

February 24, 2017

COMMUNICATION ON ENGAGEMENT WITH THE UNITED NATIONS
GLOBAL COMPACT

I am pleased to confirm that The Convention on Business Integrity reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, please find attached documents that describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Mr. Olusoji Apampa
EVC/ CEO

PART 11: DESCRIPTION OF ACTIONS

The Convention on Business Integrity has engaged in activities with stakeholders in the following areas:

A. The Business Action Against Corruption (BAAC), Nigeria project

This project started in June 2016 and aims to use collective action to improve corporate governance and reduce corruption in the Nigerian business environment. The programme also supports practical initiatives, which promotes good governance and improves the investment climate. This is done through working with industry at strengthening self-regulation of business, its compliance with government regulation, stakeholder activism and a public vigilance. Leveraging on existing relationships with the Nigeria Stock Exchange (NSE) and the Securities Exchange Commission (SEC) to strengthen corporate governance of listed companies, even at board level to test their fiduciary awareness to meet stakeholder expectation.

There is also collaborative work with the NESG, and Institute of Directors to build partnerships to strengthen corporate governance practices by raising standards of board leadership across the economy. BAAC is in effect creating partnerships between business and government to fight corruption and fraud through facilitating collective action, research, education training as well as the development and dissemination of best practice tools and guidelines.

B. The Corporate Governance Rating System (CGRS)

The Convention on Business Integrity (CBI) in partnership with The Nigerian Stock Exchange (NSE) has established a Corporate Governance Rating System (CGRS) for listed companies in Nigeria.

Recent events in Nigeria's regulatory landscape such as the draft release of the Financial Reporting Council's unified code of corporate governance has generated debate about the effectiveness of stricter regulation in securing sound corporate behavior. Besides regulation, could there be a robust corporate governance system for Nigeria that will incorporate a number of other elements to ensure support for the objectives of regulation across all sectors? The answer is yes, we can and thankfully the Nigerian Stock Exchange (NSE) in partnership with the Convention on Business Integrity has developed such a system- The Corporate Governance Rating System (CGRS).

CGRS assesses companies on three dimensions; 1]Corporate integrity, which is compliance with NSE and general governance rules (SEC Code, CAMA with industry-specific rules added as relevant), a dimension reflecting certification of directors, and a dimension reflecting the confirmation of expert stakeholders of a company's integrity. The CGRS score is a composite of a score for corporate compliance assessment (50%), a Fiduciary Awareness Certification Testing (FACT) of directors (10%) and Corporate Integrity assessments based on feedback from stratified, random sample of stakeholders (20%) and an Expert Multi-Stakeholder Group (EMSG – 20%). The corporate compliance and corporate integrity aspects of the CGRS cover themes including Business Ethics & Anti-corruption, Internal & External Audit and Control, Shareholder & Stakeholder Rights, Board structure and Responsibilities, and Transparency and Disclosure.

CGRS is at its heart a mechanism for corporate control in that it makes it easier to distinguish poorly governed from well-governed companies on the Nigeria Stock Exchange. The CGRS hopes that the market would reward companies committed to good corporate governance and those with consistently poor behavior punished in return. Companies with already good corporate governance systems in place will be rewarded by receiving incentives for their performance including visibility to investors and lower risk premiums. For companies that want to improve or even embark on the journey towards good corporate governance practice, the CGRS sets clear goals and benchmarks to achieve a higher level of performance in order to ultimately enjoy the same incentives.

It is hoped that in time, the ratings will raise the corporate governance ceiling in Nigeria which will in turn reposition the idea that all Nigerian business are corrupt and lead to increased investor confidence and better performance in the Nigerian capital markets.

Leveraging on the results of the successful pilot stage of the CGRS, the ratings was used as part of the criteria for being listed on the new Premium Board that was launched by Nigerian Stock Exchange (NSE) in 2015. The Corporate Governance Rating System was successfully piloted with volunteer companies who were unveiled at the formal launch in November 2014. It was rolled out to all the listed companies in the course of the year in 2015.

C. The Integrity Pact for Senegal.

CBI was contracted by “Projet de Gouvernance Economique” (PGE) to develop a business integrity pact for the private sector coalition against corruption (Coalition de secteur prive contre la corruption (CSPC) in Dakar Senegal. With the adverse effect of corruption on Foreign investment, the war against poverty, the fiscal capability of the government to fund projects and even the loses on the part of the private sector, PGE was established to advocate better business environment that will improve the investment climate. Hence the “Projet de Pacte d’integrite”, (Integrity Pact) funded by the World Bank.

The project commenced with the review of the Code of good governance for the private sector, the standards extracted from the clauses and provisions were harmonized. Once this was completed, a framework was created to show the relational interface between the various stakeholders in the integrity pact. The framework consists of -

The Oversight Team made up of various stakeholders including government, CSPC representatives and other independence participants in the Pact. The Pact was managed by this board whose responsibility is to contract the assessors/certifier to assess participating company’s level of compliance to the standards of the code, then, certify their compliance level. In order to retain the participation of the private sector coalition participation, an accountability system was set up - compliance and certification system, consisting of 3 levels of compliance with each level being incentivized based on levels of implementation of the standards of the code. Level 1 – companies where Staff have been sensitized and trained on the Code; Level 11 – companies complying and enforcing

controls in their systems; and level 111 – companies conforming to the code and improving systems.

CBI trained 10 assessors to assess private sector participating companies compliance to the standards of the code, certifying their levels according to the compliance system established, and apply appropriate incentives granted by the tax and customs administrations, or sanctions to the companies and to train the trainers.

In the framework, civil society organization (OSCs) monitored, supervised the validity and authenticity of the operation of the pact, to ensure its integrity as well as serve as whistle blowers. The private sector coalition was accountable to the public, citizens, civil societies and Ombudsman through the Civil Societies who served as the voice of reasoning to the government and the private sector coalition, while the reports of the civil societies was monitored by the public, citizens and ombudsman.

Tax and Customs administrations have harmonized incentives to encourage Private sector (CSPC) Participation. CSPC will promote/market the adoption of the code by companies, even though the business community and business schools in Senegal.

The project was completed April, 2015.

PART 111: MEASUREMENT OF OUTCOMES

SUMMARY OF OUTCOMES

2000: Published Pillars of Governance Series on 'The Budget as a Tool for Good Governance

2005: Published Fiscal Transparency and Participated in The Budget Process in Nigeria. Published Access to Justice in Lagos State

2006: Participated in the planning committee of the 12th international Anti-Corruption Conference in Guatemala. Also, INTEGRITY, at the request of the World Bank designed the monitoring of the Abacha Loot repatriated to Nigeria from Switzerland.

2008: Published 'Do Right Do Well, Compliance and The Market Mechanism'

2009: Published a Stakeholders Perception Report on Anti-Corruption Agencies in Nigeria based on results from a research survey. Created the Integrity Club in Katsina State under the Katsina Governance Confidential which was funded by the British Commonwealth Office.

2011: Provided technical support in the compilation and publication of the Public Complaints Commission's 2009 Annual Report. Kicked off the Siemens Integrity Initiative which was designed to improve corporate governance through building the capacity of directors of companies in Nigeria

2013: Integrity held a rally themed "Activate your S.W.A.G.G: It's Time to Wake Up!" on the world anti-corruption day to engage youths in the fight against corruption in fun and exciting ways.

2013: Initiated the Annual Christopher Kolade lecture on Business Integrity. The Annual Christopher Kolade lecture series is emerging as a forum for businesses to engage with experts and with each other on business integrity issues. The past four editions have addressed

various issues ranging from the need to build Businesses on a solid foundation to imbibing a culture of Business Integrity and others. The lecture series is in its 5th year.

2015: CBI on behalf of "Projet de Gouvernance Economique"(PGE) developed a business integrity pact for the private sector coalition against corruption (Coalition de secteur prive contre la corruption (CSPC) in Dakar Senegal. In the same year, the organisation organized the UK Bribery Act Workshop and its Implications to Businesses/Individuals which was well attended by Compliance officers in different sectors.

2016: (1) Organized a symposium with the intention to spark a debate on how to effectively fund and sustain anti-corruption efforts in the country. The event had in attendance representatives/ decision makers/Stakeholders in key organisations involved in or affected by anti-corruption work in Nigeria. In this year, the organisation in collaboration with Presidential Advisory Committee Against Corruption and Association of Professional Bodies of Nigeria organized a workshop to explore ways that Professional Bodies in Nigeria can be part of the solution to combating the issues of corruption in Nigeria.

(2)Organized a workshop in collaboration with The Society of Women Accountants of Nigeria (SWAN) on Signing Integrity Pact with Clients to Promote Good Corporate Identity. The objective of the workshop was to assist in promoting Good Business practices and Corporate Identity amongst professionals and especially Accountants.

2013 – February 2017: Under the platform of the Corporate Governance Rating System (CGRS), using 36 indicators, the system addresses 5 main issues; Shareholder and Stakeholder Rights, Business Ethics and Anti-Corruption, Internal and External Audit and Control, Board Structure and Responsibilities. A total of 140 directors amongst companies listed on the Nigerian Stock Exchange were trained

during the Pilot Phase, while over 500 directors have been trained in the roll-out which is still on.