

April 15, 2014

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 Annual Communication on Progress (COP), 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, currently with presence in 35 countries in Africa, sustainability programs are developed and coordinated with the involvement and full support of my office.

Over the years, Ecobank has sponsored and undertaken development activities as well as worked with both local and international development institutions, including the UN agencies in promoting development initiatives, from our core competency, banking and finance; and these have invariably contributed to the modest success stories towards achievements of the MDGs in the middle Africa. We have also committed to share this Annual COP with our stakeholders.

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 sustainability transformation in Africa.

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



Dayo Orimoloye  
Group Chief Risk Officer

## 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 no 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:

Ecobank continues to transforming lives, creating hope, delivering positive change and promoting environmental sustainability through its core competency, banking and finance. The bank is currently present in 35 countries in sub-Saharan Africa and four global business capitals Dubai, London, Paris and Beijing, asserting the banks credentials as a truly pan-African and increasingly global bank and remains committed to the environmental sustainability of its business activities, clients and community where it operates.

As a demonstration of its commitment to environmental sustainability, the bank has integrated its environmental sustainability practice to reflect the emerging banking realities in its operations. For instance, in 2013, the bank mainstreamed environmental sustainability in the Ecobank Travel Policy, which highlights the need to reduce carbon emissions. As a result, alternative means of business engagement are being explored other than travel and where it is necessary to travel, staff are encourage to use the most direct travel means. The banks had also integrated environmental sustainability considerations in its merger and acquisition due diligence procedures.

Furthermore, the bank continues to invest in the capacity building for effective environmental sustainability. In 2013, over 500 staff from key internal stakeholder units, including the Country Risk Management, Internal Control, Compliance, Internal Audit and Relationship Managers from the Businesses were trained on enhanced Environmental and Social System Management (ESMS).

From the business side, Ecobank sustainable finance continues to bring socio-economic and environmental values through our financial models, products and markets to create long term development in countries where we operate. In 2013, our lending has contributed to the promotion of environmental resource efficiency. For instance, solar powered street lighting and indoor appliances, which were financed by Ecobank in Ghana and Nigeria, offered the opportunity to reduce the use wood fuel as well as health-hazards related domestic indoor smoke from cooking.

In our internal operations, the number of Automated Teller Machines (ATMs) and signposts being powered by solar technology has increased. This further demonstrates our commitment to environmental sustainability, as we aim at continuously improving the environmental performance of the bank.

The bank gained further recognition for its environmental sustainability practice, in the reporting year. For example, ETI was recognised for its work on environmental sustainability and was featured in *the Africa Sustainability Barometer- gauging the state of sustainable business practice in Africa*, a special report that was published by Financial Times for the United Nations Global Compact, which was released in September 2013. Similar recognition also featured in *Jeanne Afrique* journal of September 21 2013 editions.

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

Ecobank continues to align its environmental and sustainability activities with the international best practices through exchange of ideas and participation in knowledge management events. As a leader in the implementation of sustainable banking practices in middle Africa, Ecobank was represented at the 2013 Launch of the IFC/FT Sustainability Conference and Awards-Africa, held in Johannesburg, South Africa. The bank's representative was a panel discussant on the future of sustainable banking in Africa.

Furthermore, in the Equator Principles financial institutions (EPFI), Ecobank is playing an active role in the Africa and Middle East outreach group, NGOs and Civil Society stakeholder engagement and Social Risks and Biodiversity thematic areas. The bank also participated in the Equator Principle workshop on Cross Sector Biodiversity Initiative (CSBI) in London, UK as well as the EPFI Annual General Meeting held in Tokyo, Japan. The bank is also a member of the United Nations Environment Programme Finance Initiative (UNEPMFI) and contributes in the discussions of the Africa Task Force and the Banking Commission group. In November 2013, the bank, at the senior executive management level, participated in the UNEPMFI Global Roundtable and the Annual General Meeting held in Beijing, China. Ecobank also participated in the IFC Community of Learning for knowledge exchanges on the industry best practices in tackling operational challenges of the environmental sustainability in banks.

Operationally, Ecobank is doing more in organizing banks in the middle Africa to integrate environmental sustainability process in the banking operational procedures, through various Bankers Association and wider industry stakeholders, including the environmental and financial regulators.

Across many countries where Ecobank is present, there is a need to mainstream the Environmental and Social Risk Management System (ESMS) in the risk management procedures and the general banking operations. This will help to create a level playing field in environmental sustainability in the industry and Ecobank has already made progress in drawing on the expertise of several institutions such as the International Finance Corporation (IFC) and UNEPFI towards achieving this objective. Ecobank is collaborating with key stakeholders, through meetings and facilitation of knowledge exchange as well as sponsorship of events leading to the creation of enabling platforms. Notably, in April 2013, Ecobank collaborated with the Ghana Association of Bankers (GAB) and UNEPFI to organize a workshop of Environmental and Social Risk Analysis (ESRA) in Ghana. Representatives from the 24 commercial banks that attended the workshop, resolved to establish a network of banks to champion the development of guidelines on the environment and sustainability mainstreaming in the industry, through GAB.

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

Ecobank continues to review its environmental sustainability policy to ensure it reflects the latest risks and sector specific new realities and issues. Ecobank implement and monitor the Environmental and Social Management System (ESMS) through a collective and collaborative approach of staff in the businesses, country risk management and the Group risk management. While the business Relationship Managers have the proactive task of ensuring that transactions are properly screened and classified for the E&S risks, the country risk managers have the oversight responsibility over the E&S Due Diligence assessment and the formulation of corrective Action Plan for compliance monitoring, the Group E&S manager at the ETI Office in Lome has a detective role and general oversight in ensuring compliance and adherence with the E&S standard, as stipulated in the Ecobank E&S policy.

Furthermore, ESMS monitoring and evaluation are also reviewed against international environmental standards, and further guided by the Equator Principles and the IFC Performance Standards on Environmental and Social Governance.

On an annual basis, ETI has a contractual obligation to submit Annual Environmental Performance Report (AEPR) report to its lenders, mainly the development financial institutions (DFIs), including IFC, FMO (Dutch development financial institution) and AFD/Proparco (French development financial institution), for compliance monitoring review on the environmental sustainability. A recent review session of ETI E&S portfolio with IFC, Ecobank ESMS is deemed compliant with major international standards.

#### **Environmental sustainability initiatives:**

##### **1. Creating socio-environmental and economic values through financial models and products for a long term developmental objectives:**

We recognize that businesses can have an impact on the environment and social standards. In 2013, we intensify efforts at developing, implementing and refining our internal operations to working with our customers in the environmental and social risk sectors to understand and manage these risk issues. We continue to assess transactions in the sensitive sectors, using our policies and in few instances of projects financing, using the Equator Principles criteria. Through the implementation of the Environmental and Social Management Policy and Procedures Manual (ESPPM), a total of 2,814 transactions with exposure of USD25.1 Billion to sectors with significant Environmental and Social (E&S) risks have been screened. These sectors include: soft and hard commodities, e.g. oil and gas.

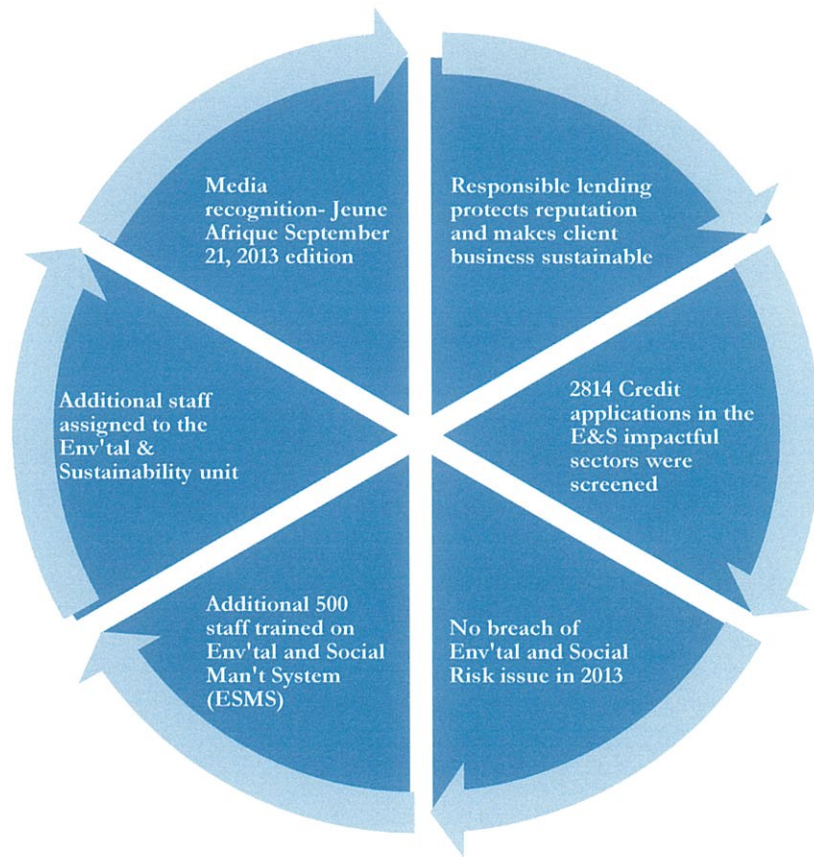


Figure 1: Major E&S activities in 2013

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

Over the years, Ecobank has made strides in policy engagement towards enhanced environmental sustainability impact and reputation, and has become a leading voice of the banking industry in some countries, particularly on the issue of systemic sustainability. This progress has been made as a result of the contributions to the environmental sustainability policy discussions at the national, regional and global levels, which enables the bank to continue to monitor the emerging environmental policies and regulations, in a proactive manner for compliance. Currently, Ecobank is serving on the National Climate Change Committee in Ghana and it is also a member of the Peer Review Team for the National Climate Change Investment Plan, Malawi. In several countries, the bank is actively engaging with governments and other stakeholders, including the United Nations to ensure effective balance between addressing environmental sustainability and the impacts of related policies and regulations.

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

With the continuous reduction in public utilities subsidies, including water and electricity, by many national governments across the middle Africa, Ecobank worked with its clients in financing renewable energy and energy efficient technologies to complement power generation for lighting and supply to hydraulic water pumping machines in the rural and peri-urban communities. To advance green energy, Ecobank has participated in business ventures aimed at optimizing solar technology as well as promoting energy efficiency in household appliances, as evidenced in the rural lighting and energy efficient project below.

**Rural lighting and Energy Efficient project:** Solar streetlight and solar water pump are environmentally friendly as well as complement to developmental needs. Due to low electricity access coupled with erratic supply, communities, especially rural and peri-urban are facing constant blackouts and interrupted energy supply. Africa's climate makes it a suitable region for harnessing solar and Ecobank financial model and product makes the deployment of solar PV system for street lighting, water pumps and other rural electrification activities accessible and affordable, as a complement to the grid connected energy.

In Ghana, Ecobank is financing installation of 18,000 units of solar streetlights across the rural communities in Ghana. Similarly, in Nigeria, Ecobank is also financing solar powered devices to power water pumps in the rural areas. This sustainable financing supports the development of the rural communities, who are mostly primary commodity producers, such as agriculture and fishing communities. Thus enhances the quality of life of underserved communities, while encouraging night lives social productivity, including entertainment.



Figure 2: Solar powered street light

### **4. Corporate Social Investment towards internal carbon footprint management:**

**Solar Automated Teller Machines (ATMs):** Leading by example, Ecobank has embarked on the application of solar photovoltaic for its Automated Teller Machines (ATMs). Starting with remote locations in Ghana, this 3D solar powered LED ATMs have been deployed in the ATMs gallery locations across Ecobank Nigeria. This initiative will be replicated across the 33 countries in Middle Africa, where the bank is present.



Figure 3: Solar powered ATM

## 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 Counter Financing Terrorism (CFT). 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

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) procedure complies with the new FATF recommendations issued in February 2012.

Ecobank's commitment to fight money laundering, terrorist financing and corruption 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 July 2013. 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 cooperates with the regulators with a view to addressing financial crimes. In the line with international best practices, suspicious transactions are reported to local Financial Intelligence Units (FIUs), in compliance with local laws and regulations.

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

The incidence of corruption is 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.

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 customers' 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).