

# Sedex Membership Rules

Term	Meaning
'A (Purchaser)'	Member means any Member designated as such by the Board in accordance with these Rules;
'AB (Supplier and Purchaser)'	Member means any Member designated as such by the Board in accordance with these Rules; and
'B (Supplier)'	Member means any Member designated as such by the Board in accordance with these Rules.
Board	means the board of Directors of Sedex for the time being;
Data	means data relating to the Standards at the Sites of Employment of Member Suppliers, and in particular Member Suppliers self-assessments and any recent audits;
Directors	means the directors of Sedex from time to time;
Grievance	means a written complaint by a Member to the Board indicating that it is of the opinion that another Member is acting in a manner fundamentally inconsistent with the Objects or the Rules;
Grievance Committee	means a committee of the Board comprising not less than two Directors and not more than three Directors constituted from time to time by the Board for the purpose of dealing with Grievances and any appeal against Sanction brought by a Member in
Historical Data	means all Data uploaded by a Member Supplier to their Sedex Account since the date on which they became a Member of Sedex;
Information Exchange	means the online information exchange operated by Sedex comprising the Sedex Accounts;
Member	means a member of Sedex;
Member Supplier	means any 'AB (Supplier and Purchaser)' Member or a 'B (Supplier)' Member who acts as a supplier of goods and services
Object	means the Objects of Sedex as set out in clause 3 of its Memorandum of Association;
Rules	means these rules and the Sedex Account

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	and conditions, as the same may respectively be amended or replaced from time to time;
Sanction	means the right of the Board to expel, suspend or issue a formal written warning to a Member in accordance with Rule 7;
Sedex	means the company limited by guarantee registered under number 05015443;
Sedex Account	means the private account of a Member Supplier which is part of the Information Exchange where that Member Supplier uploads its Data;
Sedex Account Data Forms	means any self-assessment and other data capture forms supplied by Sedex from time to time for the purpose of depositing Data on the Information Exchange;
Sites of Employment	means physical sites where goods are grown, manufactured or assembled or, in the case of services, physical sites where significant labour are provided;
Standards	means the standards and practices as specified in the Objects;
Supplier	means any person who acts as a supplier of goods and services to another person for resale;

## 1. Membership eligibility, classification and the application process

### Eligibility

- 1) Any person who wishes to use the Information Exchange to improve labour standards at their Site of Employment or the Site of Employment of their Suppliers is eligible to join Sedex as a Member

### Classification

- 2) The Board shall determine the classification of Members as either 'A (Purchaser)' Members, 'AB (Supplier and Purchaser)' Members or 'B (Supplier)' Members in accordance with the criteria set out below. Where an applicant is a member of a group of companies, only one company in the group (as nominated by the parent company of such group) will be eligible to join as a Member and the Member shall represent all the companies in that group, subject to paying the appropriate fee.

### 'A (Purchaser)' Members

- 3) Any person who:
  - does not act as a supplier (but who has a trading relationship with a Supplier); and
  - wishes to use the Information Exchange to have access to and analyse Data.

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## **'AB (Supplier and Purchaser)' Members**

- 4) Any person who:
- acts as a Supplier;
  - has a trading relationship with a Supplier;
  - wishes to use the Information Exchange to have access to and analyse Data; and
  - wishes to upload Data to the Information Exchange.

## **'B (Supplier)' Members**

- 5) Any person who:
- acts as a Supplier; and
  - wishes to upload Data to the Information Exchange.

## **Application process**

- 6) Any person wishing to become a Member may either apply online via the Information Exchange or, in the case of 'A (Purchaser)' Members, apply to the Board in writing. The Board may require such information as is reasonably necessary in order to determine the appropriate membership classification for the applicant. The Board will inform the applicant as to its membership classification as soon as reasonably practicable.
- 7) Members must not register, on the Information Exchange, Sites of Employment that they neither own nor control. Instead, Members are expected to encourage their Suppliers to register the Supplier's Sites of Employment on the Information Exchange.
- 8) If the Member disagrees with its membership classification, the Member shall have the right to an appeal to be heard by the Grievance Committee. The Member must notify the Board in writing of his intention to appeal no later than 30 days after the decision of the Board (as to the applicant's membership classification) was communicated to the respective Member. The Board will then notify the Grievance Committee about the appeal.
- 9) The Grievance Committee will be entitled to review all the material on which the Board based its decision regarding the Member's membership classification. The Grievance Committee may request such further information as it reasonably requires to hear the appeal including seeking further information from the Member.
- 10) The Grievance Committee may make recommendations to the Board as to the Member's membership classification. In determining the Member's membership classification, the Board shall have due regard to the recommendations of the Grievance Committee.
- 11) The Grievance Committee will hear the appeal as soon as reasonably practicable.

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## 2. Representatives

- 1) Members will nominate a representative who will act as the contact point for Sedex.

## 3. Rules

- 1) Members shall act in accordance with the Rules and with the Memorandum and Articles of Association of Sedex.
- 2) Members will strive to further the Objects.

## 4. Access to Data

- 1) Member Suppliers will use their best endeavours to ensure that Data uploaded by them to their Sedex Account is accurate and (in accordance with Rule 5.9) kept up-to-date. However, Members acknowledge that access to any Data is granted on condition that (in the absence of fraud or misfeasance) the Member Supplier providing the Data or granting access thereto will have no liability (whether contractual or tortious) for inaccuracies, errors or omissions.
- 2) Member Suppliers will control access to the Data uploaded by them onto their Sedex Account. 'A (Purchaser)' Members and 'AB (Supplier and Purchaser)' Members are not entitled to access the Data of a Member Supplier without the prior written or electronic approval of that Member Supplier.
- 3) If a Member Supplier grants access to its Data as set out above, 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members will be able to use and analyse this Data for the sole purpose of assessing compliance with its labour and other standards and of promoting the Objects. Members must treat all information (including for the avoidance of doubt Historical Data) downloaded from the Sedex Accounts as confidential and (save to trading companies within their group with a legitimate need to know it) must not disclose such information to any other party. This does not preclude Members complaining to the Board about Member Suppliers pursuant to Rule 5.
- 4) Member Suppliers agree and undertake that Historical Data shall remain accessible to those 'A (Purchaser)' Members and 'AB (Supplier and Purchaser)' Members to whom it has granted access to its Data in accordance with Rule 4.2 notwithstanding that Member Supplier no longer being a Member of Sedex.
- 5) As between Members, any intellectual property in Data belongs to the Member from which it was derived.
- 6) Data will be in the form of questionnaires, audit reports, audit report summaries and action plans and Member Suppliers will ensure that the source of the Data is clearly identified, for example, whether the Data is supplied by a Member Supplier, the Site of Employment or a third party.

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- 7) Members granted access to the Sedex Account of any other Member will not be able to input any data directly onto those Sedex Accounts nor will they be able to amend, alter or remove any Data.
- 8) In their capacity as directors of the Board, such persons will not have access to Sedex Accounts or the Data contained on Sedex Accounts without the prior written or electronic approval of the respective Member Supplier. If the Board is considering a complaint against a Member, a Grievance, the possible Sanction of a Member or any appeal by a Member and in connection therewith it is necessary for the Board to have disclosed to it Data on that Member's Sedex Account, that Member will grant the Board access to view the Data provided that the members of the Board viewing the Data undertake to that Member to keep such Data confidential and not to use such Data for any purpose except that for which the access was granted. In the case of a complaint or a Grievance the Board may delegate responsibility for considering and/or adjudicating upon the complaint or Grievance to the Grievance Committee, in which event the Board shall not be granted access to any Data.
- 9) Members agree and undertake that any persons acting in their capacity as Grievance Committee members or employees of Sedex will have automatic and continued access to the Sedex Accounts and the Data contained on the Sedex Accounts of all Members.
- 10) The directors of the Board, Grievance Committee members, officers and employees of Sedex and the Members will have access to anonymous trend data covering, amongst other things, issues, countries, processes and sectors. However this data will not be made available when it is possible to deduce which Members are the sources of the data.

## 5. Audits and Compliance

- 1) Member Suppliers will undertake self-assessments of their compliance with their labour and other standards in order to create the Data for their Sedex Accounts. Member Suppliers must use Sedex Account Data Forms to deposit their Data. It is expected that within 3 months of being appointed as a Member, the Member will have completed Sedex Account Data Forms for its relevant Sites of Employment and posted it/them on the relevant Sedex Account.
- 2) Member Suppliers will ensure that any self-assessment is carried out diligently and is substantially accurate. Member Suppliers must not complete any self-assessments for any Sites of Employment that they either do not own or control.
- 3) In undertaking a self-assessment pursuant to Rule 5.1 above, a Member Supplier may permit an agent, co-operative representative or other appropriate third party (an "Authorised Third Party") to access its Sedex Account and/or the Data contained on its Sedex Account in order that such Authorised Third Party may assist the Member Supplier in undertaking the self-assessment and completing a Sedex Account Data Form pursuant to Rule 5.1 above, provided that:
  - (i) such Member Supplier explicitly and in writing grants the Authorised Third

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- Party access to its Sedex Account and the Data contained on its Sedex Account;
- (ii) such written permission granting the Authorised Third Party access to the Member Supplier's Sedex Account and the Data contained on the Sedex Account is signed by the Member Supplier and the Authorised Third Party and a copy of such signed written permission is provided to Sedex;
  - (iii) the Member Supplier or an employee or authorised representative of the Member Supplier has at all times unrestricted access to the Sedex Account and the Data contained on the Sedex Account notwithstanding any access granted to an Authorised Third Party pursuant to this Rule 5.3;
  - (iv) any 'A (Purchaser)' Member or 'AB (Supplier and Purchaser)' Member granted access to the Data of a Member Supplier in accordance with Rule 4.2 shall continue to have such access to the Data of that Member Supplier notwithstanding any permissions granted to an Authorised Third Party by the Member Supplier pursuant to this Rule 5.3; and
  - (v) a Member Supplier may at any time and for any reason revoke any access or permissions granted to an Authorised Third Party pursuant to this Rule 5.3 in respect of its Sedex Account and/or the Data contained on its Sedex Account following which the Authorised Third Party shall cease to have any access whatsoever to the Sedex Account of that Member Supplier and/or the Data contained on the Sedex Account of that Member Supplier.
- 4) Access granted by a Member Supplier to its Sedex Account and/or the Data contained on its Sedex Account for the reasons set out at Rule 5.3 above shall under no circumstances be granted to an 'A (Purchaser)' Member.
- 5) Members are expected to post any relevant updates and audits on their Sedex Accounts. Relevant audits will normally be the 3 most recent audits. Members undertake not to remove any audits from their Sedex Accounts unless they post a notice on the Sedex Account stating that an audit has been removed and where a copy of such audit can be obtained or reviewed.
- 6) Audits will be conducted by independent third parties or other parties (such as employees) appointed by a Member Supplier. Member Suppliers undertake to cooperate fully with third party auditors and provide the auditors with such access and assistance that they reasonably require.

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Member Suppliers will use reasonable endeavours to ensure that any information provided to auditors is substantially accurate and up-to-date.

- 7) Member Suppliers may authorise third party auditors to enter Data on their Sedex Accounts but (without prejudice to Rule 4.1) remain responsible to ensure that the Data has been properly uploaded to the Sedex Account.
- 8) Member Suppliers undertake that audit reports will not be altered or changed in any way. Member Suppliers may post their comments or explanations on the audits on their Sedex Accounts.
- 9) Member Suppliers undertake to keep the Data up-to-date in material aspects by, amongst other things, reviewing the Data at least every 6 months and uploading any amendments to their Sedex Account.
- 10) If an 'A (Purchaser)' Member or an 'AB (Supplier and Purchaser)' Member has reasonable grounds to believe that a Member Supplier has posted inaccurate, erroneous or misleading Data, has supplied insufficient Data or has removed Historical Data without justification (or notice in the case of Rule 5.5), it shall try to resolve the matter with the Member Supplier. If the respective Members cannot resolve the matter, either Member may complain to the Board which shall appoint a person or committee to investigate the complaint and report to the Board.
- 11) On receiving a report pursuant to 5.10, the Board may make such further investigations as it determines to be necessary to resolve the complaint. Having completed its investigations, the Board may order any Member which is the subject of such a complaint to take whatever action the Board determines to be appropriate, provided such action is consistent with the Objects. Failure to take such action may result in the Board sending such Member a notice of intended Sanction pursuant to rule 7.
- 12) Member Suppliers undertake to address any non-compliance identified by self-assessment, auditors or 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members within a reasonable timeframe.
- 13) 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members will endeavour to review the Data on the Sedex Accounts of their Member Suppliers regularly to identify any noncompliances. 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members will liaise with their Member Suppliers and agree with them such action as appropriate to the seriousness of the non-compliance identified (whether identified through the Data on the Information Exchange or by other means) with a view to furthering the Objects.
- 14) Members shall endeavour to reduce the cost burden of audit on the supply chain, by minimising the duplication of audits.
- 15) 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members may from time to time request their Member Suppliers to provide further information or updates relating to their Data in so far as such requests are reasonable and consistent with the Objects. This may be in the form of third party audits, second party audits or other

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forms of verification to check the status of any non-compliance identified by the respective member. Any such further information or updates relating to their Data must be uploaded by Member Suppliers to their Sedex Account as soon as reasonably practicable.

- 16) 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members may specify to a Member Supplier a third party or a list of third parties to carry out an audit of labour and other practices at the Member Suppliers' Site of Employment. If a Member Supplier believes that a third party auditor or another credible route for verifying data has been unreasonably rejected by the 'A (Purchaser)' or (as the case may be) 'AB (Supplier and Purchaser)' Member, the Member Supplier may appeal against this. Appeals will be heard by the Grievance Committee who will recommend such action as it considers appropriate.
- 17) 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members must take appropriate action in response to serious abuses in the Sites of Employment of Member Suppliers which are inconsistent with the Objects and which are brought to the attention of Sedex, whether or not these abuses are identified through the Data on the Information Exchange.

## 6. Membership fees

- 1) 'A (Purchaser)' and 'AB (Supplier and Purchaser)' Members will pay a joining fee on joining Sedex, together with an annual membership fee in the first and subsequent years of membership. The joining fee will be a sum equivalent to the annual membership fee. The annual membership fee shall be determined according to the turnover of the respective Member. The annual membership fee, or mechanism for determining it, will be determined by the Board on an annual basis and will be communicated to all members electronically at least 2 months before they come into effect.
- 2) 'Supplier' Members will pay an annual membership fee plus credit charge processing and VAT where applicable for each of their Sites of Employment storing Data on the Information Exchange. The annual membership fee for 'Supplier' Members will be determined by the Board on an annual basis and will be communicated to all Members electronically at least 2 months before they come into effect.
- 3) Any costing structure will reflect an approach that avoids cost burden to small primary producers to whom such costs may be prohibitive and a barrier to entry.
- 4) In the case of 'A (Purchaser)' Members and 'AB (Supplier and Purchaser)' Members all annual subscriptions shall be payable in advance each year on the anniversary of the date on which that 'A (Purchaser)' Member or 'AB (Supplier and Purchaser)' Member became a Member in accordance with these Rules and the Articles except that first annual subscription of a newly admitted 'A (Purchaser)' Member or 'AB (Supplier and Purchaser)' Member which shall be payable prior to or on the date of admission to membership.
- 5) In the case of 'Supplier' Members all annual subscriptions shall be payable



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each year on the anniversary of the date on which that 'Supplier' Member became a 'Supplier' Member in accordance with these Rules and the Articles except that first annual subscription of a newly admitted 'Supplier' Member which shall be payable prior to or on the date of admission to membership.

## 7. Expulsion or Retirement

- 1) If any Member acts inconsistently with the Objects or the Rules, the Board may issue a notice stating that the Board is minded to impose a Sanction on such Member. The notice will set out the reasons for the Board's opinion and the nature of the Sanction to be imposed. The Member will then have 30 days from the receipt of the notice to make written representations to address the concerns raised by the Board. If the Board considers that the Member has failed to address its concerns satisfactorily, then the Member may be Sanctioned in the manner proposed by a resolution of a majority of the Board. Any decision of the Board will be communicated to the Member as soon as reasonably practicable.
- 2) In the event that a Member is Sanctioned as set out above, the Member concerned shall have the right to an appeal to be heard by the Grievance Committee. A Member must notify the Board in writing of his intention to appeal no later than 30 days after the decision of the Board to Sanction the Member was communicated to the Member concerned. The Board will then notify the Grievance Committee about the appeal.
- 3) If in accordance with Rule 7.2 a Member elects to appeal against a Sanction imposed upon it by the Board the Board will ensure that the Grievance Committee shall be constituted so as to avoid any potential for a conflict of interests involving a Director sitting on the Grievance Committee arising by virtue of the relationship of a Director either to the Member appealing the Sanction or to any Member who has raised a Grievance against the Member the subject of Sanction. If at any time during an appeal brought by a Member in accordance with Rule 7.2 the Board is of the opinion that there is a potential for a conflict of interests involving a Director sitting on the Grievance Committee the Board shall re-constitute the Grievance Committee so as to remove any potential for such conflict of interests to arise.
- 4) The Grievance Committee will be entitled to review all the material on which the Board based its decision to Sanction the Member. The Grievance Committee may request such further information as it reasonably requires to hear the appeal including seeking further representations from the expelled Member.
- 5) Where the Board's decision to Sanction a Member results in the expulsion of that Member from Sedex the Grievance Committee may make recommendations to the Board to reinstate an expelled Member and the Board may re-instate the Member. A recommendation for re-instatement may include a recommendation that re-instatement be conditional upon the expelled Member giving such undertakings as, in the opinion of the Grievance Committee, are necessary or desirable to ensure and/or demonstrate the expelled Member's future compliance with and commitment to the Objects and the Rules. In determining whether to re-

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instate the expelled Member, the Board shall have due regard to the recommendations of the Grievance Committee.

- 6) The Grievance Committee will hear the appeal as soon as reasonably practicable.
- 7) Notwithstanding the right of an 'A (Purchaser)' Member or an 'AB (Supplier and Purchaser)' Member to make a complaint to the Board in respect of a Member Supplier pursuant to Rule 5.10, if any Member (including for the avoidance of doubt any 'Supplier' Member) is of the reasonable opinion that any other Member is acting in a manner fundamentally inconsistent with the Objects or the Rules that Member may issue in Grievance to the Board. Such Grievance shall be referred by the Board to the Grievance Committee who shall investigate the circumstances giving rise to the Grievance and following which the Grievance Committee shall make written recommendations to the Board as to how the Board should deal with such Grievance in accordance with the Board's powers of Sanction pursuant to Rule 7.1 above.
- 8) In accordance with the Articles of Association of Sedex a Member may at any time withdraw from Sedex by giving at least 30 days/1months' notice in writing to the Board.
- 9) Any Member ceasing to be a member of Sedex for any reason shall remain liable to pay all annual subscriptions and any other sums due to Sedex at the date of his ceasing to be a Member.