



Sedex

Supplier Ethical Data Exchange

Global Supplier Perspective
on Business Integrity

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Outline

1. Setting the Scene: About Sedex
2. How does Sedex interact with global suppliers?
3. Sedex Business Integrity Questionnaire & Supplier Responses
4. Supply Chains – A buyer and supplier perspective



A Brief History of Sedex

- Retailers & Brands under constant pressure to monitor and understand the labour standards practices in their global supply chains
- Pressure on suppliers to provide information to different but aligned codes & standards
- In 2001, retailers & major suppliers get together to discuss these issues; Founding members able to agree to develop: Common Questionnaire, Common Audit Format, Common system
- Supplier Ethical Data Exchange (Sedex) founded as a membership organisation in 2002 and system launched in 2004
- Broadened to include 4 pillars in 2008: Labour Standards, Health & Safety, Environment, Business Integrity
- In 2008, more than 20,000 sites of employment using the system to share data with more than 260 brands, retailers, manufacturers, agents and importers



Sedex Vision & Mission

Vision

Sedex will be the **knowledge management provider** of choice for measuring and improving ethical and responsible business practices in global supply chains.

Sedex will **work with like-minded organisations** to drive convergence worldwide in the approach to, and management of, ethical and responsible business practices.

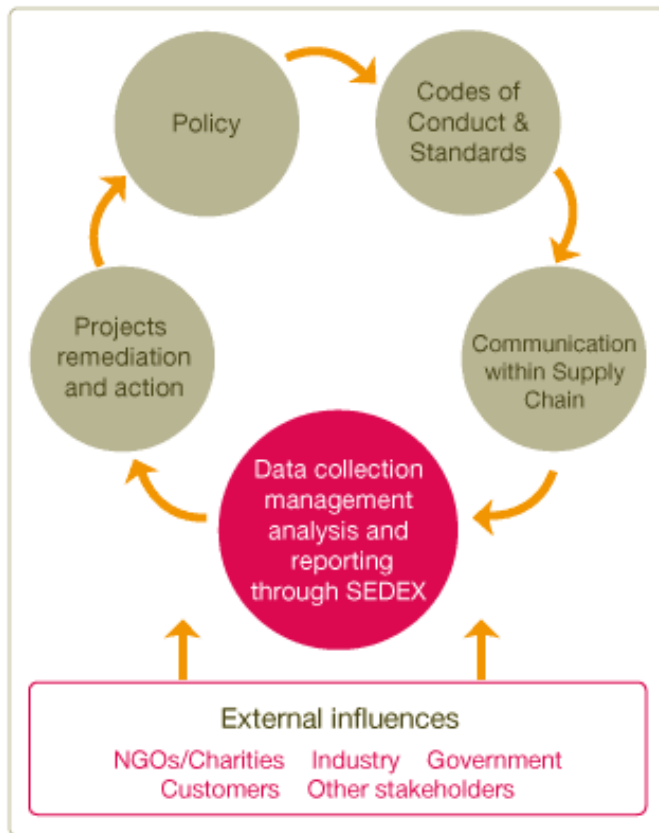
Mission

Sedex enables member companies to manage efficiently the ethical and responsible practices in their global supply chains, **generating transparency** through the provision of a secure, robust, and user-friendly data exchange.

Sedex focuses on four pillars: **Labour Standards, Health & Safety, Environment and Business Integrity**. As a growing membership organisation, Sedex is a flexible platform, open to expansion in line with market development and evolving member needs.



What Sedex is...



Sedex is:

- A not-for-profit membership organisation for companies who wish to address ethical and responsible issues in their supply chains
- A web-based database that enables global suppliers to share data about ethical and responsible practices with their customers in a common way
- A tool that enables companies to analyse and risk rate information

Sedex is not:

- It is not an organisation which sets policy
- Sedex does not pass, fail, certify, or score suppliers
- It is not a social auditing company that conducts social audits
- It is not a certificate issuing organisation (ISO, WRAP, etc.)
- It is not a tool to promote suppliers (Alibaba.com)

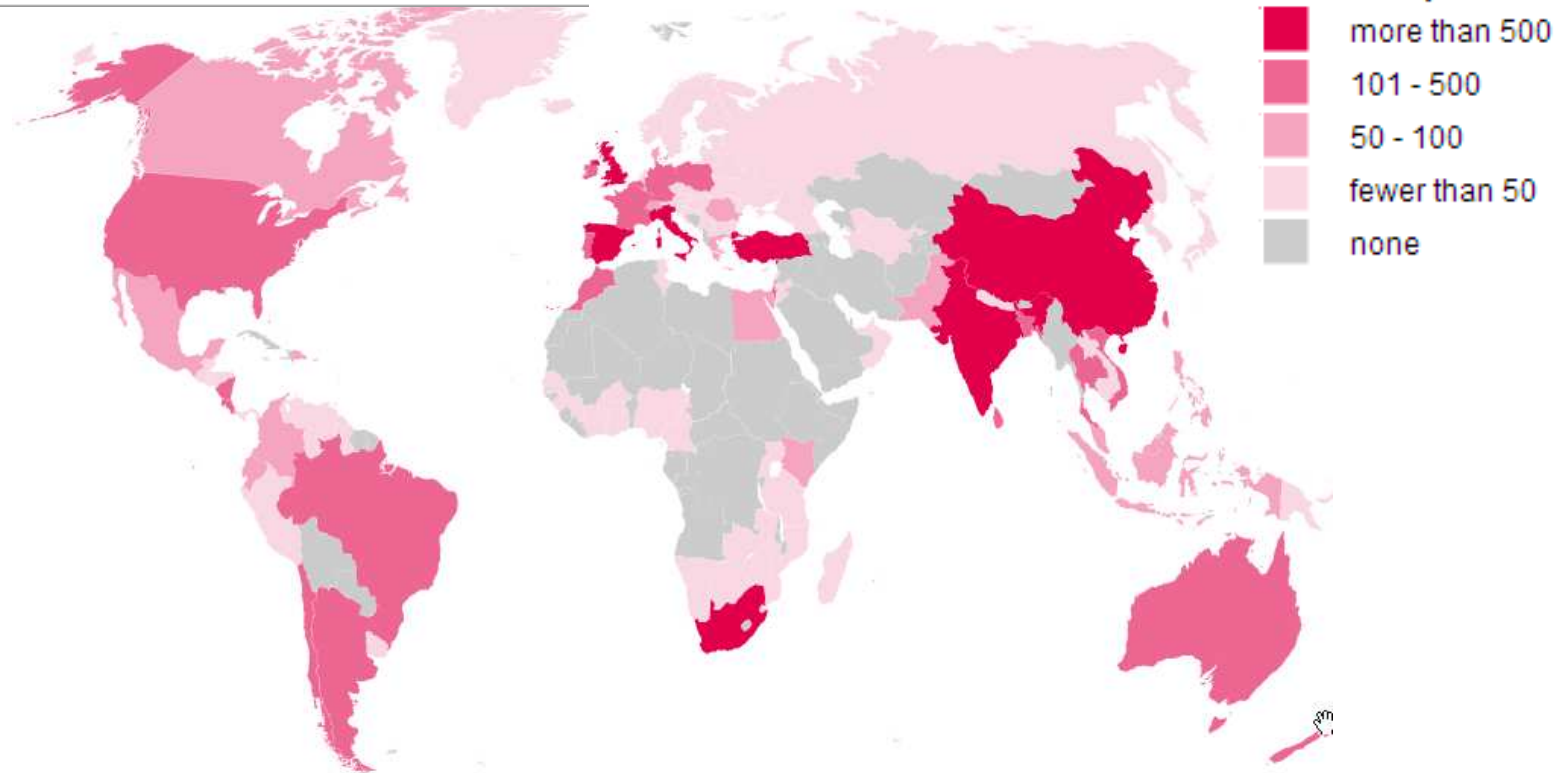
A and AB Membership includes...

More than 260 retailers, brands, manufacturers, agents and importers



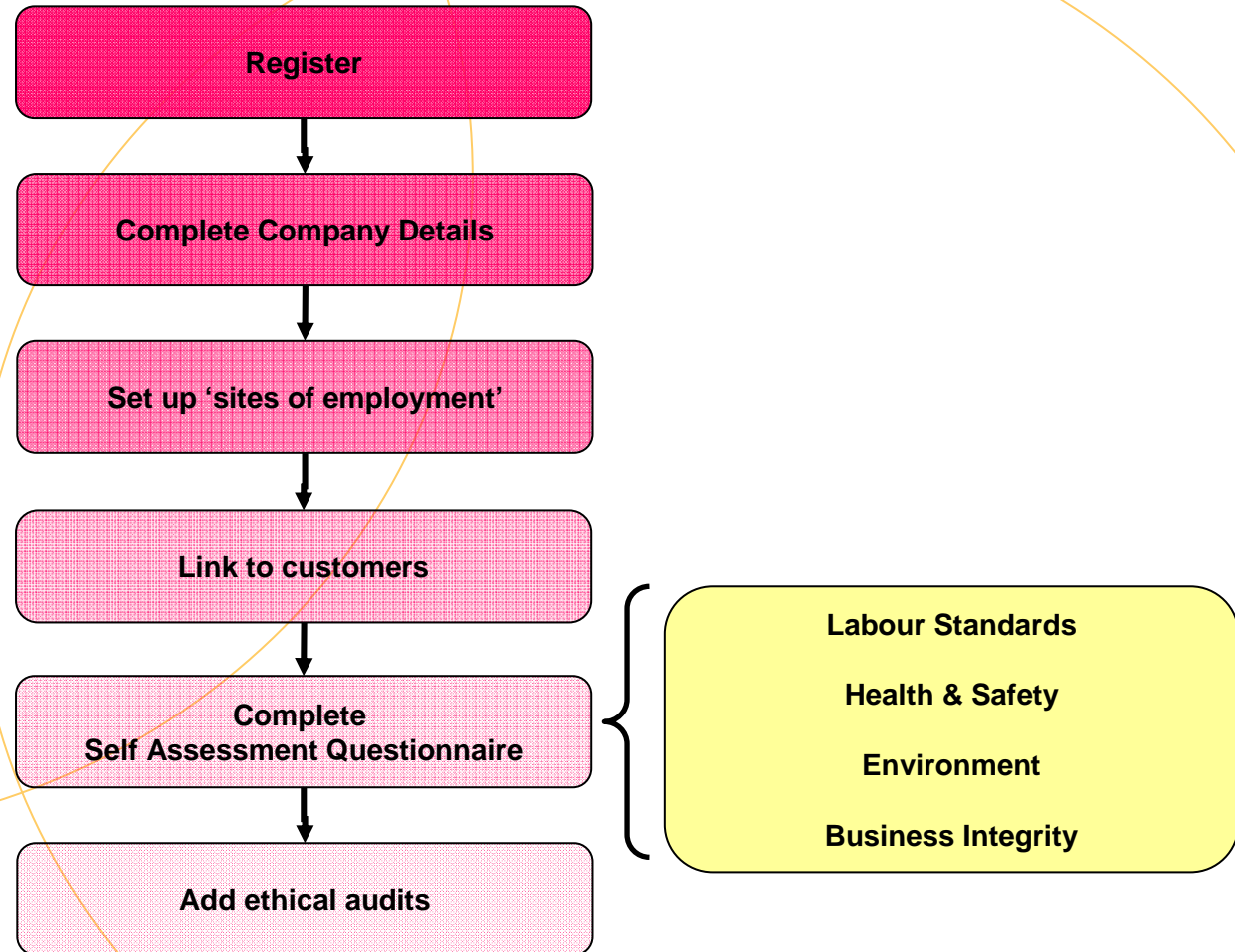
More than 20,000 Sites of Employment in 132 countries, across many Sectors

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Europe: 47%; Asia & Australasia: 34%; Africa: 8%;
South & Central America: 6%, Middle East: 3%; North America: 2%

What Suppliers Must Do on Sedex



Business Integrity Questions

1. Has your business thought about corruption (including bribery, excessive gift-giving, extortion or embezzlement) and what you need to do to avoid it?
2. Do you understand the local legal requirements on bribery and do you know how to comply with them?
3. Do you review your anti-bribery processes regularly?
4. Do you have a written policy on prohibiting bribery and corruption and fraud within your business?
5. Do all your managers or people with responsibility for the business, understand the policy prohibiting bribery and corruption and fraud within your business?
6. Do you require anti-bribery standards of your business partners i.e. joint ventures, consortia, intermediaries, contractors (including sub-contractors and their intermediaries) suppliers and clients?
7. Do you understand the different ways in which bribes can be made and received, and have you thought about how to deal with them?
8. Do you communicate your policy internally, to all employees?
9. Do you communicate your policy to business partners?
10. Do you communicate your policy to key stakeholders?
11. Do your HR policies and procedures (recruitment, induction/orientation, compensation, appraisal & recognition, sanctions) actively support the anti-bribery policy?
12. Is tailored training for countering bribery given to all employees?
13. Is tailored training for countering bribery given to significant contractors and suppliers?
14. Do you provide confidential and easily accessible communications channels (help lines and whistleblower channels) to allow employees to obtain advice and report concerns?



The Responses & Considerations

Data

- 4,917 Sedex sites of employment have answered these questions
- 27 countries plus 'others'
 - Argentina, Bangladesh, Belgium, Brazil, Chile, China (includes Hong Kong), Costa Rica, Denmark, Dominican Republic, Egypt, France, Germany, Greece, India, Israel, Italy, Netherlands, Peru, Republic of Ireland, South Africa, Spain, Sri Lanka, Thailand, Turkey, United Kingdom, United States, Vietnam

Considerations

- Sites range in size and function
- Sector breakdown has only been considered as 'food' and 'non-food'; no significant difference between the two
- Suppliers are asked or told to do this by their customers
- Cultural considerations (e.g. answering 'no' in some cultures)
- The questions may be answered by different job roles (sales, HR, general management, etc.)



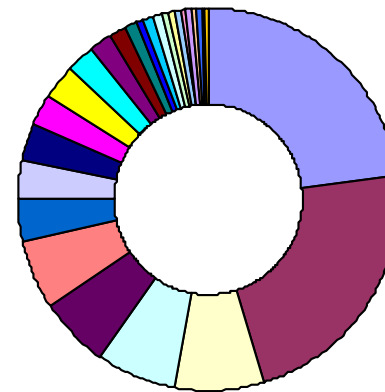
Responses by Geography

Sites in some countries only answered 'yes' or no response:

- Bangladesh
- Egypt
- Sri Lanka
- Vietnam

Sites in some countries only answered 'no' or no response:

- Argentina
- Belgium
- Denmark
- Dominican Republic
- Republic of Ireland



China, H.K. = 23%

Others = 22%

United States = 8%

Vietnam = 7%

United Kingdom = 6%

South Africa = 6%

All others less than 5%



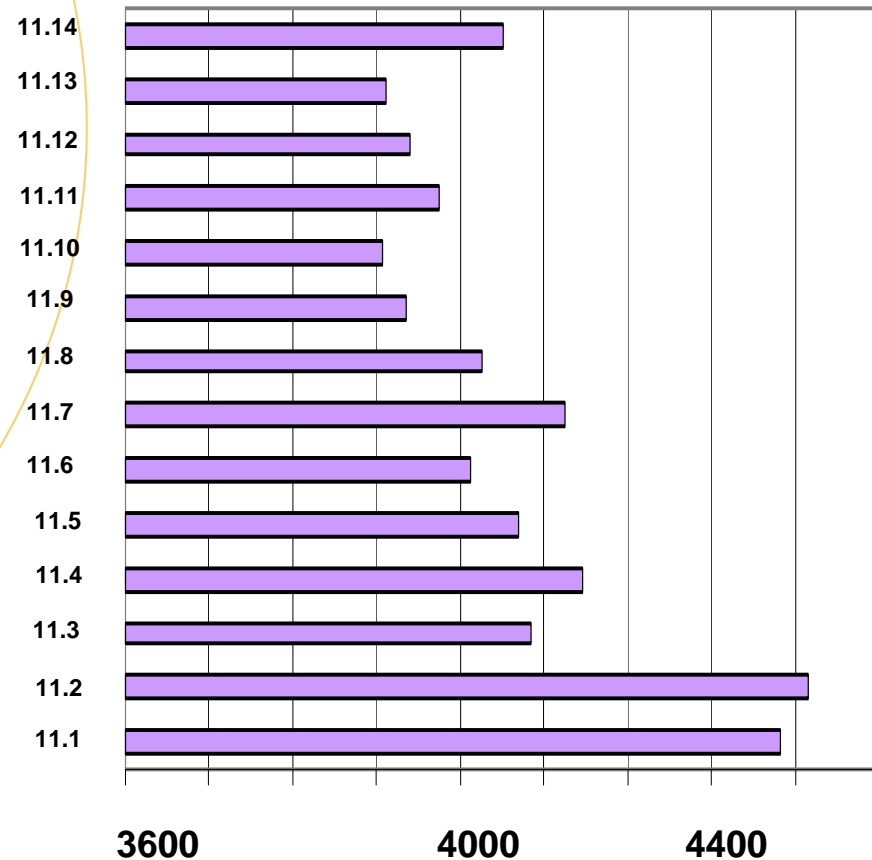
Which Questions Did they Answer?

Most Answered questions:

- 11.2: Local legal requirements on bribery and corruption
- 11.1: Thinking about corruption and how to avoid it
- 11.4: Written policy on prohibiting bribery and corruption and fraud within your business

Most unanswered questions:

- 11.10: Communication of policy to stakeholders
- 11.13: Tailored training for countering bribery to employees
- 11.9: Communication of policy to business partners



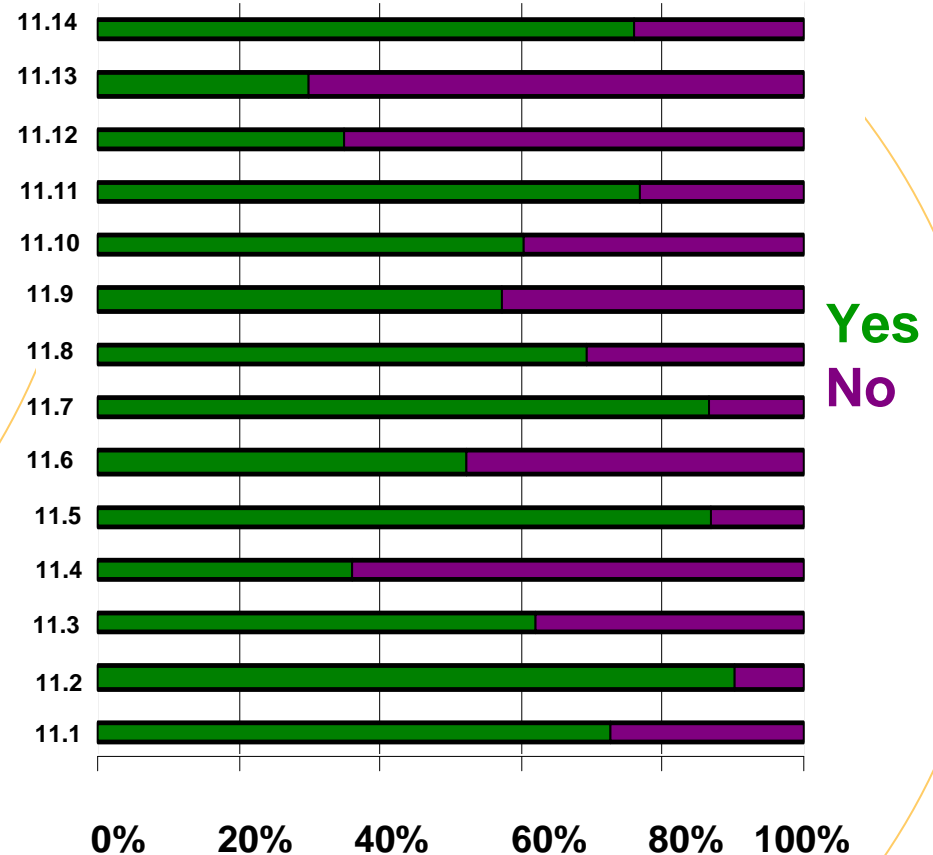
What do they say they do?

Most yes:

- 11.2: Understands the local legal requirements and how to comply with them
- 11.7: Understand the different ways in which bribes can be made & received, and have thought about how to deal with this
- 11.5: All managers understand the policy prohibiting bribery and corruption and fraud within the business

Most no:

- 11.13: Tailored training is not given to contractors & suppliers
- 11.12: Tailored training not given to all employees
- 11.4: Do not have a written policy on prohibiting bribery, corruption & fraud



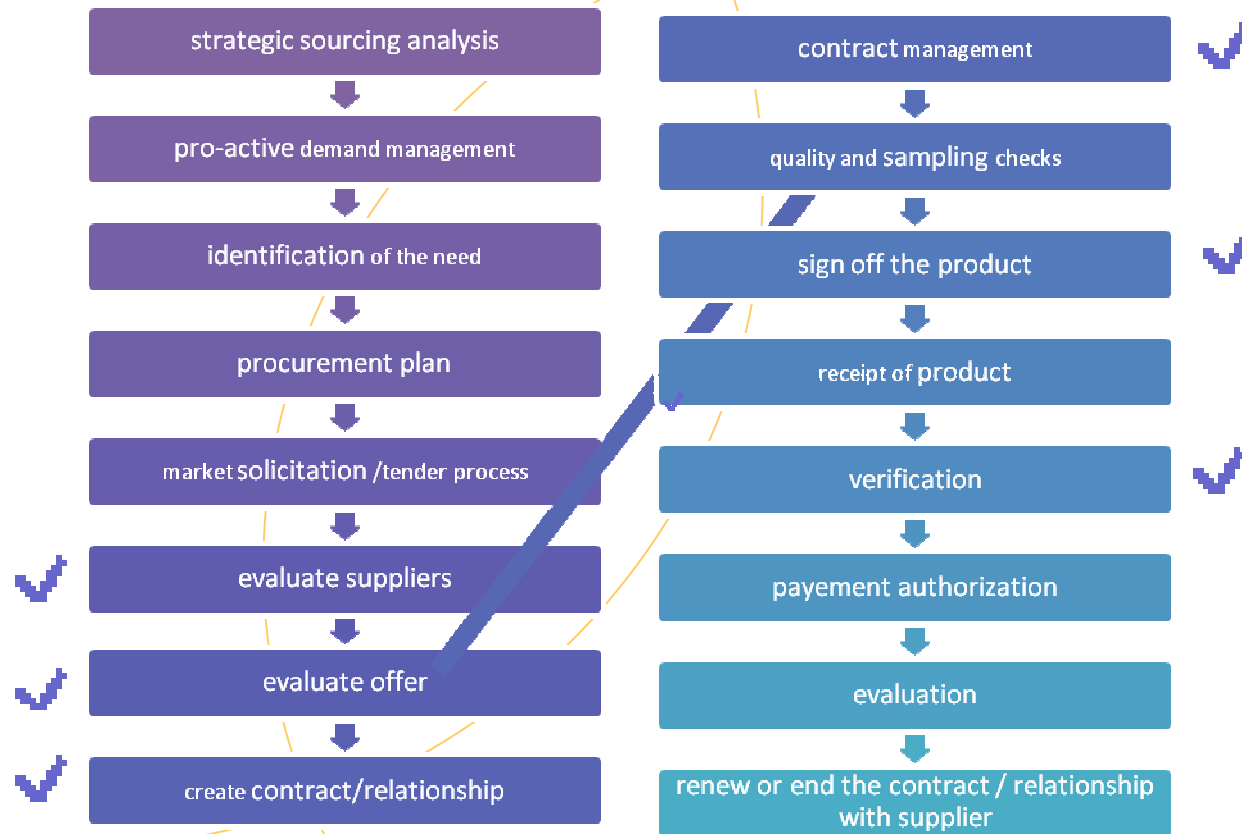
Any Conclusions?

Difficult to assess the level of bribery, corruption from this data; however, there are some areas of opportunity to be explored:

- Written policies
- Training
- Communication

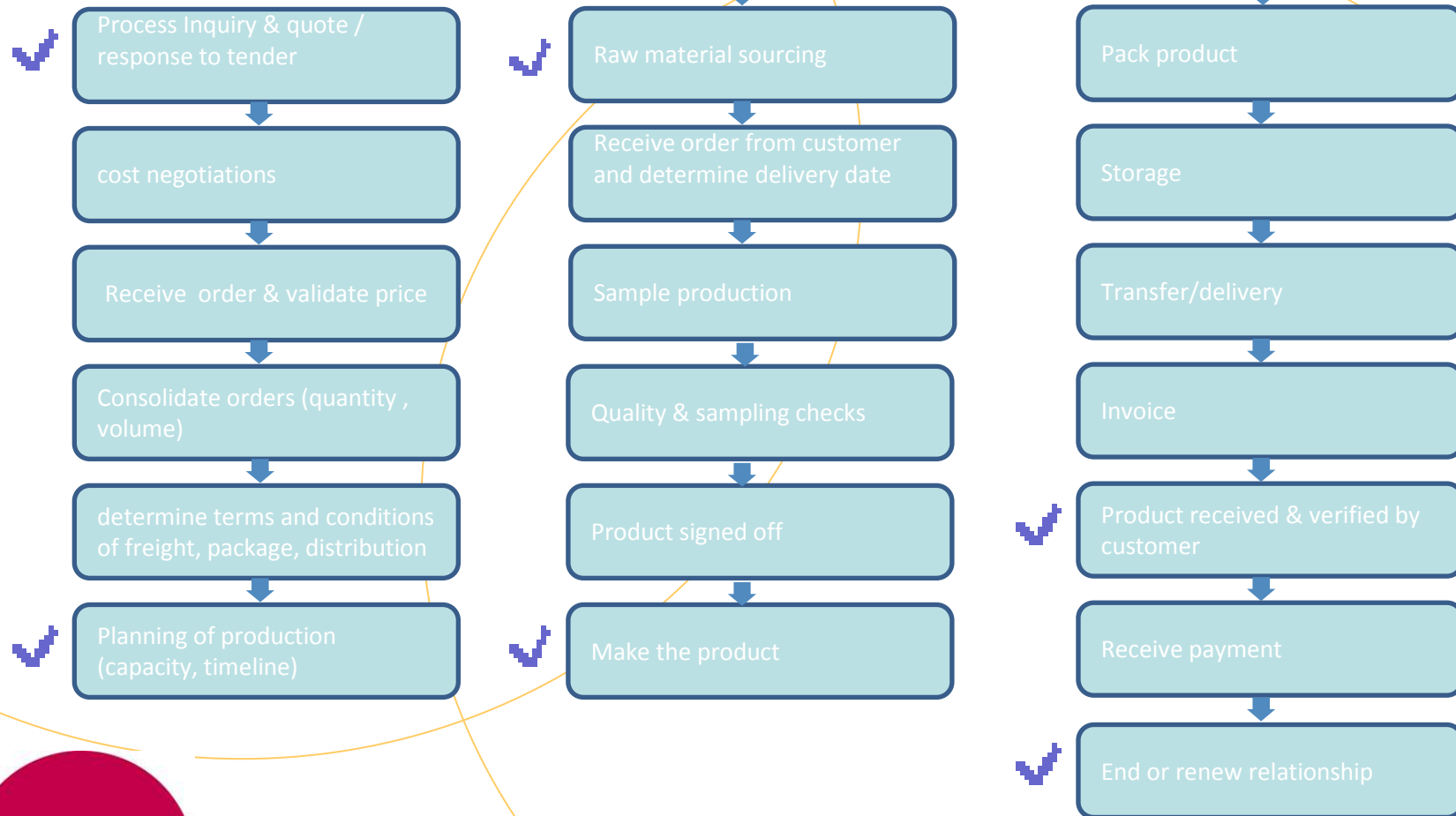


Supply Chain process - Buyer Perspective



✓ = Supply Chain pressure points

Supply Chain Process – Supplier Perspective



✓ = Supply Chain pressure points



Thank you.

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