The business and sustainability landscape is changing rapidly.

Apart from membership growth, Sedex continued to grow and develop in other notable ways in the 2014/15 financial year.

We welcomed a new CEO – Jonathan Ivelaw-Chapman. A Sedex Non-Executive Board Director since 2013, Jonathan brings with him a deep knowledge of Sedex and clear views for the opportunities that lie ahead. Jonathan is ideally qualified to lead Sedex at this important time in our history and we are excited to welcome him into the organisation.

We continued the development of Sedex Advance – the next-generation platform for responsible supply chain management, enabling buyers, suppliers and auditors to share their supply chain data and reports quickly and easily, in a way that makes sense to everyone.

March 2015 saw our largest responsible sourcing conference and auditing conference so far, bringing together over 1000 in-person and online delegates for two days of insight, debate and learning.

We also continued collaborative partnerships with various stakeholders, and remained at the driving edge of social and ethical auditing through the Associate Auditor Groups and SMETA.

We recognise that improvement in supply chains is not a box to be ticked, but a continual process. In the year ahead we will continue to shape the way we work to reflect that cycle, so that we can guide and support our members at every stage.

I would like to take this opportunity to thank all our members, stakeholders and the very dedicated Sedex team for their commitment to making it simpler to do business that’s good for everyone.

Chris Start
Chair of the Board
Jonathan Ivelaw-Chapman was appointed to the position of Sedex Chief Executive Officer in July 2015, effective 1st September 2015. Here, he sets out his vision for the organisation.

I am honoured to be appointed to the post of Chief Executive Officer of Sedex and would like to thank all the members I have met so far in my journey for the warm welcome to the organisation.

I recognise that Sedex has long been a leader in responsible supply chain management, and it is a privilege to join at this point in the organisation’s journey. I am busy building the team, passion and vision for the next generation of Sedex, which I believe is necessary to accelerate our leadership while continuing to offer our members the help they need to simplify supply chain sustainability.

I’ve spent a lot of time talking to our members, our stakeholders, our staff and the Sedex board to really get to know Sedex. Specifically, I want to know why our members come to Sedex, what they get from their membership and how we can best support their aims and help address their industry challenges.

Throughout all my discussions, I’ve come back to one word – simplify. Buyers come to us because we make it simpler to see how their supply chain is performing, to manage risk and to identify opportunities for improvement. Suppliers join us because their information can be shared with multiple buyers in an industry-standard format, reducing duplication and simplifying their internal processes.

We know that we can do more in all these areas: we can continue to simplify, to improve, to be more effective and supportive, through technology, partnerships, investment and a great Sedex team. As we enter this exciting new phase in Sedex’s history, it’s my personal mission to make sure that we answer the simplification question, for all our members around the globe.

I would like to thank you for your support for Sedex so far and look forward to meeting many more of you over the months and years to come.

Jonathan Ivelaw-Chapman

CEO

About Jonathan

- As CEO of Sedex Group, Jonathan has overall responsibility for ensuring that Sedex sets and achieves its strategic objectives, with a clear view to meeting the needs of Sedex members worldwide
- He works closely with the Sedex board and the senior leadership team within Sedex to help make it simpler to do business that works for everyone
- He is an expert in corporate technology, large scale data analytics and general operational management
- He has worked across a number of industries and vertical markets in his varied career in supply chain management
- In the last 15 years he has worked extensively within large organisations, giving him a clear view of the supply chain issues that companies are facing and the corporate and social responsibility that comes with being reputable and sustainable brand
- Companies he has worked with include SAP, Centrica, Deutsche Telekom, Glaxo SmithKline (GSK), Rexam, T-Systems, Ebiquity Plc and, more recently, EMCOR Group Plc and Sedex Group as our independent non-executive director for technology
Looking forward to 2015/16

The year ahead will mark a step-change in Sedex as we launch Sedex Advance, introduce a new brand identity and broaden our focus in social and ethical auditing.

In 2015/16 we will launch and make improvements to Sedex Advance to bring the platform to its full potential. We have an exciting roadmap of development ahead, including a ‘lite’ form of the Sedex Self-Assessment Questionnaire (SAQ), bolt-on modules for the SAQ which zone in on particular issue areas, offline audit functionality, supply chain visualisations and integration with third party systems.

We believe that technology will underpin the development of more responsible global trade, and look forward to bringing our members more tailored solutions as Sedex Advance evolves.

To reflect the changing industry landscape and member needs, Sedex is evolving its offering to cover a broader remit of topic areas. Through our working groups and executive we will be launching a range of new tools and services in 2016 to support members’ responsible sourcing programs.

In the year ahead we will revisit the Sedex brand, messaging and values to ensure that we can most effectively guide and support our members at every stage of their responsible sourcing journey. A major part of this project will be the launch of a new Sedex website, which will better promote Sedex’s library of resources and help our members learn about the sustainability topics that matter most to them, as well as supporting outreach to new members.
Highlights and achievements
2014/15

In 2014/15 we continued the development of Sedex Advance, built over an 18-month research and development process in response to Sedex members’ demand for improved tools to help them organise, understand and act on their supply chain data. Our new platform will enable buyers, suppliers and auditors to share their reports quickly and easily, in a way that makes sense to everyone.

Expanding our global community

In 2014/15 we saw continued growth in core sectors such as produce, clothing, packaging and chemicals, and expanded into new sectors including banking and construction. There was an increased focus on key growth areas including Australia, China, Europe, Japan, South Africa and the US. We continued providing support and attending supplier events in conjunction with members in Australia, China, Egypt, Germany, France, Japan, Mexico and the UK.

Our new partnership with CRT Japan led to the first Japanese companies – Kao Corporation and Japan Airlines – joining Sedex. Other new and upgraded Sedex members included AmericanGreetings, Barry Callebaut, Croda, DS Smith, Galderma, Greggs, HSBC, IAG, Jacques Vert, Kingfisher, MACE, Netto UK, Nutrition et Santé, Shop Direct, Tetra Pak, Walmart, and Yum Brands.

Raising awareness and providing leadership

In 2014/15 Sedex continued to raise awareness and educate our members about existing and emerging supply chain issues. We were regularly featured in the media, including high profile international publications such as Bloomberg Business, Reuters, The Guardian and the Financial Times, as well as key sustainability publications such as Sustainable Brands, Supply Management and Green & Blue Tomorrow.

We continued to promote Sedex members’ success stories and communicated news to our members in our quarterly newsletter. Our series of insight briefings expanded with a look at future supply chain trends, business ethics and corruption, and water risk.

Sedex advocacy, covering issues from supply chain transparency and collaboration to climate change, featured in well-known industry publications including G7 Climate Change and Global Sustain’s 8th Yearbook.

Through event partnerships with Sustainable Brands, Ethical Corporation and Edie, the Sedex team promoted Sedex at major business conferences around the world.

Delivering excellent service & support

In order to better support the diverse needs of members, the Sedex team has continued to grow in Europe and China while maintaining our presence in North and South America. Sedex’s supplier engagement and account management teams remained focused on their roles of supporting our members at every stage of their responsible sourcing programmes.

March 2015 saw the second Sedex Auditing Conference and the largest-to-date Sedex Global Responsible Sourcing Conference. The two conferences brought together a combined audience of over 800 buyers, suppliers, retailers, NGOs, trade organisations and other sustainability experts from over 45 countries, and an online audience of over 250 participants, to push forward the latest debates in responsible sourcing and ethical monitoring. The conference included a keynote by Georg Kell, Executive Director of the UN Global Compact, who delivered a special statement from Ban Ki Moon, UN Secretary General.

The Sedex training team introduced the Sedex Knowledge Hub, an online learning tool containing quizzes, guides and courses to help members get the most of their Sedex membership. They also created a
number of new training sessions and overall, delivered a record number of training sessions in the UK, in China and around the world via webinars. Sedex’s multilingual global helpdesk team continued to support our members in their use of the system, with an average of 80 percent of all member enquiries answered within 24 hours in 2014/15.

Collaborating with stakeholders
In 2014/15 we maintained our close relationship with UN Global Compact (UNGC) UK and international networks, participating in Global Compact working groups and other initiatives. Our partnerships with Global Compact Networks in the UK, US and Latin America resulted in numerous well-attended events and webinars – focusing on issues such as the impact of corruption, harnessing supply chain information for innovation, and water scarcity.

The stakeholder team represented Sedex in a number of high profile industry events, including the G7 Stakeholder Conference on promoting decent work worldwide through sustainable supply chains, UN Global Compact +15 and the European Commission Multi-Stakeholder Forum on CSR.

Sedex collaborated with UNGC and UNIDO to include input from small and medium-sized enterprises (SMEs) in the UN report on engaging with the private sector in the post-2015 agenda. Through the partnership with Global Compact, Sedex was also involved in consultations and working groups, such as ‘Support your SME supplier’ and the ‘Supply Chain Sustainability Guide for Continuous Improvement’.

We maintained our successful partnership with Caux Round Table Japan, resulting in a joint event and increased awareness of Sedex in this new region.


Sedex has been involved in various consultations, including participating in governmental initiatives such as the European Commission’s ‘Responsible Supply Chain.eu’ initiative and an OECD forum on due diligence.

Driving best practice in social auditing
In 2014/15 we released the latest version of SMETA (Sedex Members Ethical Trade Audit) – the world’s most commonly used ethical audit format. Building on the previous version, SMETA 5.0 enhances measurement of workers’ rights by including two new chapters on impact assessments and worker management dialogue, as well as extra guidance based on the UN Guiding Principles on Business & Human Rights. SMETA 5.0 followed the most comprehensive review of the audit format to date, covering the SMETA format itself as well as the existing Best Practice Guidance and the new Measurement Criteria documents.

As SMETA usage expands globally, the Sedex Associate Auditor Groups (AAG) are continually working to improve SMETA reporting, to empower members with consistent and robust information to support their business sourcing decisions. In 2014/2015, Sedex conducted the most detailed and in-depth analysis of SMETA reporting so far. The project focused on audits conducted in China and evaluated how well the auditor used the SMETA format to conduct the audit, suggesting a number of recommendations to improve social auditing reporting.

The Sedex China team held introductory SMETA workshops in various regions in China, attracting over 400 attendees. The Sedex China AAG now includes a wide range of international brands and retailers, stakeholders and NGOs.

In 2014/15 the Blue Sky and SMETA development working group was formed to look at the future of SMETA and social auditing. The Sedex audit team also launched an in-depth project to review the issue titles that auditors use to record non-compliances, observations and good examples on the Sedex system. In addition, the audit team held various webinars to drive best practice in social auditing.

Simplifying supplier engagement
In 2014/15, the supplier engagement team connected with over 9000 sites in 62 projects. They expanded their support into a new industry (construction), began a very successful project for a new member (Walmart) and completed a successful audit process review for Mars, which was very well received and shared with members of AIM-PROGRESS.

Sedex’s supplier engagement team expanded in 2014/15 to help support the growing number of supplier engagement projects in various markets including Japan.
### Sedex in numbers

#### Sedex membership in numbers

<table>
<thead>
<tr>
<th>A &amp; AB members</th>
<th>B members</th>
<th>Audit companies (excludes independent auditors)</th>
<th>Average number of customers that companies are linked to on the Sedex system</th>
</tr>
</thead>
<tbody>
<tr>
<td>710</td>
<td>39,211</td>
<td>45</td>
<td>3</td>
</tr>
</tbody>
</table>

#### Audit information in numbers

<table>
<thead>
<tr>
<th>Total number of corrective actions recorded</th>
<th>Total number of audits on the Sedex system</th>
<th>Total number of audits added to the Sedex system in 2014/15</th>
<th>Number of corrective actions recorded 2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>197,843</td>
<td>115,998</td>
<td>15,823</td>
<td>34,391</td>
</tr>
</tbody>
</table>

### Sedex members represent over 25 industry sectors

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce</td>
<td>11.03%</td>
</tr>
<tr>
<td>Clothing</td>
<td>10.83%</td>
</tr>
<tr>
<td>Grocery</td>
<td>7.60%</td>
</tr>
<tr>
<td>Packaging</td>
<td>5.69%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>5.52%</td>
</tr>
<tr>
<td>Service providers</td>
<td>3.89%</td>
</tr>
<tr>
<td>Processed Foods</td>
<td>3.49%</td>
</tr>
<tr>
<td>Tools &amp; Machinery</td>
<td>3.02%</td>
</tr>
<tr>
<td>Homeware</td>
<td>2.83%</td>
</tr>
<tr>
<td>Drinks</td>
<td>2.46%</td>
</tr>
<tr>
<td>Logistics</td>
<td>2.23%</td>
</tr>
<tr>
<td>Publishing &amp; Printing</td>
<td>2.21%</td>
</tr>
<tr>
<td>Stationery</td>
<td>2.18%</td>
</tr>
<tr>
<td>Toys, Games &amp; Hobbies</td>
<td>2.17%</td>
</tr>
<tr>
<td>Engineering</td>
<td>2.16%</td>
</tr>
<tr>
<td>Dairy</td>
<td>2.08%</td>
</tr>
<tr>
<td>Textiles</td>
<td>2.07%</td>
</tr>
<tr>
<td>Accessories</td>
<td>2.05%</td>
</tr>
<tr>
<td>IT, Telecom &amp; Electrical</td>
<td>1.70%</td>
</tr>
<tr>
<td>Meat, Fish &amp; Poultry</td>
<td>1.13%</td>
</tr>
<tr>
<td>Construction</td>
<td>1.11%</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>1.04%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>0.92%</td>
</tr>
<tr>
<td>Horticulture</td>
<td>0.84%</td>
</tr>
<tr>
<td>Footwear</td>
<td>0.39%</td>
</tr>
<tr>
<td>Metals &amp; minerals</td>
<td>0.22%</td>
</tr>
<tr>
<td>Drugs and Pharmaceutical Products</td>
<td>0.22%</td>
</tr>
<tr>
<td>Other</td>
<td>19.10%</td>
</tr>
</tbody>
</table>
Top 5 non-compliances

- Fire Safety
- Health & Safety Management
- Level of Overtime Hours Worked
- Management Systems
- Environment

Sedex around the globe

NB. All data shown is correct as at 31 August 2015

Top 10 countries for member growth 2014/15
(Number of new sites per country)

1. China: 2610
2. United Kingdom: 987
3. India: 681
4. United States: 471
5. Spain: 255
6. Netherlands: 217
7. Bangladesh: 214
8. Brazil: 203
9. Turkey: 202
10. Italy: 201

Top 10 countries uploading audits to Sedex system
(Number of audits system uploaded)

1. China: 5112
2. India: 1664
3. United Kingdom: 880
4. Turkey: 732
5. Bangladesh: 655
6. Thailand: 333
7. Brazil: 323
8. Pakistan: 286
9. South Africa: 263
10. Sri Lanka: 243

Global spread of Sedex members

1. Asia & Australasia: 44.85%
2. Europe: 37.18%
3. North America: 6.94%
4. Africa & Middle East: 4.99%
5. South & Central America: 6.05%

Sedex offices
- London, European HQ, Shanghai, China
- New York, North America

Sedex Regional Representatives
- Santiago, Chile
- Tokyo, Japan

NB. All data shown is correct as at 31 August 2015
The summary income and expenditure information included on this page is taken from the Sedex Information Exchange Ltd draft unaudited financial statements for the year ended 31 August 2015. The draft unaudited financial statements were approved by the Sedex Board of Directors on the 21st January 2016.

2014/15 was another significant year for further investment in our operations including the new Sedex Advance platform. These investments were essential to ensure Sedex continues to meet members’ needs globally. We remain committed to future investment that ensures our system and services meet the needs of our global members.

**Not for Profit Status**

Sedex’s not for profit status allows the organisation to be mission-driven and helps ensure the organisation is representative of its members, regardless of their size or the “share” they have in the business. Income over expenditure is re-invested into the Sedex system, services and product offering.

**Board of Directors**

The Sedex Board comprises up to fourteen Directors. These include nine elected Member Directors who together bring a wealth of experience on responsible sourcing, four Independent Non-Executive Directors who bring additional expertise, and one Executive Director (the Sedex CEO). The nine elected Member Directors are drawn from each of the three membership groups and are elected by Sedex members at the AGM. The Member Directors are responsible for appointing up to four Independent Non-Executive Directors (one of whom is the Chair of the Board) and the CEO.

**Sedex’s Global Team**

The Sedex Team expanded during 2014/15 and now includes 55 employees located at Sedex’s European HQ in London, North America, Latin America and China.

**Financial Data**

<table>
<thead>
<tr>
<th>Group Income 2014/15</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Exchange</td>
<td>£4,721,212</td>
</tr>
<tr>
<td>2  Solutions</td>
<td>£802,149</td>
</tr>
<tr>
<td>3  China</td>
<td>£449,888</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>£5,973,049</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group Expenditure 2014/15</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Exchange</td>
<td>£4,823,553</td>
</tr>
<tr>
<td>2  Solutions</td>
<td>£877,680</td>
</tr>
<tr>
<td>3  China</td>
<td>£303,332</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>£5,804,465</strong></td>
</tr>
</tbody>
</table>
For more information please contact:

Europe
Sedex Information Exchange,
5th Floor, 24 Southwark Bridge Rd
London SE1 9HF
+44 (0)20 7902 2320

North America
Sedex Information Exchange,
26th Floor, Lexington Avenue,
New York City NY 10174
+1 888 487 6146

China
Sedex Information Exchange,
Apollo Building, 1440 Yan An Rd
(Central), Shanghai, 200041
+86 (0)21 6103 1622
info@sedexglobal.com

Company Reg: 5015443

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