



ECO:FACT
Environment and Finance

Communication on Progress

Year: 2011

STATEMENT OF CONTINUED SUPPORT

ECOFACT became a signatory to the Global Compact Principles in 2008. Since then, ECOFACT has committed itself to ensuring that the Global Compact's ten principles are an integral part of the company's management, strategy, culture and daily operations. We hereby report on our commitment to and the application of these Principles.

2011-10-20, Raul Manjarin, Managing Partner

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Brief description of nature of business

*ECOFACT is a consulting boutique specialized in the **management of environmental, social and reputational risks** in the financial sector. ECOFACT is based in Zurich and leverages a global network of sector and issue specialists.*

Our key competencies lie in translating non-traditional risks into relevant analyses and practical strategies for business. We provide reputational, environmental and social risk management solutions for the financial industry. Our client base consists of global and European commercial and investment banks, the leading development banks, insurance companies, and governmental agencies.

We handle consulting projects, long-term mandates, and case assessments. In doing so, we help financial professionals to assess financial and reputational risks resulting from the breach of environmental and social standards. We support our clients in drafting documents that provide them with clear guidance for day-to-day business decisions and for understanding whether or not a specific financial product, transaction, or client presents reputational risks to the institution.

ECOFACT established the **Forum on Reputational Risk Management in Banking** to provide a platform for dialog and knowledge exchange on common and best practices in reputational risk management.

ECOFACT also organizes the **Roundtable on Environmental and Social Risk Management in Banking**. The idea behind the Roundtable is to facilitate an informal exchange of knowledge and experience on environmental and social risk management practices. The Roundtable provides an informal opportunity to discuss the difficulties that arise as social and environmental issues are further integrated into the banks' business with corporate clients.

Human Rights Principles

Assessment, Policy & Goals

ECOFACT is very aware of the potential positive or negative impacts business can have on human rights. We are dedicated to **respecting and protecting human rights** through our work, and condemn human rights violations.

We will not do business with companies or governmental bodies that are accused of human rights violations, unless our projects will help to improve the conditions of those affected and help the client to avoid human rights violations in the future.

Implementation

Our employees have a strong record on issues related to business and human rights. ECOFACT ensures that its employees acquire relevant up-to-date knowledge on human rights and business. In 2010, for example, we conducted an internal training course on the update to the United Nations' *Protect, Respect and Remedy Framework*. Overall, training on human rights issues is an ongoing process that takes place, for example, through the application of relevant international standards such as the Equator Principles or the World Bank Standards.

Human rights issues are very relevant to our day-to-day business. For example, complicity in human rights abuses can pose significant threats to the reputation of our clients. Through its products and services, ECOFACT **raises awareness** amongst its clients about human rights issues related to business. We support our clients in developing policies and guidelines that address social risks and help financial professionals to assess the potential impact of their day-to-day business on human rights. Furthermore, our risk assessments support financial institutions in understanding whether their businesses (e.g. specific clients or transactions, investments in specific sectors or countries, financial products) comply with **international standards**, such as the Equator Principles and the corresponding standards of the World Bank Group. This also allows us to derive strategies for our clients to **avoid and mitigate negative impacts** and to address opportunities for the advancement of their business by promoting human rights.

We do not want to be complicit in human rights abuses of any kind by knowingly providing assistance or support for any actions that perpetuate abuse. Since ECOFACT helps companies to understand and mitigate social, environmental and reputational risks, an **awareness of human rights** issues is **inherent in all our actions**.

By helping our clients to develop effective policies and guidelines on human rights issues, we help to promote the respect for human rights beyond our own actions and thus mitigate human rights abuses by our clients. We condemn human rights abuses and help our clients to become more aware of potential impacts their actions can have on human rights issues. ECOFACT provides information that allows its clients correctly to assess a situation in which human rights violations occur, and thus allows them to draw the proper conclusions and take appropriate actions.

Measurement of Outcomes

To evaluate our performance with regard to human rights principles, we take into account the number of cases in which our clients act in accordance with our suggestions. In most cases, our clients implement our recommendations and thus make decisions that respect and promote human rights principles.

ECOFACT has never been the subject of investigations, legal cases, rulings, fines, or other events related to human rights violations.

Labor Principles

Assessment, Policy & Goals

ECOFACT is committed to the **elimination of all forms of forced and compulsory labor**. We condemn the illegal use of **unacceptable forms of child labor and any kind of child exploitation** in the world. We do not want to get involved with companies using forced or child labor.

ECOFACT is committed to recognizing the right of all personnel to join and form **trade unions** for the protection of their interests, as well as the right to a collective agreement where this is desired by our employees, without their having to fear any kind of intimidation.

ECOFACT is committed to respecting and promoting the **elimination of discrimination** throughout all human resources aspects i.e. hiring, payment, equal employment opportunities, and promotion decisions. We believe that diversity is very fruitful for the productivity of our employees and do not practice any form of discrimination based on age, sex, religion, origin, or trade-union membership.

Implementation

Since a resort to forced, compulsory or child labor is a factor of severe social and reputational risk, ECOFACT is very aware of countries and sectors at risk. Awareness of these issues is very high within our company, since it is a severe concern that is carefully considered in our risk assessments and screening tools. Through our actions, we help to promote an understanding of the importance of these issues and advocate the elimination of forced, compulsory, and harmful child labor.

We believe that employees are more productive if they are treated with respect and are given fair and just remuneration for their work. For us, the **balance between work and leisure time** is one of the keys to good and efficient working. Therefore, we respect different working styles and make an effort to create a comfortable working environment for our employees. When hiring new employees, we go beyond national requirements on issues like holidays and social security coverage.

Training on labor rights issues takes place on an ongoing basis, for example through the application of relevant international standards such as the ILO Core Conventions or the World Bank Standards.

Measurement of Outcomes

To evaluate our performance with regard to labor principles, we take into account the number of cases in which our clients act in accordance with our suggestions. In most cases, our clients implement our recommendations and thus make decisions that respect and promote labor rights principles.

Sixty percent of our workforce are women. Our team consists of five different nationalities.

ECOFACT has never been the subject of investigations, legal cases, rulings, fines, or other events related to labor.

Environmental Principles

Assessment, Policy & Goals

In addition to providing assessments and consulting for reputational and social risks, ECOFACT's services include environmental risk management solutions. Our company takes a precautionary approach to environmental challenges and supports the promotion of environmental responsibility.

ECOFACT's approach is based on a **strong awareness of the importance of environmental protection** throughout our company and includes actions that reduce the use of resources like paper, power, and heating. For example, we use both sides of a sheet of paper and print multiple pages per sheet. We save energy by making sure to buy energy-efficient products when acquiring new equipment, and by making sure that all equipment is completely turned off overnight and at weekends. We are committed to recycling used resources such as paper, cardboard, bottles, and electronic waste. We purchase 100% of our electricity from renewable sources (primarily solar energy and hydro power).

Implementation

ECOFACT is committed to promoting **greater environmental responsibility** through its business activities and within the company itself. As a company that provides risk management solutions, we strongly encourage our clients to adopt policies and guidelines, as well as strategies that include a clear commitment to environmental protection and sustainable management. Specific examples of our actions include the development of environmental risk procedures and frameworks, the support offered to our clients in revising their sustainability policies, the assessment of transactions against international environmental standards, and the assessment of financial products against environmental risks and impacts. Another important channel through which we promote environmental responsibility is the training of financial professionals on environmental issues.

Furthermore, with the **Forum on Reputational Risk Management in Banking** and the **Roundtable on Environmental and Social Risk Management in Banking** we provide platforms for dialog and knowledge exchange (see page 2).

ECOFACT supports the development and diffusion of **environmentally friendly technologies**. We promote investment in environmentally friendly technologies through actions such as training and support for our clients on issues relating to sustainable financing, the development of environmental risk frameworks and the assessment of investments against their potential negative impacts on the environment.

Measurement of Outcomes

To evaluate our performance with regard to environmental principles, we take into account the number of cases in which our clients act in accordance with our suggestions. In most cases, our clients implement our recommendations and thus make decisions that help to protect the environment.

In 2010, **power consumption per capita** increased from 528 kilowatt-hours to 605 kilowatt-hours. This increase is a result of the 2010 split of the company into two independent legal entities, which reduced ECOFACT's full-time equivalents (FTE) by more than 50%. Thus, general power consumption for operating equipment, such as printers, is now distributed across fewer people.

ECOFACT has never been the subject of investigations, legal cases, rulings, fines, or other events related to environmental issues.

Anti-Corruption Principles

Assessment, Policy & Goals

ECOFAC management will not tolerate any form of corruption, including extortion and bribery by any employee, and strictly enforces compliance with national law on these issues.

Implementation

ECOFAC promotes anti-corruption principles throughout its client base by building awareness of the reputational risk that is inherent in any actions that are in breach of these principles.

As a member of **Transparency International**, ECOFACT supports one of the leading organizations committed to work against corruption.

Measurement of Outcomes

To evaluate our performance with regard to anti-corruption principles, we take into account the number of cases in which our clients act in accordance with our suggestions. In most cases, our clients implement our suggestions and thus make decisions that comply with anti-corruption principles.

ECOFAC has never been the subject of investigations, legal cases, rulings, fines, or other events related to corruption or bribery.