

UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2020

ethiXbase 360 Pte. Ltd.
<https://ethixbase.com/>

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ethiXbase 360 Pte Ltd is delighted to present our latest Communication on Progress report as a proud member of the UN Global Compact.

We have been committed to aligning our business strategies and operations with the universal principles that encompass Human Rights, Labour, Environment and Anti-Corruption. A formal commitment was made and documented in a letter from Leas Bachatene to the UN Secretary General adopting these principles in November 2019.

In this new communication, I am pleased to confirm that we continue supporting the UN Global Compact and its ten principles. By working with both internal and external stakeholders, we will continue to implement those principles and improve our practices to achieve the Sustainable Development Goals (SDGs). This is our ongoing commitment and part of our corporate culture.

As a leading value chain sustainability solutions provider, we are glad to assist multinational corporations and SMEs to implement the UN Global Compact principles through elevating sustainability in their supply chain. This has given us a chance to collaborate with our clients to accelerate positive changes and create a better world.

This report contains details of what ethiXbase has achieved in 2020 across all ten principles, current gaps and how we are actively looking to improve our practices. We support public accountability and transparency, and therefore commit to reporting our progress honestly and on a regularly basis in accord with the reporting requirements of the UN Global Compact.

Your sincerely,

Leas Bachatene
Chief Executive Officer

2020 HIGHLIGHTS



We are delighted to have been selected as the winner of the UNGC APEX Corporate Sustainability Award in the Sustainable Solutions Category 2020 by the UNGC Singapore Chapter. The award, presented by the Her Excellency, Halimah Yacob, The President of Singapore is a major achievement for our company and validates our corporate mission of elevating sustainability in the Value Chain of our clients.

With our robust technology platform combining the power of data and services, we are making a great impact in promoting human rights, fair labour practices, environmental progress and anti-corruption policies in our clients' supply chains, helping them to build sustainable consumption and production patterns.

We have continued to expand our client base and thus the number of suppliers we conduct due diligence on. With over 800,000 suppliers on our platform, an increase of over 300,000 in the past 12 months, the risks of operating in an unethical and unsustainable manner are now becoming far harder to hide thus we hope creating the start of a virtuous cycle of ever improving sustainability.

HUMAN RIGHTS & LABOUR

In support of the SDG on Decent Work and Economic Growth, we not only provide fair employment and decent work for our own employees, but also actively help other organisations uphold labour standards across their operations and value chains, to achieve sustainable economic growth.

ethiXbase has partnered with Norton Rose Fulbright, one of the world's leading law firms to develop a program to assist companies manage the risk of Modern-Day Slavery (including Child Labour) within their supply chains. The exclusive licence and collaboration agreement was officially launched in November 2020, offering corporates a modern slavery risk assessment tool to identify, manage and continuously monitor modern salary risks across their supply chains.

This is done through a Modern Slavery Questionnaire managed via the ethiXbase 360 third-party risk management platform, and is an integral part of ethiXbase Human Rights Module.

Other components of the ethiXbase Human Rights Module include:

- Advanced Perceived Risk Assessment
- Risk-Based Due Diligence
- Policy and Code Management
- Third-Party Training

A number of multinationals have started using our Modern Slavery Questionnaire for complying with global Modern Slavery laws and fulfilling regulatory reporting obligations. We anticipate the questionnaire to be able to reach hundreds of thousands of suppliers on this important matter.

On the digital space, we are actively hosting a series of global webinars on modern slavery across Australia, United Kingdom, North America, and EU. Our modern slavery webinar to be hosted in Australia on 10th December 2020, in collaboration with Norton Rose Fulbright, has attracted over 350 attendees. Learn more at <https://ethixbase.com/podcast/modern-slavery-webinar>



ENVIRONMENT

We have documented our goals, commitment, and efforts of protecting the environment in our official Environmental Policy 2020.

Our goal is to achieve Carbon Neutrality by 2021 and be Carbon Negative by 2023.

We are currently reviewing on how we can achieve this goal through the planting of forestry to offset our carbon emission footprint.

ANTI-BRIBERY AND CORRUPTION

ethiXbase is delighted to have continued supporting our clients to combat corruption and bribery in their third-party networks, through our risk screening & due diligence, anti-corruption training & certification, webinars, whitepapers, thought leadership pieces, newsletters and other educational content.

In 2019 we partnered with INSEAD on the second ETHICS & COMPLIANCE Leadership Program at the INSEAD campus in Singapore. Due to COVID-19 we had to suspend the in-person training program with INSEAD and cancel our 4th Asia Pacific Ethics & Compliance Summit scheduled for July of 2020. Our previous conferences were attended by over 250 delegates with some of the foremost thinkers on anti-corruption compliance and enforcement as panelists.

However we continue our efforts to fight corruption and bribery by hosting these events online, some of the webinars we have hosted include “Building A Defensible Global Supply Chain Program: Managing Third-Party Risk in Times of Crisis”, and “Does Compliance Program Need To Be Different Within The Corporates vs Financial Institutions?” Through these online events and resources, we keep the compliance community updated on the latest developments in the anti-corruption compliance space.

Corruption creates inequality, hinders justice, and negatively impacts states and societies. Through our anti-corruption actions, we actively promote peace, justice, good governance, transparency, and accountability in both public and private sector institutions.



PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2

Businesses should make sure that they are not complicit in human rights abuses.

ETHIXBASE ACTIONS

It is important to note that the UNGC requires reporting on the two key parts of the above statement:

- Respecting Human Rights
- Supporting Human Rights

ethiXbase has had a policy covering human rights since inception, it is documented in our Code of Conduct available on our website and has been communicated to our employees, suppliers, business partners and other stakeholders. <https://ethixbase.com/code-of-conduct>

Our subcontractors, HR partners and consultants sign an undertaking that they are in compliance with human rights protection included in our Code of Conduct. We have achieved 100% compliance with this requirement.

ethiXbase conducts due diligence on 100% of its suppliers covering 54 risk factors which include all areas of concern under the ten principles of the UNGC. We also conduct ongoing monitoring and due diligence on all suppliers every 12 months including beneficial ownership checks. We monitor all of our suppliers for any reported violations of Human Rights on a daily basis.

ethiXbase also monitors over 800,000 suppliers for clients on a daily basis for human rights violations. We have identified 1.8% of suppliers that have had prior human rights issues which can often be addressed by our clients.

We actively promote good corporate governance and produce a free daily newsletter with an active readership of 30,000 compliance professionals focused on implementing sustainability related initiatives.

During the current pandemic, we have provided free advertising of pre-screened suppliers of PPE to ensure that our readers had access to a reliable source of this equipment for their staff.



EQUALITY, DIVERSITY AND INCLUSION

ethiXbase has a public commitment to equality, diversity and inclusion. This can be seen at <https://ethixbase.com/our-commitment>

Currently across all employees we are 52% female and 47% male and 1% Non-Binary. For management level positions we are 43% female and 57% male. These metrics are actively monitored and reported to the CEO and Board on a quarterly basis. **We have made significant achievements in the SGD of gender equality and empowering all women and girls.**

Our board of directors are ethnically diverse. Nationalities are French/Algerian, Australian, Indian, Canadian and Surinamese/Dutch. We have one female board member at present but are actively looking to increase the strength of our board.

<https://ethixbase.com/about#bod>

4% of our employees have self-identified themselves as LGBTQI+. As a company we are now working with these employees to ensure we are promoting an inclusive environment within our company.

The principles of No Discrimination, Equal pay, a workplace free of harsh treatment and harassment are enshrined in our Code of Conduct. <https://ethixbase.com/code-of-conduct>

An anonymous whistleblowing system is also operated by the company.

SUPPORTING HUMAN RIGHTS

We actively promote the UNGC on our website as well as in every Enhanced Due Diligence report written for clients. ethiXbase has developed a corporate sustainability index and this is now an integral part of our Enhanced Due Diligence reports. A component within this calculation is whether a company has a membership to a recognized body promoting sustainability.

As such all our clients are now encouraging key suppliers to join credible sustainability organisations. ethiXbase has the ability to reach out to over 800,000 companies by partnering with our clients.

One of our key "Goal 2020" programs is to identify and partner with a leader in diversity training. This will enable us to deliver such training to the thousands of suppliers on our system worldwide, spreading awareness and a deeper understanding of this issue.

It should be noted our platform already has an eLearning module covering other sustainability principles and have conducted both face-to-face and online training for our clients' employees, suppliers and third parties. We are in advanced discussions with a leading content provider in this area.

These initiatives help us to promote the SGD of "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."

HUMAN RIGHTS



SUPPORTING HUMAN RIGHTS

ethiXbase has researched and created detailed reports on each country covering multiple Human Right issues in the countries we operate in. We have established a monitoring system to ensure that its human rights policies are being implemented.

One of our goals for 2021 is to produce these reports for every country globally and make available via our website. We also plan to actively engage in open dialogue with stakeholder groups, including civil society organisations.

Based on the result of our monitoring, we have not yet had any supplier that violates any human rights.

We also support our clients to assess and report human rights risks within their supply chain. When risks have been identified in our reports for clients, we are aware that many clients use their leverage to trigger change in that supplier.

We have identified Human Rights related issues in 1.8% of our clients' reports. These are normally not critical violations and ones that our clients actively work with their suppliers to address.

By supporting our clients' human rights protection, we are able to play a role in reducing inequality in labour within and among countries.





PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

ETHIXBASE ACTIONS

We respect the right of all workers to form and join a trade union of their choice without fear of intimidation or reprisal, in accordance with national law; put in place non-discriminatory policies and procedures with respect to trade union organisation, union membership and activity in applications for employment and decisions on advancement, dismissal or transfer. We provide workers with appropriate facilities to assist in the development of effective collective agreement and do not interfere with the activities of worker representatives while they carry out their functions in ways that are not disruptive to regular company operations, <https://ethixbase.com/code-of-conduct>.

PRINCIPLE 4

Businesses should uphold the elimination of all forms of forced and compulsory labour.

ETHIXBASE ACTIONS

We take actions to ensure that there is no forced labour in our business operations and carefully monitor any forced labour risk among our suppliers and subcontractors, in accord with our Code of Conduct <https://ethixbase.com/code-of-conduct>.

ethiXbase has also entered into an exclusive agreement with Norton Rose Fulbright to launch the Modern Slavery Questionnaire via our technology platform as part of our Human Rights Module. This will extend our clients' policy and commitment to eradicating modern day slavery to hundreds of thousands of their suppliers worldwide.

At the core of the solution is Norton Rose Fulbright's algorithm that calculates risk ratings based on responses to a supplier questionnaire that is distributed via the ethiXbase platform. A third party is scored across five key risk areas, namely:

- Jurisdiction
- Policies Processes and Systems
- Activity
- Workforce
- Human Rights

This technology solution will effectively identify labour abuses and modern slavery risks, reducing the time spent by clients on sending, receiving, and reviewing paper-based supplier questionnaires.



PRINCIPLE 5

Businesses should uphold the effective abolition of child labour.

ETHIXBASE ACTIONS

Child labour is strictly prohibited at ethiXbase. Our employees must comply with all applicable child labour laws, including the minimum age for employment in all countries where it does business, or the age for completing compulsory education in such countries, whichever is higher.

<https://ethixbase.com/code-of-conduct>

We use adequate and verifiable mechanisms to verify age in recruitment procedures. We also require our subcontractors, suppliers and business partners to detect and combat child labour.

Our Modern Slavery Questionnaire developed in collaboration with global law firm Norton Rose Fulbright effectively detects child labour risks within clients' supply chains.

We pay our employees at least the minimum wage required by applicable laws and regulations.

With these actions we are actively supporting the SGD to end poverty in all its forms everywhere.

PRINCIPLE 6

Business should eliminate discrimination in respect of employment and occupation.

ETHIXBASE ACTIONS

We have a policy in place since inception which makes qualifications, skill and experience the basis for the recruitment, placement, training and advancement of staff at all levels. Any issues relating to equal employment opportunity are currently handled by our CEO.

Our policy ensures that application of job requirements would not disadvantage certain groups. We keep up-to-date records on recruitment, training and promotion that provide a transparent view of opportunities for employees and their progression within the organisation.

ethiXbase operates an anonymous whistleblower hotline to report on incidents of discrimination, grievance procedures are available to address complaints and handle appeals for employees. We are aware of formal and informal structures that can prevent employees from raising concerns and grievances. ethiXbase addresses this issue with frequent one-on-one meetings between staff and senior management who have been briefed to be aware of this issue.

We have established programs to grant our staff access to skills development training, and plan to train staff on non-discrimination policies and practices, and conduct unconscious bias training in 2021.



PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

ETHIXBASE ACTIONS

We have drafted a new Environmental Policy 2020 which covers both ethiXbase as well as our suppliers. Our Board of Directors oversees the company application of precaution, in particular risk management in sensitive issue areas.

ethiXbase has a low carbon footprint but the board has taken the decision to target Carbon Neutrality by 2021 and be Carbon Negative by 2023. We are looking to introduce eLearning for staff on how they can manage their personal carbon footprint effectively as a “Goal 2021”.

In late 2019 we took the policy decision that our biggest carbon emission was from travel. As such all international travel will be by economy class travel only, irrespective of distance or seniority. Where we cannot reduce our footprint we intend to offset and are exploring various options now. Further details will be outlined in our new environmental policy.

We have expanded the content of our daily newsletter reaching 30,000 compliance professionals to cover environmental issues, to communicate with stakeholders in a pro-active and transparent manner.

To support scientific research on related issues, we have created a database of environmental crimes, and it has been added as standard to all Enhanced Due Diligence reports produced by ethiXbase.

PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility.

ETHIXBASE ACTIONS

ethiXbase board of directors took the strategic decision in 2019 to build sustainability into the core of everything we do. This is the start of our journey and we have much we can do across all of the elements outlined in Principle 8.

Our focus in 2020-2021 will be working with our clients to improve environmental performance and extend responsibility with their value chain. This is where we feel as a company we can have the greatest impact on.

With all the technology we developed, what we apply for our clients' benefits are also applied to our own supply chain.



PRINCIPLE 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

ETHIXBASE ACTIONS

ethiXbase board of directors took the strategic decision in 2019 to expand our core offering from anti-bribery and corruption compliance to a broader sustainability mandate.

This includes both how we operate our own business, as well as who we do business with and also the products we develop.

We work extensively with large multinationals who share this vision and have the leverage to truly create positive impact within their supply chain. By such partnerships we have been able to create products that turn UNGC statements and goals into practical technology solutions for our clients.

Achieving genuine and complete sustainability is a tough challenge that can't be achieved by one company or sector alone. Therefore ethiXbase has established partnerships with many local and international organisations to generate greater impact.

We are now working with several leading members of the UN Principles for Responsible Investment to create a similar technology platform that will enable the incorporation of ESG into investment decision making.

These initiatives have help us to fulfill the SGD to “Strengthen the means of implementation and revitalize the global partnership for sustainable development.





PRINCIPLE 10

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

ETHIXBASE ACTIONS

ethiXbase Anti-Corruption policy is detailed in our publicly available Code of Conduct <https://ethixbase.com/code-of-conduct>.

We also require all suppliers to have an equivalent Code of Conduct and a signed commitment to comply with both local and international anti-bribery legislation

We continue to have 100% compliance from suppliers and a policy not to engage any future supplier without this documentation in place.

ethiXbase currently assists 24 UNGC members, and several hundred other companies in assessing corruption risk, monitoring and then reporting the progress they are making. We have actively conducted due diligence on and monitor more than 800,000 suppliers for anti-corruption compliance.

As we are fortunate enough to see new best practices emerging from clients we actively share these with all our other clients ensuring early adoption of innovative strategies to address sustainability.

As an example we have compiled what we believe to be the most extensive due diligence questionnaire for anti-corruption compliance which is based on dozens of programs from the world's leading companies.

ethiXbase is delighted to have continued its partnership with INSEAD having completed its second ETHICS & COMPLIANCE Leadership Program in 2019 at the INSEAD campus in Singapore.

Due to COVID-19 we had to cancel our 4th Asia Pacific Ethics & Compliance Summit scheduled for July of 2020. Our past conferences have been attended by over 250 delegates with some of the foremost thinkers on anti-corruption compliance and enforcement as panelists.

In light of the pandemic, we have been actively promoting online events, webinars and digital content to keep our clients updated on anti-corruption compliance.

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About ethiXbase:

ethiXbase helps organisations elevate sustainability across their supply chain through the most intuitive, robust and configurable platform. Its platform was designed to provide its clients with a deep and broad view of their supply chain risk across various risk areas including Anti-Corruption, Human Rights, Labour and Environment.

Learn more at www.ethixbase.com.