

The Supplier Ethical Data Exchange (Sedex)

***IMPACT through an international,
cross industry collaborative tool***

Enabling responsible supply chains



Outline

1. Ethical trade/sustainability/CSR/good business
2. What is Sedex?
3. What are the trends?
4. The benefits of collaboration
5. Challenges and Opportunities

Ethical trade/sustainability/CSR/good business

Some statistics

- 12.3million people globally forced to work*
- every day 6,000 people around the world die from work related accidents or disease*
- 218million children work to support their families*
- 3 billion of the worlds poor live on less than two dollars a day*

Billions of dollars spent on ethical auditing the same suppliers
Thousands of hours wasted on filling out similar forms and questionnaires
Millions of dollars spent on IT to manage the increasingly complex flow of data.....

**www.ethicaltrade.org*

Lots of duplication...



What is Sedex?

- Background
 - Retailers & Brands under constant pressure to monitor and understand the labour standards practices in global supply chains
 - Pressure on suppliers to provide information to different but aligned codes & standards
- In 2001, retailers & major suppliers get together to discuss the need to work together to understand and manage ethical supply chain issues.
- Founding members able to agree to develop common **supplier assessment** tools: Questionnaire; Audit Format; System; but all decisions remain with the customer
- Supplier Ethical Data Exchange (Sedex) founded as a **membership organisation** in 2002 and system launched in 2004, to ease the burden on suppliers and drive improvements in ethical and responsible business practices in global supply chains.



How do members use Sedex?

“Suppliers” - B members:

- Upload and maintain ethical and responsible trade data on their sites of employment
- Allow access of the data to companies with which they have a supply chain relationship (i.e. their customers).

“Purchasers” - A & AB members:

- Upload and maintain data about their own company.
- Analyze data and run reports on their suppliers’ information.



Benefits for B members (*suppliers*)

- **Save time** – reducing duplication
- **Reduce costs** – reduce number of ethical audits (on average \$2,000 per audit)
- **Share information** – confidential system for sharing information with multiple customers
- **Get involved and influence improvements** – working groups, Board, member events
- **Keep up to date** with changes in ethical trade standards

'It is easy for the retailers to see our uploaded factory audit status on Sedex, so factory can save the time to serve a lot of different customers with the same audit.'

Kord Party Favour Mfy Ltd., China



'Save being audited repeatedly by client, clear presentation of factory details for other interested clients.'

Hwa Kai Factory, China



Sedex in numbers

Sedex is the largest platform for ethical data sharing

Total A/AB Members: ~474

Total B Members (suppliers): ~19,685

Total sites of employment (factories, farms etc): ~22,000

Total number of users: ~49,877

Countries with Sedex presence: 160

Average number of customers, members are linked with: 2.9

↑ **33.8%** Percentage of growth of A and AB members in 2009/10

↑ **20.8%** Percentage of growth of B members in 2009/10

Top 10 countries for member growth 2009/10



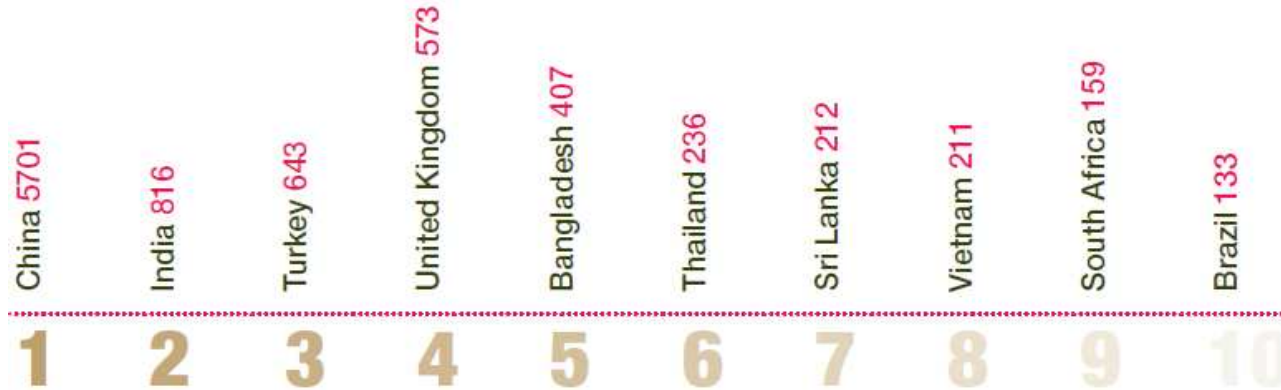
Key: position / country / number of new sites

New sites active on Sedex per country



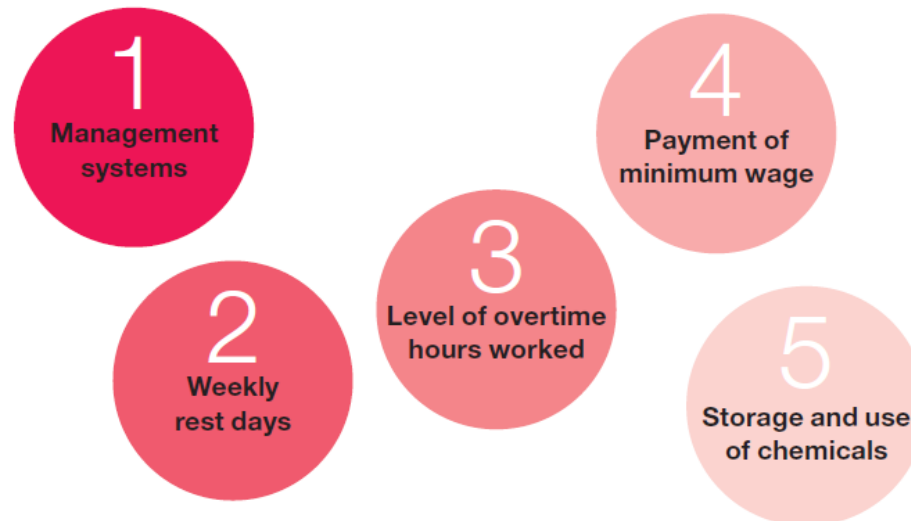
Trends from Sedex Data

Top 10 countries uploading audits to the Sedex system 2009/10



Key: position / country / number of new audits

Top 5 audit non compliances



Over 450 A/AB Members

MARKS & SPENCER

TESCO

UB

United Biscuits

Cargill™

Sainsbury's

Nestlé

Carlsberg Group

Cadbury

Office DEPOT
Taking Care of Business



PEPSICO



adidas®
GROUP



Oxfam



DANONE

KRAFT



amcor
Creating a new world of packaging

DIAGEO



Unilever

MARS
incorporated

P&G

REXAM

Enabling responsible supply chains
Sedex®

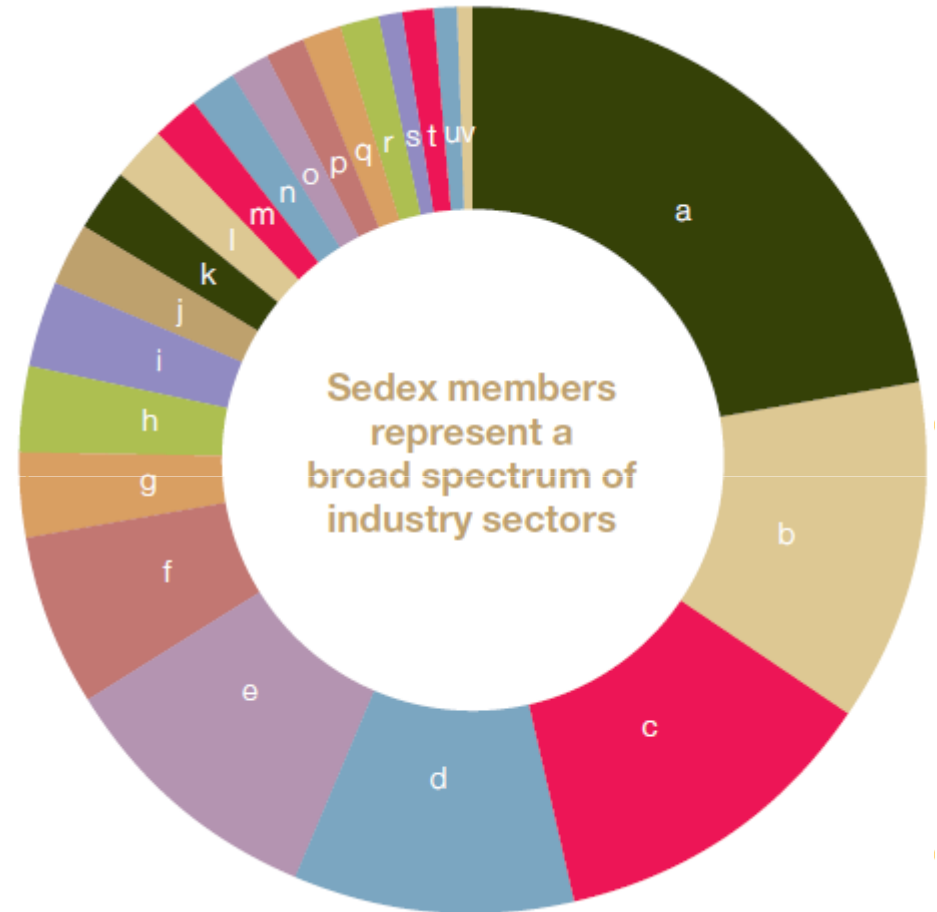
Disney

MOLSON Coors



Sector Breakdown of Members

a	Produce	22.4%
b	Clothing	12.2%
c	Packaging	11.8%
d	Homewares	9.8%
e	Grocery	9.7%
f	Accessories	6.2%
g	Processed	3.1%
h	Drinks	3.1%
i	Toys, Games & Hobbies	2.9%
j	Dairy	2.4%
k	Seasonal Products & Gifts	2.0%
l	Footwear	2.0%
m	Service Providers	1.7%
n	Meat, Fish & Poultry	1.6%
o	Other	1.5%
p	Horticulture	1.4%
q	Health & Beauty	1.4%
r	Stationery	1.2%
s	Chemicals	1.1%
t	Publishing & Printing	1.0%
u	IT, Telecom & Electrical	0.9%
v	Pet related products	0.4%



Sites active on Sedex per industry sector

Enabling res,



supply chains

The benefits of a collaborative model

- Save time
- Save money

For both you and your suppliers

and more importantly

- Creating a consistent industry approach will prevent suppliers spending too much time duplication paperwork and.....

more time actually making improvements in working conditions.



Challenges and Opportunities

Challenges

- Working together with competitors often requires a cultural change
- Perceptions of processes

Opportunities

- No need to try and agree on how information should be interpreted but just agree what the information should be
- Shared suppliers
- Cross industry collaboration
- Compliments work with other initiatives



IMPACT through an international, cross industry collaborative tool

John Scott

Strategic Supply Management Director, North
America Bottle Procurement
Pepsico

