

January 31, 2013

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Your Excellency,


**Ten Principles of the United Nations Global Compact:
Statement of Continued Support by Ecobank Transnational Incorporated**

I write to reaffirm the support of Ecobank Transnational Incorporated to the Ten Principles of the United Nations Global Compact and to submit the maiden annual Communication on Progress. In November 2011, Ecobank Transnational Incorporated became a signatory to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this maiden Annual Communication on Progress, actions and steps taken by Ecobank to continually improve the integration of the Global Compact and its principles into our business strategies and practices are outlined. As a Pan African bank with presence in 33 countries in Africa, sustainability programs are developed and coordinated with the involvement and full support of my office. We will continue to work with other stakeholders, including the United Nations in realizing our vision and in promoting private sector participation towards achieving genuine economic and social transformation in Africa. We have also committed to share this Annual Communication on Progress with our stakeholders.

We look forward to complement the implementation of new development initiatives including the post-2015 development agenda and the Rio + 20 outcomes in Africa, mainly from our core competence areas of banking and finance.

Please accept, your excellency, the assurance of my highest consideration.


Laurence do Rego
Group Executive Director,
Finance and Risk



Communication on Progress (COP)

A. Human Rights

- Principle 1 Support and respect the protection of internationally proclaimed human rights; and
Principle 2 Businesses should make sure that they are not complicit in human rights

- (i) Description of the relevance of the issue for the company, including policy, public commitments and company goals:

Protection of fundamental human rights is an integral part of the way Ecobank conducts business in all the countries where Ecobank is present. Ecobank is an equal opportunity employer committed to maintaining international human rights standard and have included the following nine rights in the Ecobank Human Resource Policy (EHRP): (a) the right to work freely and contribute to the purpose and objective of Ecobank (b) the right to information on conduct, ethics and performance standards at work (c) the right to enjoy compensation accrued to labour in both wages and salary; (d) the right to keep all employee records in a secured environment to be accessed by authorized personnel; (e) the right to be protected from harassment at work; (f) civic right (g) the right to leave, vacation and holiday; (h) the right to belong to a union; (i) the right to complain and express grievance.

Ecobank is proud of its knowledge and broad experience in the field of human rights, labour conditions, gender, health and safety and socio-cultural conditions and developments.

- (ii) Description of concrete actions to implement, address and respond to the issue (Implementation):

A key priority for Ecobank is to remain an employer of choice by attracting and retaining great talent as the leading Pan African Bank, thus implementation of relevant human rights to our business is vital to achieving this objective.

- (iii) Description of how the company monitors and evaluates (Measurement of outcomes):

Ecobank has received no complaints from employees, business partners or clients in relation to human rights violation, nor was the bank involved in any human rights incidences before or during the reporting period. Ecobank has strengthened the resource capacity of the Compliance Department to further champion activities that are aimed at ensuring compliance on human rights matters, among others.

B. Labour

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4 Elimination of all forms of forced and compulsory labour;
Principle 5 Effective abolish of child labour;
Principle 6 Elimination of discrimination in respect of employment and occupation

- (i) Description of the relevance of the issue for the company, including policy, public commitments and company goals:

Ecobank Human Resource Policy (EHRP) articulates all internal acceptable labour and working conditions such as non-discrimination, child labour, forced labour, freedom to form association, collective bargaining, work hours and pay, safe and healthy work environments and workplace security. Our policy is guided by international human rights standards, including the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the

United Nations Global Compact. EHRP is an effective institutional tool and a reference document for staff related development matters across Ecobank Group.

(ii) Description of concrete actions to implement, address and respond to the issue (Implementation):

Ecobank continues to recognize the changing internal and external environment, including changes in the business environment and diversity in demographic trend and modifies its EHRP to accommodate the changes. The bank is committed to adapting our EHRP to ensure compliance whilst creating an internal working environment where employees are valued through the respect of local labour regulations. This commitment is reflected in the implementation of competitive benefits plans and incentive schemes necessary to enable employees focus on self development, growth and support to the business.

(iii) Description of how the company monitors and evaluates (Measurement of outcomes):

Ecobank conducts periodic revisions and updates of EHRP, HR metric on labour violations & compliance on working conditions and compensation packages.

C. Environment

Principle 7 Support precautionary approach to environmental challenges;

Principle 8 Undertake initiatives to promote greater responsibilities;

Principle 9 Encourage the development and diffusion of environmentally friendly technologies

(i) Description of the relevance of the issue for the company, including policy, public commitments and company goals:

As the largest geographic bank operating in Middle Africa, our commitment to financial and economic development will be incomplete without due cognizance of environmental sustainability. Ecobank's commitment to environmental sustainability is evidenced in the revised Environmental and Social Risk Policy and Procedure Manual (ESPPM), which guides our business transactions in ensuring that we only finance business activities that will not cause irreparable, irreversible and large scale destruction to the environment. At the same time, we work with our clients to identify and implement mitigation and corrective action plans to minimize any impact that acceptable transactions may precipitate in the environment.

From the business side, Ecobank continues to promote private sector participation in the deployment of renewable energy, energy efficiency and clean technology products. Internally, a low carbon footprint practice aimed at reducing electricity consumption, emissions from air travels and waste paper reduction is being encouraged across the Group. This further demonstrates our commitment to environmental sustainability as we aim at continuously improving the environmental performance of the bank.

(ii) Description of concrete actions to implement, address and respond to the issue (Implementation):

The Group has established the Environmental and Sustainability (E&S) unit within the Group Risk Management. The E&S unit has the primary responsibility for all environmental and sustainability management, including environmental and social risks, sustainability business development, green power adoption, energy conservation and carbon footprint management. Ecobank Group has also set-up the Group Sustainability Committee (GSC) to provide overall coordination for sustainability programme and policy within Ecobank. Thus, implementation of environmental sustainability initiatives continues in earnest.

Effective second quarter 2012, all credit transactions and investments in merger and acquisitions are screened for environmental and social risks. Transactions identified in the medium and high risk

categories are assessed for detailed environmental and social due diligence (ESDD). This enables our clients conduct their business in a sustainable way and further demonstrates our commitment to sustainable development.

Ecobank has adopted the Equator Principles and the bank is also a signatory to the UNEP Finance Initiative and the UN Global Compact. The bank remains steadfast in pursuing a low carbon banking operation and this has informed the design and implementation of a carbon footprint total score card for collation of monthly data on energy, travel and paper usage as a measure for determining the savings in carbon footprint.

Specific priority activities for internal carbon footprint management are:

- Renewable energy (solar photovoltaic application)
- Office indoor and outdoor lighting control
- Building Management System and green architecture
- Behavioral change:
 - Reduce by turning car engine and equipment off when not in use; unplug mobile phone, ditch bottled water and buy a reusable water bottle
 - Reuse by donating old computers and other office equipment to schools)
- Tree planting
- Take a direct flight when possible
- Use both sides of the page to print or copy
- Use laptop rather than a desktop
- Keep car tires inflated
- Mainstream sustainability in the procurement process and supply value chain

(iii) Description of how the company monitors and evaluates (Measurement of outcomes):

Relevant Ecobank staff have been trained on the Environmental and Social Management System (ESMS) and its implementation process. The procedures for the Ecobank ESMS implementation are as follows:

1. Identification of transaction sectors for the Environmental and Social (E&S risk classification)
2. Screen transactions for potential E&S risk identification
3. Verification of transactions against the Exclusion list
4. Classification of transactions for E&S risk into Low, Medium B, Medium A and High
5. For E&S low risk transactions, the Relationship Officer (RO) will sign off Environmental and Social Due Diligence (ESDD) forms to be verified by the Country Risk Manager (CRM)
6. For all Medium B, Medium A & High risk transactions, detailed ESDD is required (RO and CRMs will sign-off all Medium risk rated transactions to be verified by the Group Manager for E&S):
 - General Information
 - Health, Safety & Security
 - Labour & Working Conditions
 - Internal Environment (energy, waste, pollution etc)
 - Community
 - Legislation
 - Internal Environmental & Social Management System (ESMS)
 - Mitigation & Improvement and Action Plan
 - Actions plans are included in Credit Applications (CAs) in the table related to “covenant”. As “covenant”, E&S should be indicated in the loan agreement like others “credit covenants” and follow up the monitoring on the monthly basis according to the risk triggers and covenant process

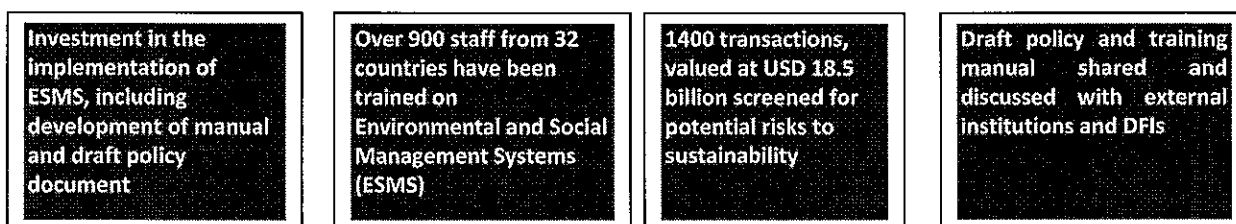
Ecobank Environmental and Social risk system is robust and can be integrated into to the ISO 14001 series. By virtue of its adoption of the Equator Principles (EP), Ecobank is mandated to submit an environmental performance report related to project financing to the EP Secretariat on an annual basis. Therefore, our monitoring and evaluation are reviewed against international environmental standards, and further guided by the Equator Principles and the IFC Environmental and Social Governance Performance Standards.

Environmental sustainability initiatives:

1. Mainstreaming environmental sustainability practices as a precautionary approach to environmental challenges:

Ecobank revised its Environmental and Social Management Policy and Procedures Manual (ESPPM) to incorporate new realities, including the internal environmental management as well as the classification of transactions for environmental and social risks. As of December, 2012, 1400 transactions have been screened for potential risks to environmental quality and social standards. The bank has invested towards the implementation of Environmental and Social Management System (ESMS) across the 32 countries where Ecobank is present. This includes the cost of training of over 900 Ecobank staff and development of training manuals on ESMS.

ESMS snapshot, for 2012:



2. Contribution to policy advocacy by undertaking initiatives to promote greater responsibilities for sustainability:

An Ecobank representative is serving on the Ghana National Climate Change Committee. This is a consultative inter-sectoral and ministerial body established under the auspices of the Minister of Environment, Science and Technology of Ghana. Ecobank’s membership in this committee is in recognition of its active contribution to the environment, climate change and development in Ghana.

3. Promotion of green businesses and access to green technology by encouraging the development and diffusion of environmental friendly technologies:

With the rising demand in global energy coupled with growing electricity consumption for commercial and domestic needs, renewable energy, energy efficiency and clean technology are being positioned as viable and complementary alternative power generating sources. To advance green energy, Ecobank has participated in business ventures aimed at optimizing solar technology as well as promoting energy efficiency in household appliances. These ventures include:

3.1 Rural lighting and Energy Consumption:

In collaboration with the United Nations Environment Programme and KITE-NGO Ghana, Ecobank Ghana in June 2012, completed the first phase of the African Rural Energy Enterprise Development (AREED). The AREED 1 project built the capacity of 6 micro-finance institutions (MFIs), 10 distributors of energy efficient appliances and 300 energy efficient end users in Ghana to access affordable solar lantern, refrigerators, gas cookers and LPG conversion in commercial vehicles.

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KITE identified the end users (beneficiaries) and the distributors while Ecobank provided capacity building training to the distributors and MFI on basic book keeping, business development and succession plans. KITE led the training on energy conservation.

KITE identified, introduced and guaranteed the beneficiaries to purchase the devices on credit from the distributors. The MFIs made profits and expanded their customer base as well as made returns on turn over from deposits collected.

Beneficiaries developed and improved their savings habit, continued to enjoy benefits including labour/time saving, efficient burning from stoves without producing emissions and for those that adopted solar systems, benefits included significant cost savings as a result of using sunlight to generate electricity.

Further benefits from the project included less fire risks and saving benefits to the end users and the environment through reductions in CO₂. Distributors expanded their customer base, benefitted from market differentiations and broadened networking through the partnership, and lastly KITE successfully implemented a donor project and it is well positioned for future funding.

The initiative has been modified for replication for AREED phase 2 projects in Tanzania, Senegal, Mali, Zambia and Ghana in 2013. Ecobank Ghana with a more flexible matching fund financial arrangement remains the preferred financial institution partner for the phase 2 implementation in these countries.

3.2 Energy Efficient Refrigerator Rebate and Exchange Scheme:

In collaboration with Ghana Energy Commission and other partners, Ecobank designed a customized financing arrangement towards the Energy Efficient Refrigerator Rebate and Exchange Scheme. The scheme is premised on the fact that conventional CFC fridges aggravate the greenhouse gas (ghg) emissions concentration in the atmosphere, thereby exacerbating environmental and socio-economic problems. Hence, the need for a more efficient and environmentally friendly technology became necessary in order to improve energy performance standards.

Apart from reducing ghg effects from old refrigerant, energy efficient refrigerators also represent an economic demand-side management of electricity consumption, which can help reduce electricity consumption. Hence, saving electricity power that can be released for the manufacturing industries to increase productivity with a positive impact on employment and an overall improvement in the standard of living of people in Ghana.

The main financial intermediary roles being played by Ecobank include:

- Designing and implementing a rebate scheme to support buyers of energy refrigerating appliances
- Establishing a counterpart fund to complement the Energy Commission's rebate scheme
- Sponsoring of media awareness and publicity workshops to promote efficient fridges in collaboration with the Energy Commission

As of December 2012, it was reported that 800 units of energy efficient refrigerators had been sold and 315 units of old energy inefficient fridges had been collected/exchanged under the scheme. The simplified process for accessing payment on discounts offered as part of rebate has resulted in benefits to Ecobank in growing its business from the scheme.

4. Corporate Social Investment towards internal carbon footprint management:

4.1. Solar sign post: Leading by example, Ecobank has embarked on the application of solar photovoltaic for its signposts. Starting with the Head Office building of Ecobank Ghana, a 3D solar

powered LED lighting has been installed. This initiative will be replicated across the 33 countries in Middle Africa, where the bank is present.



Solar power signpost in Ecobank Ghana

4.2. Commemorate the UN Environment Day with Tree Planting: As part of Ecobank commitments to good environmental stewardship, the Group collaborated with host governments in the commemoration of the UN Environment Day on June 5, 2012. The event was marked by planting of 15,000 tree seedlings in 28 countries in the middle Africa. The tree planting exercises were jointly organized in collaboration with other local actors including, United Nations agencies and Ministries responsible for the environment. The exercise culminated in the donation of gardening implements by Ecobank and an agreement between Ecobank and the beneficiary communities toward continuous support for tree growing.



Ecobank lady planting tree in Chad

D. Corruption

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

(i) Description of the relevance of the issue for the company, including policy, public commitments and company goals:

Corruption remains a bane on development and business growth and highly condemned in all ramifications in Ecobank. Ecobank has a robust set of guidelines, clearly stated in the Ecobank Human Resource Policy (EHRP) for personnel on how to act in cases of bribery or extortion. The bank has a strong commitment to integrity as a vital and integral part of its values, which is documented in the EHRP as a core of Ecobank Code of Conduct. Staff cannot accept any form of corruption and neither employees nor members of the management team can accept remuneration from clients. We minimize our engagement with clients with a track record of corruption.

As a demonstration of its commitment to anti corruption obligations, the management of Ecobank has approved the Ecobank Policy on the Prevention of Money Laundering and Terrorist Financing and further developed a Counter Financing Terrorism (CFT) Policy. The bank has also mandated two distinct functional units, the Internal Control and the Compliance units with the core responsibilities of ensuring compliance with Ecobank's position against corruption in all its ramifications.

(ii) Description of concrete actions implemented to address and respond to the issue related to the fight against money laundering, corruption and terrorist financing

In recognition and response to the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances often referred to as the UN Convention or the Vienna Convention, Ecobank maintains a firm commitment to fighting money laundering, corruption and to ensure that its network is not used by terrorists. Furthermore, Ecobank's anti-money laundering and counter terrorism financing (AML/CFT) procedures comply with the new FATF recommendations issued in February 2012.

Ecobank's commitment to AML is evidenced in the call by the Group Chief Executive Officer to all Ecobank staff to take a mandatory on-line training and test on AML in 2011. The online training was aimed at creating staff awareness as the first line of defense in protecting Ecobank from this menace. The training provided a guide on the identification of assets derived from crime (money laundering, corruption and terrorist financing).

Cooperation with local regulators and authorities: Ecobank supports a strong network of partnerships between the law enforcement community and private industry in seeking solutions to fighting money laundering, corruption and terrorist financing. The bank is poised to cooperate with the regulators, including central banks in forensic investigation on financial crimes, provide operational assistance and technical databases with a view to addressing counterfeit currency and modern financial crimes.

(iii) Description of how the company monitors and evaluates (Measurement of outcomes)

The incidence of corruption has been minimized largely due to staff awareness and client profiling against the Target Market List as well as information management network within the banking industry and other external stakeholders. As a result, through the Basic Information Record (BIR) and Know Your Customer (KYC) procedures, legitimate clients are identified and this offers opportunity for genuine banking business services. Ecobank is also using adequate monitoring systems to identify cases related to money laundering, corruptions or terrorist financing attempts.

In the line with international best practices, suspicious transactions are reported to local Financial Intelligence Units (FIUs), in compliance with local laws and regulations.

Overall, Ecobank monitors and evaluates business against corruption, money laundering and terrorist financing through the following measures:

- AML policy and procedures
- Monitoring of politically exposed persons (PEP)
- Monitoring of all transactions and understanding of the distribution channels and investor transactions
- Retention of documents and information.
- Adequate regular training of staff
- Reporting and cooperation with the authorities and monitoring of sanction lists
- Reporting unusual transactions to local the Financial Intelligence Units (FIUs).

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