



November 8, 2019

H.E. Antonio Guterres
Secretary General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General:

I am pleased to confirm that EchoStone Opco LLC (“EchoStone”) supports the ten principles of the Global Compact. EchoStone’s operations and corporate commitment to sustainability have a strong foundation of values that support human rights, labor, environment and anti-corruption.

With this commitment and communication, we continue to express our intent to uphold these values and support the ten principles within all facets of our organization. We will endeavor to ensure these principles are integrated into our corporate strategies, policies, sustainability framework, including day-to-day operations. Furthermore, we will remain committed to engagement with the Global Compact network, and engage in events, initiatives, networking, collaborative projects and other opportunities that support the advancement of the United Nations Sustainable Development Goals. EchoStone’s engagement in Global Compact will make a clear statement of this commitment to our stakeholder community and the general public.

As part of our commitment to the ten principles of the Global Compact, we formally submit our Communication on Progress (COP) for the period of November 2018 through October 2019. The COP includes an overview of how EchoStone’s strategies, policies and operations support each of the ten principles of the Global Compact.

We look forward to continuing to fulfill our duties under this commitment to Global Compact and upholding the values represented through the ten principles.

Sincerely yours,

A handwritten signature in blue ink that reads "Anthony Recchia".

Mr. Anthony Recchia
Chief Executive Officer
EchoStone Opco LLC

EchoStone Opco LLC

7615 Omnitech Place, Suite 7 * Victor, NY 14564



EchoStone Communication on Progress (COP) **Period: November 2018 – October 2019**

Introduction

EchoStone Opco LLC (“EchoStone” or the “Company”), as a signatory of the UN Global Compact, continuously strives to meet the Compact’s ten principles. EchoStone’s practices focus on three pillars of sustainability including economy, environment, and society. Aligning our pillars with internationally recognized frameworks for corporate responsibility which overlap with the Compact’s principles, EchoStone is committed to mitigating potential detrimental effects on and from its work.

“Sustainability is a priority at EchoStone in creating high-quality houses and communities for populations in need. Every material, every element of planning, design and construction and every finish is designed with the final inhabitant in mind. At EchoStone, we continuously pursue a cleaner, better tomorrow.”¹

Emmanuel Stefanakis
Chief Sustainability and Development Officer

This Communication on Progress (COP) is done with regard to the time period November 2018 through October 2019.

Human Rights

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

Principle 2: make sure that they are not complicit in human rights’ abuses.

Practical Action

EchoStone is committed to protecting internationally recognized human rights. As a business, EchoStone accepts its responsibility to respect all natural and legal rights of all people. We are devoted to respecting these rights in our operations while also complying with the applicable laws and regulations of the countries in which we operate. EchoStone has several policies and practices in place to ensure that we are respecting human rights at all levels of the business, whether it be at our international headquarters or at one of the project sites.

An EchoStone system operations manual is used to educate EchoStone personnel and contractors. The operations manual addresses job-site operations, administrative project

¹ Stefanakis, Emmanuel. “The Philosophy Behind EchoStone” (EchoStone Housing Portfolio).



management, quality control, and safety precautions. “EchoStone is as committed to the well-being of its employees, partners, and subcontractors as we aspire to address the global housing shortage. As such, safety is a paramount focus on all EchoStone project site operations. On every EchoStone project site, it is the goal for all members and partners of the EchoStone team to maintain the highest levels of safety at all times, as well as to empower all employees to function as safety officers first before any task begins.”²

Labour

Principle 3: Businesses 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; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Practical Action

EchoStone follows applicable labour laws and regulations for the countries in which it operates. Although no direct EchoStone employees are engaged with unions at this time, the Company recognizes workers’ rights to organize. In Panama, the contractors engaged on EchoStone’s project are unionized, and EchoStone respects and seeks to uphold their collective rights. The Company does not condone any forms of forced, compulsory, or child labour and seeks to comply with all applicable laws and regulations prohibiting such conduct.

EchoStone is committed to providing equal opportunity. It is the Company’s intent to maintain a work environment that is free of harassment, discrimination, or retaliation because of age, race, color, national origin, ancestry, religion, sex, pregnancy (including childbirth, lactation, and related medical conditions), physical or mental disability, genetic information (including testing and characteristics), veteran status, uniformed servicemember status, or any other status protected by U.S. federal, state, local laws, or applicable laws and regulations in its project markets. The Company is dedicated to the fulfillment of this policy in regard to all aspects of employment, including but not limited to recruiting, hiring, placement, transfer, training, promotion, rates of pay, and other compensation, termination, and all other terms, conditions, and privileges of employment. EchoStone conducted its annual non-harassment training during the one-year period of this COP, as described below.

In addition to formal trainings, EchoStone has robust policies regarding various areas of its business operations, including but not limited to:

- Hiring and Orientation;
- Wage and Hour requirements;

² *EchoStone System Operations Manual.*



- Performance, Discipline, Layoff and Termination; and
- Benefits, including leave categories.

EchoStone policies are documented in the Employee Handbook and available to employees at all time via our Human Resources Online system.

EchoStone regularly provides formal sexual harassment training to all employees. During the period that this COP covers, EchoStone employees completed the following training:

- Prohibiting and Preventing Sexual and Other Unlawful Workplace Harassment

The EchoStone system includes the use of lightweight formwork. The formwork is ergonomic in all respects. Being lightweight, it is an inclusive system, it does not require cranes to lift, and is user-friendly. These forms are universally applicable allowing for the construction of walls, columns, and slabs using a single system. Additionally, they are reusable and can support up to 300 uses before being replaced.

Environment

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.

Practical Action

EchoStone strives to ensure that our communities and construction operations leave as little impact as possible on the environment. In order to continuously work towards this goal, we centralize our focus on reducing carbon emissions, reducing energy use and water consumption, employing innovative methods to maximize natural resources, and meeting global environmental and climate standards.

All EchoStone homes are certified under the World Bank/International Finance Corporation EDGE program that requires at least a 20% reduction in embodied carbon, energy and water consumption. In EchoStone's most recent EDGE certification for a project in Panama, we exceeded the minimum requirements by more than 50%.

As a business that develops communities, EchoStone seeks to ensure that our communities are sustainable and efficient. EchoStone has developed a "Sustainability Policies and Practices" document with which all of our actions are aligned. The purpose of this document is to, "define EchoStone's strategy and sustainability framework to address financial, social, environmental opportunities and risks."³ Described as a living document, it will always be changing and adapting to the current situation with regard to problems that arise or opportunities that are

³ Stefanakis, Emmanuel. *EchoStone Sustainability Policies and Practices*.



presented to become more sustainable and efficient. Currently, the document describes the Company's sustainability framework and outlines short, medium, and long-term sustainability goals that we hope to achieve.

In addition to having a general sustainability policy, we also have a policy focused more directly on our area of expertise in sustainable urban planning and design. This document summarizes our sustainability policy, explains why EchoStone wishes to create sustainable communities and explains how the Company goes about creating sustainable communities. The document reviews the benefits to both EchoStone and society as a whole, the basic principles of an EchoStone sustainable community, and the importance of "designing with nature."

EchoStone uses specific building strategies to meet these goals and standards. To reduce energy usage, houses' window-to-wall ratios are reduced, energy-saving light bulbs are used on the interior and exterior of the houses and roof overhangs shade window openings. To minimize water usage, homes are built with low-flow showerheads, faucets for kitchen sinks and washbasins, and low-flush water closets in bathrooms. As for the reduction of carbon emissions, EchoStone's method of manufacturing concrete on-site intrinsically reduce embodied carbon by more than 50%. EchoStone's business model is focused around the EchoStone Aercrete 625 machine, a cellular lightweight concrete (CLC) machine. This concrete-production machine allows for on-site production as opposed to trucked-in concrete delivery. Removing the need for numerous trips back and forth from construction sites, we are able to significantly decrease our overall carbon emissions.

Measurement of Outcomes

Regarding sustainability, EchoStone communities are frontrunners in their project countries. The Peridot Parkland Estate is the first Nigerian community to receive EDGE recognition. The International Finance Corporation (IFC) Excellence in Design for Greater Efficiencies (EDGE) program, part of the World Bank Group, is a widely recognized certification system that rewards construction projects with standard of at least 20% less energy use, 20% less water use, and 20% less embodied energy in materials compared to a base case building. EchoStone's first large-scale development in Nigeria, the 251-unit Peridot Parkland Estate, achieved an EDGE certificate. The results include exemplifying achievement of 29% energy savings, 35% water savings, and 43% less embodied energy in materials.

Additionally, EchoStone's Phase1 project in Panama, known as Haciendas De San Antonio En Pacora, also received EDGE certification. The 124-unit community achieved reductions of 32% in energy, 35% in water and 58% in materials' embodied energy compared to local benchmarks. Similar to Nigeria, the Panama community included numerous sustainability features throughout the projects construction and finished interior and exterior components.



Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Practical Action

EchoStone has adopted measures and undertakes specific steps to prevent bribery, extortion, and any other form of corruption within the Company's operations and joint ventures. Through EchoStone's policies and regular anti-corruption training, the Company seeks to prevent corruption in all forms. EchoStone further works to ensure its joint ventures in Nigeria and Panama are aligned with the Company's anti-corruption values and expectations, and in compliance with applicable anti-corruption laws.

EchoStone has implemented an anti-corruption policy that provides that the Company "and its subsidiaries are committed to full compliance with the U.S. Foreign Corrupt Practices Act (FCPA) and the laws of all countries in which it operates." The policy addresses:

- Anti-Bribery;
- Business with Public Officials;
- Accurate Records;
- Agents and Representatives;
- Training;
- Prohibition of Facilitation Payments; and
- Reporting Obligations.

EchoStone manages its anti-corruption risks through a compliance program based upon a well-accepted best practices model, and it seeks continuous improvement through ongoing compliance efforts. The effectiveness of EchoStone's program starts with senior management setting the proper tone from the top. As described above, EchoStone has a clear, written anti-corruption policy and conducts regular training and constant reinforcement as an integral part of the Company's culture and business operations. EchoStone conducted such training during the period covered by this COP.

EchoStone's Nigerian joint venture, EchoStone Development Nigeria Limited (EDNL), has its own anti-bribery and anti-corruption that provides EDNL is "committed to full compliance with all applicable laws in Nigeria and the United States against bribery, corruption and money laundering, including but not limited to the U.S. Foreign Corrupt Practices Act (FCPA), the Money Laundering Prohibition Act 2012, the Independent Corrupt Practices and Other Related Offences Act 2000 and other extant laws of Nigeria, in which EDNL operates." The policy establishes EDNL's zero-tolerance policy for bribery and corruption and sets forth preventative measures regarding anti-corruption and anti-bribery expectations. EDNL seeks to provide training and information regarding EDNL's anti-corruption policy, practices, and requirements to its directors and employees, and third parties operating on EDNL's behalf.



Similar to EDNL, EchoStone’s Panamanian joint venture, Arvec Anteproyecto 1, S. de R.L. (Arvec), has a policy regarding corruption and bribery, set forth in its Code of Ethics and Conduct. The document reflects Arvec’s commitment to the highest standard of ethics and conduct. The Code is seeks “to establish guidelines for behavior and our commitment to compliance with our Governing Principles and Values in the decision-making process and execution of our daily tasks.”⁴ Like EDNL, Arvec is committed to compliance with applicable anti-corruption laws and regulations and seeks to prevent all forms of corruption or bribery.

In addition to the anti-corruption policies implemented by EchoStone and its subsidiaries, EchoStone and its subsidiaries seek to avoid engagement with entities or individuals who do not share EchoStone’s commitment to compliance or who create unnecessary legal, business or reputational risk, pursuant to a partner and vendor policy.⁵ EchoStone conducts certain due-diligence on its partners and vendors in connection with this compliance effort.

Furthermore, EchoStone includes in written agreements appropriate provisions requiring compliance with applicable anti-corruption laws and regulations, including, as warranted, in written agreements with partners, vendors, suppliers, consultants, and contracting parties, including foreign governments. Moreover, EchoStone discusses and emphasizes the Company’s zero-tolerance policy with in-country partners, associates, and third parties.

Measurement of Outcomes

To fulfill its anti-corruption obligations, EchoStone monitors compliance through financial reporting and review and implementation of sound accounting practices. EchoStone engages qualified legal and financial professionals in-country for independent review and counsel. EchoStone makes inquiries and changes as needed to adapt to dynamic business environments and to address new potential risks or challenges.

Additionally, upon entering new markets, EchoStone engages in due diligence on potential partners by gathering information and intelligence from a variety of sources and means. EchoStone identifies and approaches potential business partners through a pre-existing network of known partners, firms, institutions, or historical relationships. EchoStone seeks background vetting using publicly available information and records along with commercial database reviews, and examination of discrete source references through investigative consultants when appropriate. From the initial introduction and personal interviews of potential in-country partners through the process of a formal business affiliation, EchoStone emphasizes the requirement of compliance with applicable anti-corruption laws and regulations, and other applicable anti-fraud laws and regulations, as a fundamental canon of the Company’s business relationships.

⁴ *ARVEC Code of Ethics and Conduct.*

⁵ *EchoStone Partner and Vendor Policy.*



EchoStone Corporate Alignment to United Nations Sustainable Development Goals (SDGs)

No Poverty (Goal #1) – EchoStone endeavors to improve the quality of low-income housing in the developing world while building with speed and at scale (based on System Formula) to close the growing low-income housing deficit. Solving poverty is a multi-tiered solution, and EchoStone focuses on remedying the lack of affordable housing for low-income and at-risk populations.

Good Health and Well-Being (Goal #3) – Quality and dignified low-income housing is critical to global health and well-being, and EchoStone’s mission is to build quality and low-income housing quickly and at scale. EchoStone seeks to build partnerships that support the inclusion of health aspects into community projects.

Gender Equality (Goal #5) – EchoStone offers a gender-neutral workplace where women and men can work side by side. EchoStone’s heaviest Formwork Panels weigh 16 kilograms, and no heavy equipment is needed to construct EchoStone houses. EchoStone actively promotes the equal opportunity for women to participate in job / labor opportunities associated to project implementation.

Clean Water and Sanitation (Goal #6) – In its low-income housing projects, EchoStone builds essential community infrastructure such as modern plumbing systems and water treatment plants. Sustainability is a core value of EchoStone and EchoStone builds houses and infrastructure that precipitate long-lasting low-income housing developments.

Decent Work and Economic Growth (Goal #8) – EchoStone relies on local construction labor to implement the Construction System. EchoStone System employs hundreds of local workers (thousands in the future during scale up) that supports the local economies through employment. Additionally, EchoStone procures a majority of supplies, equipments, parts and other aspects of the construction items from the local market, supporting local businesses. Furthermore, quality and sustainable low-income housing is a critical lever to ensuring economic stability and growth.

Industry, Innovation and Infrastructure (Goal #9) – The rapidly-growing low-income housing deficit is exacerbated by outdated, low-tech, and inefficient construction methods. The EchoStone System employs state-of-the-art construction technology along with a proprietary Jobsite Operations Plan that systematically and precisely defines and directs the System to produce houses at a rate substantially faster than traditional construction methods with an embodied carbon reduction of 40%.



To build sustainable communities, EchoStone plans and develops high-quality infrastructure (such as water-treatment plants, store property, and parks) along with housing to ensure long-lasting, dignified communities. Moreover, EchoStone low-income housing is planned around established and developing transportation infrastructure.

Reduced Inequalities (Goal #10) – EchoStone provides high-quality and sustainable low-income housing and community development in emerging and developing markets, stabilizing the housing needs of the working class. For economies to grow, the working classes require certain necessities, including quality, affordable, and sustainable housing. Reducing social and economic inequalities requires a multitude of solutions working in conjunction with each other; EchoStone is the element necessary to fill the affordable housing void while leveraging the experience and sophistication required to coordinate financial, legal, and operational coordination solution with other macro-economic entities.

Sustainable Cities and Communities (Goal #11) – Energy efficiency is an integral feature of EchoStone structures. EchoStone units feature an embodied carbon reduction of 40% as measured against traditional construction methods and improved thermal insulation against both cold and heat, leading to a significant reduction in energy consumption per structure. In addition, EchoStone incorporates sustainable planning from site choice to site layout to building design to lean engineering solutions. EchoStone works to establish long-lasting and vibrant communities.

Responsible Consumption and Production (Goal #12) – From the energy efficiency of structures (with significantly improved thermal insulation against both heat and cold, leading to a substantial reduction in energy consumption per structure) to the embodied carbon reduction of 40% of the EchoStone System versus traditional construction methods, EchoStone consumes fewer resources and minimizes its impact on the environment as it builds more, higher-quality houses.

Climate Action (Goal #13) – EchoStone emphasizes sustainability in every aspect of its System. An independent study confirms that the System yields an embodied carbon reduction of 40% as measured against traditional construction methods. Additionally, EchoStone structures feature improved thermal insulation against both cold and heat, leading to a significant reduction in energy consumption per structure. EchoStone is committed to ongoing research and development to further reduce negative impact upon climate and environment (such as the incorporation of solar voltaic energy systems within EchoStone developments).



Peace, Justice, and Strong Institutions (Goal #16) – Quality and dignified housing is a basic element of social and economic justice and global stability, and EchoStone develops housing for the communities most in need and most vulnerable. EchoStone promotes sustainable development that provide immediate housing and promote lasting communities in every element of design including site planning, transportation infrastructure, and utilities infrastructure. The alleviation of poverty, the advocacy of peace, and the establishment of strong institutions are issues that require several highly-focused solutions; EchoStone is the missing link to close the gap for affordable housing.

Partnerships for the Goal (Goal #17) – EchoStone forms in-country joint ventures with local partners who have extensive local construction experience. Moreover, EchoStone leverages its sophisticated finance and legal operations to partner with national and local governments (such as through PPPs) and financial institutions to create a localized “ecosystem” the connects the levers of low-income housing delivery from planning to construction to mortgage financing to successful offtake. EchoStone strives to connect government and financial support for its housing projects.