

Cardno is building on this momentum going into 2020 as we continue aligning our business strategy and daily operations with the ten principles.

Reflecting on 2019, I am proud of what Cardno has achieved. But this is just the start; we will continue progressing our positive impact in the coming years.

With best wishes,

Marian Boreland
CEO, Cardno International Development

Human Rights Principles

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

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

Assessment, policy and goals

As a fundamental way of doing business, Cardno respects and protects the human rights of people in the communities in which we live and work. This is challenging in emerging markets where risks can be heightened, but after fifty years, we are practised at recognising and navigating these challenges. Cardno has developed an array of policies, procedures, and monitoring and evaluation tools to uphold our human rights standards and protect our stakeholders.

Implementation

Our commitment to human rights is embedded in our policies and procedures which we review and update regularly to ensure accuracy and relevance with international best practice. All Cardno personnel must commit and adhere to these policies and procedures, which are listed below:

Child Protection Policy and Procedure reflects a zero-tolerance approach to all forms of child exploitation and abuse including those that constitute human rights abuses. All personnel including employees, contractors, subcontractors and suppliers are required to undergo awareness training of child protection matters and commit to our Child Protection Policy and procedures, which also deals with how to report incidents if they occur.

Child Protection Risk Assessment requires all projects to undergo child protection risk assessments, which are documented and submitted for review and retention.

Corporate Responsibility Policy reflects our commitment to behave transparently and ethically, contributing to equitable sustainable development within our workforce and the communities in which we live and work.

The Cardno Way is our overarching Code of Conduct Policy detailing our commitment to Cardno's four core values: safety, integrity, people and excellence.

Inclusion and Diversity Policy details Cardno's ongoing commitment to celebrate and encourage

diversity and it ensures our workplaces promote respect, fairness and equity for all.

Due Diligence Checklist for Partner Organisations requires all subcontractors and suppliers to complete a due diligence checklist to ensure they conform to all of Cardno's policies and procedures.

Putting People First Commitments drives Cardno's collaboration with the private sector and the United Kingdom's Department for International Development to tackle sexual exploitation and abuse and sexual harassment in the international aid sector.

Safeguarding Policy sets out the governing principles and safeguarding approach for our employees and independent consultants, and the employees of our partners and suppliers. This protects the people and communities Cardno interacts with.

Modern Slavery Policy articulates Cardno's commitment to identifying and countering modern slavery in global supply chains. This aligns Cardno with the *United Kingdom Modern Slavery Act* and is expanding to encompass the *Australian Modern Slavery Act* and other counter-slavery legislation.

Measurement of outcomes

Over the past year, we maintained our commitment to progressing our policies and procedures, with a keen focus on disrupting and ending modern slavery. In 2019, Cardno conducted both internal and external reviews of our policies, procedures and supply chains to identify potential modern slavery risks and build a roadmap towards a formalised response.

Cardno sees combatting modern slavery as a core part of our human rights commitment and is supporting the broader global movement amongst governments, businesses and non-government organisations to uncover and end modern slavery. To this end, we are reviewing our subcontractor due diligence assessment processes and considering methods to comprehensively train staff on modern slavery principles. Moreover, Cardno joined the Mekong Club—a leader in uniting and mobilising the



private sector to disrupt and end modern slavery—and hosted the United Nations Global Compact Network Australia’s Community of Practice on modern slavery.

Cardno is a member and lead coordinator for the Safeguards Lead Network in the United Kingdom which develops measures to reduce sexual exploitation and abuse in the international aid sector. This network reports to the Department for International Development and is overseen by the Commons Inquiry Committee. Through this network, Cardno co-develops measures to bolster a ‘people first’ aid environment for all stakeholders.

Next steps

This year, Cardno plans to continue its involvement in the United Nations Global Compact Network Community of Practice on modern slavery and continue to collaborate with non-government organisations and businesses across Asia via the Mekong Club. We will continue to improve our policies and procedures by building on our existing framework of child protection, human rights, and fair employment policies. Cardno will also publish a Modern Slavery statement and produce annual progress reports against it.

Labour Principles

Principle 3 Business 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

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

Assessment Policy and Goals

Our strength as an impactful business lies with our employees, which is why we champion strong policies and procedures for a safe, inclusive and equitable workplace. We support our employees' right to freedom of association and collective bargaining and are rigorous in ensuring that everyone associated with Cardno's business and daily operations is free from all forms of compulsory and forced labour (see the Human Rights section on pages 6–7 for more detail about Cardno's counter-modern slavery initiatives, which overlap with Principles 4 and 5).

Cardno has worked to align our labour policies and procedures with internationally recognised labour standards. Additionally, we abide by all labour legislation where we operate and where there are legislative gaps we apply international standards. In doing so, Cardno takes care to safeguard against the use of forced labour and child labour in our projects and operations.

We aim to conduct our business in a way that protects our people, clients, visitors and members of the public from harm on any worksite that we are involved in. We are dedicated to achieving our goal of zero harm by continually improving our health, safety and environmental performance.

Inclusion and diversity are core to our corporate identity. We celebrate that our global team comprises people from all walks of life, ages, races and religions; and speaks over 100 languages. We actively seek opportunities to improve our diversity in recruitment, work practices, flexible work arrangements, training and development, and our pursuit of business which leverages and encourages diversity.

Implementation

All employees, contractors, subcontractors and suppliers must read and acknowledge a commitment

to conform to Cardno's policies and procedures around labour. Training is mandatory for all employees and contractors and covers crucial issues including workplace behaviour, code of conduct, health, safety, anti-bribery and child protection. Our training is designed to equip personnel with the knowledge and tools to recognise and report issues, incidents, or concerns when they occur.

We actively promote equal employment opportunity throughout every stage of the employment relationship. We do not discriminate and ensure all employees are treated fairly and equitably.

Below are some of the key policies and procedures that we implement relevant to the labour principles.

Cardno International Development Gender Equality Commitment recognises the importance of gender equality and details Cardno's commitments to achieving this across our organisation and within our programs to ensure we meet the internationally recognised gender equality standards.

Workplace Behaviours Policy details Cardno's commitment to providing a working environment that is safe and free from inappropriate and negative behaviours such as discrimination, workplace harassment, workplace bullying, sexual harassment, vilification, workplace violence and any other form of victimisation. This policy provides guidance on recognising these types of behaviours and reporting them if they occur.

Global Health, Safety and Environment Framework outlines our structured health, safety and environment program which is implemented throughout all facets of the business to ensure we achieve our goal of zero harm on every job, every day.

Employee Assistance Program assists the resolution of personal and work-related problems. Cardno offers a confidential and voluntary counselling



service to our employees and their immediate family members.

Global Privacy and Record Retention Policy for Employees articulates Cardno's commitment to safeguarding the privacy of personal information we gather concerning our prospective, current and former employees for management, human resources and payroll purposes. This policy applies to any worker engaged to perform work or services on behalf of Cardno.

Child Protection Policy and Procedure outlines Cardno's commitment to preventing all forms of child abuse and exploitation including those related to child labour. The procedure also provides a mechanism for reporting violations of this policy where they occur.

Inclusion and Diversity details Cardno's ongoing commitment to actively encourage and celebrate inclusion and diversity and ensure our workplaces promote respect, fairness and equity for all.

Purchased Leave Policy acknowledges Cardno's value for flexible working arrangements to enable employees to strike a balance between work responsibilities and personal commitments. This Policy provides guidance for staff to purchase leave in addition to their legislative leave requirements.

Domestic and Family Violence Leave Policy recognises that domestic violence is a widespread issue that does not discriminate in who it can affect. In addition to the support services provided through our Employee Assistance Program, this Policy enables staff affected by domestic violence to access additional leave if necessary.

Parental Leave Policy outlines the entitlements to parental leave for eligible Cardno employees, as well as the requirements for notification and application for parental leave.

Grievance Policy and Procedure provides a process for employees to follow for employment related grievances. Cardno actively strives to provide a workplace that is free from negative behaviours such as discrimination, harassment, bullying and other inappropriate behaviour which creates discomfort to employees, contractors or any person who associates with our organisation.

Women in Cardno is a program providing opportunities for women across the business to advance and grow their careers in a supportive

environment. Cardno aspires to be a global leader in terms of how women are engaged in the workforce.

Employee Resource Group is a safe space for employees to share their experiences and challenges related to sexual orientation or gender identity in the workplace.

Safeguarding Policy reflects our 'people first' commitments and sets out the governing principles and safeguarding approach for our employees and independent consultants, and the employees of our partners and suppliers.

Mental Health Policy Pilot to remove stigma around mental health issues and promote healthy practices. This includes trainings and the designation of mental health focal points. The pilot's successfulness is being assessed to make needed adjustments and implement more broadly.

Measurement of Outcomes

Cardno's business-wide Inclusion and Diversity Council was established to drive our 2019–2021 strategy and deepen our commitment to diversity and inclusion. Flowing from this strategy, we revised our Inclusion and Diversity Policy to increasingly encourage equal access to opportunities, targeted recruitment and transparent communication.

Cardno launched the Lesbian Gay Bisexual Trans Queer (LGBTQ) Employee Resource Group which reinforces our core value of 'people' and champions a supportive and inclusive work environment for everyone. As part of this, Cardno offices around the world celebrated the vibrant and diverse LGBTQ community in June as the internationally recognised Pride Month.

2019 also saw Cardno launch our Reconciliation Action Plan (RAP) to serve as our framework in support of national reconciliation across Australia with Aboriginal and Torres Strait Islander peoples. The RAP lays out measurable action items to expand our existing relationships, promote respect and build opportunities within Cardno and our communities for Aboriginal and Torres Strait Islander peoples.

On International Women's day, Cardno released a Gender Equality Commitment founded on the Human Rights Framework and globally agreed principles. With it, Cardno makes clear that gender equality is a human right and fundamental to sustainable and effective business practice. We are committed

to taking up the challenge of championing social inclusion and women's rights within our business and throughout the delivery of our programs, many of which have gender equality as a core focus.

Our commitment to gender equality is part of a long-term process to reflect, learn and work differently to transform gender and power relations through our business operations. Cardno commissioned a gender pay gap analysis which revealed little to no gender pay gap. We identified three key areas where a gender pay gap was most likely to be introduced—position definition and recruitment, merit review, and promotions—and developed strategies to maintain or improve our current levels. These strategies include unconscious bias training, salary banding and benchmarking, and review of job classifications.

Next steps

As a major aid delivery partner, Cardno takes our inclusion and diversity strategy as an opportunity to challenge ourselves to improve, take responsibility and deliver on our commitments to create a more equitable workplace for everyone at Cardno. We will continue to pursue positive gender equality outcomes across our international development programs to meet our gender equality standards. We are also striving to better integrate gender equality across Cardno's operational systems.

Cardno is a lead coordinator for the Safeguards Lead Network and signatory to the Putting People First Commitments which comes with stringent measures to mitigate sexual exploitation, abuse and harassment. In line with these commitments, Cardno has developed a Safeguarding Policy, Whistleblowing Policy and Safeguarding Investigations Policy. We aim to operationalise all three this year.

Similarly, Cardno plans to implement a Sexual Exploitation, Abuse and Harassment Policy in 2020 reflecting our 'putting people first commitments' and safeguarding our employees, contractors, community members and others associated with Cardno's business. This policy, along with our child protection policy, will be integrated into Cardno's learning management system this year. All Cardno employees, contractors and subcontractors will be required to complete this training module as a condition of working with Cardno.

Additionally, Cardno is working with the United Kingdom Department for International Development to develop three employment cycle initiatives: the Aid Worker Passport scheme, Project Soteria (strengthen criminal record checks and information sharing to help ensure a more robust law enforcement response to sexual predators abusing the most vulnerable people around the world) and the Misconduct Disclosure scheme.



Environment Principles

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

Principle 8 **Undertake initiatives to promote greater environmental responsibility**

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

Assessment policy and goals

At Cardno, we are committed to operating sustainably and building a culture that respects and protects the environment. This is becoming increasingly urgent as Australia—and the world—faces a growing climate emergency. Cardno is working to minimise our environmental footprint while maximising efforts to protect and restore ecosystems in which we operate.

We do this by providing a complete portfolio of services designed to establish sustainable climate change adaptation, mitigation, and integration measures. We deliver sustainable infrastructure, development and transport projects that prioritise low carbon impact. Our international development specialists, environmental scientists, engineers and natural resource economists work to address complex scenarios brought to the forefront of development by climate change.

Cardno's work in emerging markets and resource-dependent economies across Africa, Asia and the Pacific places us at the forefront of balancing human development needs with environmental sustainability and the critical overlap between the two.

Implementation

The world is facing a climate emergency. Cardno is serious about operating sustainably and working with other organisations that share our environmental values. We actively abstain from working with partners and clients that fall outside of our environmental standards. As part of our due diligence procedures, we vet our contractors and subcontractors against environmental blacklists. Any companies or individuals who return positive matches will not be engaged by Cardno.

We adhere to comprehensive environmental and social safeguarding policies advanced by our clients, including the Australian Department of Foreign Affairs and Trade, the United States Agency for International

Development and the United Kingdom's Department for International Development. When designing our aid programs, we ensure Cardno and our contractors follow a risk-based approach to avoid adversely impacting the communities we operate in. We work closely with our clients and advocate for responsible management of environmental impacts throughout project lifecycles. We support our clients to identify risks to the natural environment, develop plans to protect onsite resources and undertake restoration activities.

Our policies and procedures reflecting our commitment to environmental sustainability are listed below.

Corporate Responsibility details our commitment to applying the principles of sustainable environmental management to how we work. It sets a corporate mission to behave transparently and ethically, contributing to equitable and sustainable development within our workforce and the communities in which we live and work. Responsible environmental stewardship is fundamental to our mission. We are providing leadership in environmental management to preserve the natural ecosystem for future generations.

Global Health, Safety and Environment Framework and Management System highlights Cardno's commitment to protection of the environment and our full compliance with applicable environmental laws and regulations, in compliance with ISO45001 and building towards ISO14001. The health, safety and environment management system allows for the implementation of the Framework.

Measurement of Outcomes

Cardno's reputation as an expert in sustainability and climate change is recognised by clients. For example, in 2018 the Cardno-managed Nauru Sustainable and Climate Resilient Connectivity Project was awarded



the Outstanding Sustainable Transport Project Award by the Asian Development Bank. This project is part of broader work to minimise climate impact and improve port operations in Nauru by building a wharf, breakwater, berth pocket and onshore port facilities.

Cardno manages a large-scale, five-year environmental conservation and resilience program in Papua New Guinea to reduce threats to biodiversity in one of the world's 17 'megadiverse countries'. Nearly six per cent of the world's animal and plant species are in Papua New Guinea; many do not exist anywhere else. Through this program, Cardno will work to enhance the capacity of Papua New Guinea's public and private sectors to regulate and mitigate threats to biodiversity, including logging, mining, unsustainable subsistence farming, commercial agriculture and fishing, among others. This program

speaks to Cardno's reputation in the region as an experienced environmental management and sustainability player.

Next steps

Cardno will continue to deepen our commitment to environmental sustainability in 2020, both in our operations and our project design and delivery. We aim to more comprehensively define our many environmental sustainability initiatives into an overarching strategy to maximise and measure their impact. To this end, Cardno will implement in 2020 a global Sustainability Policy focused primarily on environmental sustainability. Cardno will also review and expand our health, safety and environment management system to further integrate environmental considerations from ISO14001.

Anti-Corruption Principles

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

Assessment policy and goals

Cardno is committed to ethical operations and takes a zero tolerance approach towards corruption in all forms, including fraud, bribery, and extortion.

Cardno's personnel, contractors, and consultants have an obligation to act in a diligent manner to prevent fraud and ensure prompt reporting to senior management when fraud is detected or suspected. Cardno escalates and investigates any reported incidences in a confidential, respectful, private, professional, and prompt manner until resolved.

Cardno's commitment to anti-corruption is embedded in our values and is a minimum requirement of many of our core clients. We continue to maintain a zero tolerance approach to all forms of corruption.

Implementation

Cardno focuses on ensuring all employees, contractors, and subcontractors are equipped with the knowledge and tools needed to recognise fraud and corruption if and when encountered. All Cardno personnel are required to undertake mandatory fraud and anti-bribery training on a yearly basis. The training is managed as part of Cardno's learning management system and is updated regularly to ensure relevancy of content.

We have several reporting mechanisms in place that personnel can utilise, including our whistle-blower hotline where reports can be made anonymously and safely. This process is guided by our Whistle-blower Policy and accessible to all Cardno staff, contractors, and sub-contractors.

Prior to engaging Cardno, all employees, contractors, and subcontractors must acknowledge acceptance of all of our policies including our anti-fraud and anti-corruption policies. All of our contracts include robust anti-fraud and anti-bribery clauses. Failure to comply with these requirements results in termination from Cardno and our programs.

We have several policies and procedures in place to ensure compliance with our zero tolerance approach

to all forms of corruption. These are listed and summarised below.

Whistle-blower Policy and hotline enables staff, contractors, subcontractors, and suppliers to report suspected, probable, or certain acts of fraud or corruption anonymously and safely.

Fraud Policy provides guidance and outlines the obligations of all Cardno staff, contractors, subcontractors, and suppliers relating to the prevention, detection, and reporting of fraud.

Anti-Corruption Policy outlines Cardno's zero tolerance approach to all forms of corruption and provides guidance on recognising and reporting corruption when it occurs.

Global Anti-Bribery Policy sets out Cardno's responsibilities and those of our staff, contractors, subcontractors, and suppliers in observing and upholding Cardno's zero tolerance position on bribery and corruption.

Blocked Parties Screening Policy provides guidance for the proactive screening of all potential recipients of funds to ensure Cardno actively manages and mitigates risk, and meets its contractual obligations with all donors, private and public sector clients and charitable foundations.

Due Diligence Checklist for Partner Organisations is Cardno's due diligence checklist that all subcontractors and suppliers must complete to ensure they conform to all of Cardno's policies and procedures.

Measurement of Outcomes

Cardno's company-wide compliance with mandatory anti-corruption training is reported on a monthly basis to the board. In 2019, Cardno made this information available company-wide to increase transparency for employees, allowing them to monitor progress towards our goal of achieving 100 percent compliance.

In addition to compliance reports, Cardno is undergoing regular internal and external audits in



our financial and operational processes. Results from these audits have indicated a high standard of commitment to anti-corruption. A recent due diligence audit conducted by a large client demonstrated high levels of professionalism around risk management and mitigating fraud and corruption. Additionally, Cardno received outstanding feedback on the level of knowledge displayed by Cardno personnel on our due diligence process and requirements for and processes around managing fraud incidents.

Our stringent anti-corruption and compliance standards create shared value in communities we operate in. For example, several of Cardno's infrastructure development partners in Pacific Island countries report that adherence to Cardno policies and procedures has improved their systems and led to securing more contracts with other large international firms.

In 2019, Cardno again achieved ISO9001 certification for our quality management system, further reflecting the company's high standards in compliance and risk management.

Next steps

Robust and evolving fraud and corruption policies and procedures are essential for Cardno because of our industry and operations in over 100 countries. In 2020, we aim to continually improve our operational systems and processes to effectively identify and mitigate risks before they materialise. This involves constant and thorough training to all Cardno staff and contractors, and continually advancing to our goal of 100 per cent compliance with training modules. We will continue to audit and check ourselves against our own policies, as well as the high standards imposed by our primary clients.

About Cardno

Cardno is an international firm dedicated to the social, economic and physical development of communities. We engage in international development as a holistic, multidisciplinary and integrated process.

Strengthened by our geographic and market diversity, we are committed to providing innovative and integrated solutions that create opportunities for significant, lasting change in emerging economies.

Partnering with multilateral and bilateral donors, private clients, governments and communities to develop sustainable solutions to complex challenges, we work with local counterparts to achieve meaningful impact.



4000 employees worldwide



100 offices worldwide



Projects in more than **100 countries**



50 years of project implementation experience working with private companies, multilateral organisations, international financing institutes and aid agencies



Ensuring compliance with international standards and best practices, including the IFC Performance Standards, International Council for Mining and Metals, UN Global Compact and the Equator Principles

Cardno's commitment to zero harm

Cardno's goal is to always conduct our business in a way that protects our people, clients, visitors and members of the public from harm. In an effort to move toward the ultimate objective of zero harm, we are committed to implementing safety systems and awareness throughout our operations globally.

Cardno
ZERO
HARM
EVERY JOB. EVERY DAY.

Australia • Belgium • Canada • Colombia • Ecuador • Germany • Indonesia •
Kenya • Myanmar • New Zealand • Nigeria • Papua New Guinea • Peru • Philippines • Singapore • Timor-Leste •
United Kingdom • United States •
Operations in over 100 countries

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