



ETHIS VENTURES

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS

2017 TO 2018

LETTER - STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER:

To our stakeholders:

I am pleased to confirm that Ethis reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. Ethis became a signatory of the United Nations Global Compact in January 2017.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Best Regards,

Umar Munshi
Founder, Chief Executive Officer

COMPANY OVERVIEW - ETHIS

Ethis Pte. Ltd. was born in Dec 2013 as Club Ethis, a private Islamic investment club to fund startups, SMEs & real estate. We evolved into a tech company in Feb 2016 and launched EthisCrowd.com, the world's first Real Estate Islamic Crowdfunding Platform, a marketplace for direct investments in Social Housing developments in Indonesia. We set-up joint-ventures in various other countries focused on Real Estate Islamic Crowdfunding such as EthisAfrica.com and EthisNorway.com. We also have investments in other crowdfunding concepts such as KapitalBoost.com, Skolafund.com and GlobalSadaqah.com. We formed a team of 11 Islamic Finance talents who have been together for a full year, most of whom emerged from our internship programs. We've had major enhancements in our tech, with the launching of the 3rd version of our platform in Nov 2017. We're now building our progressive web app for mobile. Today, Ethis is recognized by Islamic Economy & Finance stakeholders as a pioneer and global leader in Islamic Crowdfunding & Fintech.

OUR VISION

To spearhead the growth of alternative funding marketplaces and create an Ethical and Islamic Ecosystem to Circulate Good to Humanity.

OUR MISSION

To become the world's pre-eminent Islamic Crowdfunding & Fintech Provider.

OUR PLATFORMS

[EthisCrowd](#) Platform - The world's first Real Estate Islamic Crowdfunding Platform. Investors fund a part of the building process of affordable houses and when the project is complete, sold and profits are actualized, investors receive a share of the profit. Ethis Crowd enables people in low to middle income families to afford a home, and a chance to break out of the poverty cycle through the ability to own a home instead of paying high rent. Focusing on Indonesia in particular for now, as there is a great need there and is in line with an affordable housing scheme by the government where they help provide subsidies. There are also projects in Malaysia and we are hoping to expand further in future.

[KapitalBoost](#) Platform – Helps provide alternative funding/financing for small businesses to grow and thus protect and increase the social welfare of less-privileged communities. The Singapore-based hybrid crowdfunding platform allows members to invest or donate in a way that is ethical and Shariah-focused.

[MuslimWomenTech](#) Platform - Created for the Muslim Women Tech association, this platform strategically leverages resources to promote the utilization and implementation of technology to empower Muslim Women in developing countries to achieve unimagined possibilities and drive

transformation. MWT is a newly established NGO that aims to provide mentorship, forums/dinners for networking, workshops and in addition, a crowdfunding and e-commerce platform.

[GlobalSadaqah Platform](#) - A charity platform where a various selection of screened projects are listed and corporate donors and individual donors may donate to the projects of their choice. Transparency is our goal and updates will be sent to donors regarding their chosen projects.

In addition, Ethis continues to expand as it creates new partnerships and increases its global presence, with operations in Singapore, Malaysia, Indonesia, Norway, South Africa and Dubai.

ETHIS CROWD SUMMARY

PROJECT SHOWCASE: ETHISCROWD.COM - AFFORDABLE HOUSING PROJECTS

NAME	TYPE	PROJECT STATUS	DESCRIPTION
MUTIARA MUKTIWARI	AFFORDABLE HOUSING	JUST REACHED FULLY FUNDED STATUS	Millions of low-income families in Indonesia rent cramped rooms or live in temporary housing, with poor sanitation and in an unhealthy environment especially for children. Owning a home through a mortgage that costs less than their current rent is a powerful force that will change their future. Home ownership brings stability and security and over time helps families break out of poverty. The development project also provides direct employment for the local community for a few years. Overall, this project will bring a tremendous positive and sustainable impact to the economy and community. The Mutiara Muktiwari subsidized housing project located in Bekasi, a city in the Greater Jakarta area and one of the most densely populated cities in the world. Our crowdfunding campaign is limited to the purchase of 50 units.
GRAND MAHKOTA	AFFORDABLE HOUSING	CONSTRUCTION IN MOTION, CURRENTLY AT 20%	This bridging finance campaign is to continue the early-stage development of an affordable housing estate with 128 units. PT. Bhitech Roman Indonesia (PT Bhitech) has already started the construction of the Marketing office and other land development works since early October 2017. PT Bhitech, the partner developer, requires financing for the following purposes: <ul style="list-style-type: none">◆ Procurement of construction materials◆ Procurement of safety materials◆ Construction of site office◆ Hiring construction workers

SALAAM CITAYAM	AFFORDABLE HOUSING	PROJECT CURRENTLY AT 30% COMPLETION	Opportunity to invest alongside PT Dhuha Anugerah Indonesia, a pre-eminent Indonesian-based developer with solid experience in real estate construction. This project is a continuation of a series of projects by PT Dhuha Anugerah to provide affordable houses in Indonesia. All 5 units already have home-buyers who have submitted their purchase intent to Bank BTN Syariah and paid a down payment as a confirmation for purchase.
FIBRE OPTIC INSTALLATION	DEVELOPMENT INFRASTRUCTURE	PROJECT DELAYED DUE TO UNFORESEEN CIRCUMSTANCES, INVESTORS INFORMED	The Indonesian government has committed USD 450 billion towards developing its infrastructure. Called the Palapa Ring Project, this national government-to-business scheme, will provide internet connectivity to millions of Indonesians through fiber optic technology.
TEMPORARY CONTAINER TERMINAL 1 & 2	DEVELOPMENT INFRASTRUCTURE	PROJECTED DELAYS, CURRENTLY WORKING ON MITIGATING THIS - INVESTORS INFORMED	<p>President Joko Widodo of Indonesia approved a new regulation that lowered the dwelling period of containers at the port from 8 days to only 4.5 days. Under the new regulations, companies who want to extend the dwelling time of their containers at the port will have to park their containers at Temporary Container Terminals (TCT) in the area. This has resulted in a sudden surge in the demand for TCTs. The TCT port acquired by PT Adi Ageng Abadi is in a prime location, situated just 200 meters away from the main port.</p> <p>By contributing to the running of this terminal, investors could create impact by providing direct employment opportunities and save people from unemployment. They would also be facilitating International Trade thus increasing the trade flows and helping the national economy flourish.</p>
EXZELLENZ RESIDENCE (DEPOK, INDONESIA)	AFFORDABLE HOUSING	CONSTRUCTION IS ABOUT TO COMPLETE. PAYOUTS STARTING IN 2 MONTHS	Indonesia faces substantial demand for affordable housing, with one million new units needed annually. Since it faces a critical shortage of housing, the government is trying to assist developers in building low-cost, affordable houses for many Indonesians. Through this, one can empower families, help them break out of the poverty cycle, improve their living standards and give them a hands up opportunity to living better lives.
GRIYA PANORAMA SUMEDANG HOUSING	AFFORDABLE HOUSING	ALREADY PAID OUT IN FULL	Griya Panorama Sumedang will have a total of 139 units. Each unit is for a small family, with 2 bedrooms, 1 bathroom, and an indoor parking space for one car. The company has secured more than 20 customers who has paid the down payment for their units, and will continue to process more families on the waiting list. We are helping to build an improved community environment for low-income families, for a better quality of life. EthisCrowd believes that by providing the opportunity for such families to own their own homes instead of renting, they will have a higher chance to break out of the poverty cycle.

SUNGAI BESI COMMERCIAL UNITS	DEVELOPMENT INFRASTRUCTURE	CONSTRUCTION STATUS AT 70% COMPLETE	OCS Holdings Sdn. Bhd. & Aliy Property Advisors Sdn. Bhd. are constructing 5 units of three-storey commercial units at a prime location in Sungai Besi, Kuala Lumpur. EthisCrowd will crowdfund a bridging capital investment of MYR 1 mill to fund the start of construction of this project. Currently, it is vacant flat land of size 11,227 square feet with land work completed and building approval submitted to DBKL. This project is one of the few modern commercial developments in this mature and popular area and would further help develop this area and the people around it along as benefit the overall economy.
DEPOK DREAM VILLAGE	AFFORDABLE HOUSING	RESTRUCTURED DUE TO OPERATIONAL ISSUES FROM THE PROJECT DEVELOPER. INVESTMENTS SWAPPED TO PT ETHIS	Depok Dream Village is a game-changer for Affordable housing in Jakarta. It will be the first high-quality, full-facility subsidized low-rise Condo estate. It qualifies under the government subsidized housing program, where low-income households are able to pay only 1% down payment, and thereafter have a longer financing term at a subsidized markup rate with Bank BTN Syariah.
PAHANG HOMES FOR VICTIMS	AFFORDABLE HOUSING	HOMEOWNERS MOVED IN	<p>In December 2014, a few Malaysian states on the east coast were hit by devastating floods, resulting in the tragic loss of lives and property. The Public Works Department Malaysia (JKR), along with other public departments have implemented numerous projects to help these victims rebuild their lives.</p> <p>These houses will be built using a new and advanced method called IBS (Integrated Building System), which uses special interlocking bricks. This brings many benefits to these families, as it has stronger lateral resistance to any future flooding, as well as additional benefits including better heat insulation, fire-retardation and is also environmentally-friendly.</p>
CARIU - AFFORDABLE HOUSING PROJECT	AFFORDABLE HOUSING	HOMEOWNERS MOVED IN.	Indonesia's Government program to support the building of 1 million houses annually has become the main trigger of the lower-market housing boom, especially at Jakarta surroundings area.
KG ISLAMI - 20 AFFORDABLE HOUSING UNITS	AFFORDABLE HOUSING	DEVELOPER SOLD 119 OUT OF 186 UNITS	<p>Kampung Islami Thoyibah (KIT) will have a total of 1,200 houses over a few phases. Each house is for a small family, with 2 bedrooms, with land size from 60 sqm to 96 sqm. It will also provide community assets such as a mosque, a school and a market.</p> <p>We are helping to build an improved community environment for low-earning families with a better quality of life, both materially as well as by establishing healthy, ethical and Islamic community values.</p>

UNITED NATIONS GLOBAL COMPACT PRINCIPLES – HUMAN RIGHTS

PRINCIPLES

- **Principle One:** Businesses should support and respect the protection of internationally proclaimed human rights.
- **Principle Two:** Businesses should make sure they are not complicit in human rights abuses.

ASSESSMENT OF POLICIES AND GOALS ON HUMAN RIGHTS:

Ethis advocates Human Rights in its platforms operations. For EthisCrowd.com, the projects we choose must have social impact and stand to benefit the benefactors, investors and developers. For GlobalSadaqah.com, we have projects to raise funds for various charity projects so the money would go directly to those who need it and not lost in transition. We incorporate the protection and support of international human rights by undertaking internal screening of the projects, platforms and partners we work with and ensuring no human rights are being violated through their operations. Ethis has made a public commitment and annually renew commitments to investors on Company's support and focus on the protection of international human rights.

IMPLEMENTATION

Ethis has taken a number of concrete actions to move towards its company goals. Through its main crowdfunding portal EthisCrowd.com, Ethis has funded 5,582 affordable houses and raised funds for infrastructure projects worth \$43,373,091 from investors around the world. We have supported and respected the protection of internationally proclaimed human rights through economically uplifting marginalized communities in both Malaysia and Indonesia and giving them a chance to break free from the poverty cycle.

● **PROJECT SHOWCASE: CONTAINER TERMINAL – PHASE 1 AND 2**

Through its crowd-network of over 24,000 members worldwide, Ethis was able to screen, and support an Indonesian company in the taking over of a Temporary Container Terminal (TCT). Prior to the take over the terminal's employees had no income for more than 9 months. With supporting an Indonesian company to take over TCT (with EthisCrowd financing), these employees now have access to a stable stream of income again.

● **PLATFORM CONSULTATION AND SUPPORT**

This year, EthisCrowd provided technical support in the launch of several crowdfunding platforms that focus on lifting communities out of poverty and more.

- **ETHIS CROWD** – Floods hit Pahang in late 2014 and we received a project to raise funds for a developer who was building houses for the flood victims. We visited them last year to meet and interview them on their satisfaction and current wellbeing and posted a video for our investors and community to see.
- **YEMEN AID** - Yemen Aid was created for the Arab Association Singapore. It seeks to engage local resources to rebuild Yemen and alleviate hardships of vulnerable communities residing in the war-affected country. Yemen Aid will launch crowdfunding campaigns for three key focus areas: Green Yemen, Productive Yemen, and Inclusive Yemen. We have already successfully crowdfunded a project to provide solar energy panels for a school in Yemen.
- **KAPITAL BOOST** - Through its asset-based crowdfunding platform for SMEs, it has been able to support low-income business owners and entrepreneurs. Through this alternative funding, Kapital Boost has given them the power to generate more sales and ideas and a greater chance and opportunity to grow and continue the circulation of wealth and good.
- **SADAQAH INDONESIA** - In May of 2017, Ethis launched a new platform to raise funds through Islamic charitable giving for social projects in Indonesia. This was a pilot platform and we launched with one project to fund the purchase of Qurans for students who were memorizing it. The campaign turnout was relatively good and we learnt a lot from it and hence the bigger aim of GlobalSadaqah.com came to be. This platform will be phased out and subsumed into Global Sadaqah.
- **GLOBAL SADAQAH** – Just newly launched, we have projects from our partners listed ranging from educating Rohingya refugees and contributing to help underprivileged heart patients to rebuilding bridges and providing a transportation boat in remotes areas. We are now focusing on projects and partners in Malaysia and hope to expand globally in the time to come.
- **MUSLIM WOMEN TECH** – We kicked off the launching of Muslim Women Tech with a workshop on e-commerce, a panel discussion consisting of inspiring women and a pitching competition of startups where the winner won an incubator opportunity with a government entity. This started to help meet the huge gap between technology and women in the field and to help empower Muslim women through the power of technology and we have more projects in plan in line with achieving these goals. We hope to champion inspiring women further, to empower them and create a platform for them to be independent and confident.
- **IMPACT BANGLADESH** – Built for UNDP, Impact Bangladesh is an alternative financing platform that brings together sustainable e-commerce, impact investment and donations.

It offers a variety of channels to invest and donate resources to maximize the impact of individual and private sector contributions to SDGs alongside financial results.

- **ETHIS AFRICA** – A new partner and newly launched platform, their kick off project is a Centre for Early Childhood Development for the community in Gouda, Western Cape. This project would help develop Gouda's infrastructure, provide hundreds of South African children access to education facilities and provide direct jobs for the local community.

MEASUREMENT OF OUTCOMES

Social Impact Metrics for this year include:

- Crowd-Investments in Affordable Housing Units Made this year: S\$ 5,080,054
 - Number of Social Impact Members this year: 24,053 (of which around 300 are active investors)
 - Affordable Houses built in 3-year projected impact: 5,582
 - People with a new home (and opportunity to break out of the poverty cycle): 22,328
- **Incorporation of monitoring compliance in Developer Assessment – Criteria:**

As part of its project and developer screening process, Ethis has formalized a social impact requirement. Applicants are assessed in accordance with United Nations Global Compact Principles:

- Supporting and respecting the protection of internationally proclaimed human rights
- No track record of human right abuses
- No involvement in any form of forced and compulsory labor
- No child labor
- No discrimination in respect of employment and occupation
- Free from corruption in all its forms, including extortion and bribery.

- **Investor Communication**

- In addition to this, just this past year, Ethis incorporated a 'Social Impact' section on its crowdfunding website, for every affordable housing and development infrastructure project. This information is provided for the +24,000 members scrolling the website, looking for projects to invest in. It allows us to communicate how each project will impact the communities that it seeks to operate in.
- Ethis also provides quarterly updates to its investors so they are in the know of the development of their investment and its progress.
- In the coming years, Ethis will be hoping to launch an annual social impact assessment report to stakeholders and investors. This report will communicate progress that each

affordable housing and infrastructure project has made in the lives of impacted families in four main areas: 1) Living Conditions 2) Income Savings 3) Quality of Life and Standard of Living.

UNITED NATIONS GLOBAL COMPACT PRINCIPLES – LABOUR

PRINCIPLES

- **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
- **Principle 6:** The elimination of discrimination in respect of employment and occupation
Assessment, Policy and Goals.

ASSESSMENT OF POLICIES AND GOALS ON LABOUR PRINCIPLES

In upholding Labour Principles, Ethis practice strict due diligence on all potential developers and ensure that the companies abide by the labour laws. We cross check with the Ministry of Labour to ensure that labour laws are complied to and up to the standard of the Ministry. Ethis also encourages diversity in its employees and began Muslim Women Tech to help meet the huge gap between technology and women in that field and to help empower Muslim women through the power of technology. The welfare, health and happiness of our employees are also important to us and there are open channels for any concerns to be brought up and discussed.

IMPLEMENTATION

Our employees come from all around the world and our office houses a gym, ping-pong tables and a wide area for various sports and activities. Holidays and work timings are relatively flexible as we have employees pursuing their higher education and we understand the importance of family. Communication channels for any concerns are also easily available and the management team is ready to listen to them. We champion the need for women in this growing industry and currently have a female COO, tech developer, designer, accountant and projects associate on our team. Education also plays a central role in what we do and our CEO regularly gives talks in events and educational institutions on various topics related to our industry which not many are aware of. We also have regular in house talks from senior members as training for the rest of the staff on topics ranging from faith to business ethics to entrepreneurship.

MEASUREMENT OF OUTCOMES

Ethis has employees from Bangladesh, Afghanistan, Morocco, America, Philippines, Singapore, Malaysia and Indonesia with an age range of 20 to 50. We are currently working in partnerships with people from Norway, Dubai, South Africa, Brunei and Nigeria and we seek to grow even more globally going forward. With the employee turnover rate being fairly negligible as most of our interns have stayed to become permanent staff, the overall satisfaction and happiness of working in Ethis is fairing rather well and we only hope to increase this in future.

UNITED NATIONS GLOBAL COMPACT PRINCIPLES – ENVIRONMENT

PRINCIPLES

- o **Principle 7:** Businesses should support a precautionary approach to environmental challenges
- o **Principle 8:** Undertake initiatives to promote greater environmental responsibility
- o **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

ASSESSMENT OF POLICIES AND GOALS ON ENVIRONMENT PRINCIPLES

Protecting the environment is embedded in many of our operations. For our affordable housing projects, we ensure our developers comply with the local law which states that 40% of a project site has to be dedicated to greenery purpose. More than just houses, we hope to build homes and an environment where the community living in it can further thrive and prosper. The aim is to also fund the building of schools and mosques around the area or to crowdfund the cost for a single housing unit to give to a deserving family. There are also plans by Muslim Women Tech to provide English classes or other forms of tech solutions to empower the women and children further. With Global Sadaqah up and running, we hope these ideas will come to reality soon.

IMPLEMENTATION

Being a Fintech company, most of the things we do are online and so all our documents are kept on cloud storage and we only have in print the necessary. Our meetings with people from all over the globe are also held online and working remotely is also a viable option at Ethis, and through this we reduce general CO₂ emission by travelling less. In one of our projects where we built houses for the Pahang flood victims, we used IBS bricks which had many benefits to these families, as it has stronger lateral resistance to any future flooding, as well as additional benefits including better heat insulation, fire-retardation and is also environmentally-friendly.

MEASUREMENT OF OUTCOMES

Due to the nature of the company, our costs on paper and printing is minimal. In our interview with the Pahang flood victims, most said their new houses were even better than their old ones and were very thankful. Their community consisted of elderly people, single fathers and

mothers, young married couples and lots of adorable children. We also keep very strictly to the local law and refuse to participate in projects that do not abide by it.

UNITED NATIONS GLOBAL COMPACT PRINCIPLES – ANTI-CORRUPTION

PRINCIPLES

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

ASSESSMENT OF POLICIES AND GOALS ON ANTI-CORRUPTION PRINCIPLES

Ethis does not condone working with or accepting money from developers or investors not in compliance with anti-corruptions laws. Ethis stands for Ethical and Islamic and so this would go against the very nature of what we stand for.

IMPLEMENTATION

Our due diligence team conducts thorough background checks on potential developer partners for any criminal records or anything against the law, including the checking of financial statements. We also have an external credit reporting agency, RAM Credit Information Sdn Bhd, who conducts KYC checks on our investors to ensure money source is legal and that they were not caught up in anything controversial before. Reporting channels are also available via the various means Ethis may be contacted.

MEASUREMENT OF OUTCOMES

There has not been any case of corruption thus far in our operations and though we wish it would stay that way, should we come across any we would have a procedure and action plan on how to deal with it.