

Sedex Information Exchange Membership Rules

We welcome you to Sedex and thank you for becoming a Member of our organisation. As you know, our aim is to make it simpler to do business worldwide in a way that is good for everyone. In order for us to achieve this, we need all of our members to comply with our membership rules. These Rules set out the standards and obligations we will require you to adhere to and form part of your contract with us. In addition, you must also abide by the conditions set out in the Terms of Service, and your Membership Agreement, all of which have been provided to you and all of which together with these Rules form our contract with you (the "Contract"). In case of inconsistency the documents take the following priority:

1. your Membership Agreement;
2. the Terms of Service;
3. these Rules;

Please do not hesitate to contact us if you have any queries on these rules or any aspect of your membership of Sedex. Thank you again for becoming a member of our organisation.

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;
"B (Supplier) Member"	means any Member designated as such by the Board in accordance with these Rules;
"Auditor"	means an auditor company which has been approved by Sedex as an Affiliate Auditor Company
"Board"	means the board of Directors of Sedex;
"Data"	means data in electronic format uploaded by a User to the Information Exchange for access and download by a Member, an Auditor, or by Users, 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;

<p>"Grievance Committee"</p>	<p>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 accordance with Rule 8.2;</p>
<p>"Historical Data"</p>	<p>means all Data uploaded by or on behalf of a Member Supplier to their Sedex Account since the date on which they became a Member;</p>
<p>"Information Exchange"</p>	<p>means the online depository and retrieval platform operated by Sedex comprising the Sedex Accounts accessible on the website www.sedexglobal.com hosted and managed by Sedex, which allows Members, Auditors and Users to upload, display and access Data;</p>
<p>"Member"</p>	<p>means a member of Sedex;</p>
<p>"Membership Documentation"</p>	<p>means the Rules, terms of service, membership agreement and any other documentation relevant to your membership.</p>
<p>"Member Supplier"</p>	<p>means any AB (Supplier and Purchaser) Member or a B (Supplier) Member who acts as a supplier of goods and services to another Member;</p>
<p>"Objects"</p>	<p>means the Objects of Sedex as set out in clause 3 of its memorandum of association;</p>
<p>"Rules"</p>	<p>means these rules, as may be amended or replaced from time to time;</p>
<p>"Sanction"</p>	<p>means the right of the Board to expel, suspend or issue a formal written warning to a Member in accordance with Rule 8 (and "Sanctioned" shall be construed accordingly);</p>
<p>"Sedex"</p>	<p>means the company limited by guarantee registered under number 05015443;</p>
<p>"Sedex Account"</p>	<p>means the private account of a Member Supplier which is part of the Information Exchange where that Member Supplier (or a third party acting on its behalf) uploads its Data;</p>

“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;

“Service”

means the online storage, management and information exchange service operated by Sedex in relation to Data provided by Users on the Information Exchange, relating to the Users’ social compliance issues, including indicatively, labour issues, health and safety policies and records, business ethics and environmental considerations

“Sites of Employment”

means physical sites where goods are grown, manufactured or assembled or, in the case of services, physical sites where significant labour is 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;

“User”

means any of:

- (a) a natural person who is an employee, agent or contractor of Auditor and who is appointed and authorised by Auditor to use and administer the Service and the Auditor’s Sedex account with high level access and editing rights on behalf of Auditor; whereby there may be more than one such person per Auditor;
- (b) a natural person who is an employee, agent or contractor of Auditor and who is appointed and authorised by Auditor or a person under (a) above, to use the Service and the Auditor’s Sedex account with viewing access and limited editing rights on behalf of Auditor, whereby there may be more than one such person per Auditor;
- (c) a natural person who is an employee, agent or contractor of Member and who is appointed

and authorised by Member to use and administer the Service and the Member's Sedex account with high level access and editing rights on behalf of Member, whereby there may be more than one such person per Member;

- (d) a natural person who is an employee, agent or contractor of Member and who is appointed and authorised by Member or a person under (c) above to use the Service and the Member's Sedex account with viewing access and limited editing rights on behalf of Member, whereby there may be more than one such person per Member.

1. Membership eligibility, classification and the application

Eligibility

1. Any person or entity wishing to use the Information Exchange to improve labour standards, health and safety, business ethics and environmental considerations 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 or entity 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.

AB (Supplier and Purchaser) Members

4. Any person or entity 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 or entity who:
 - acts as a Supplier; and
 - wishes to upload Data to the Information Exchange.

Application process

6. Any person or entity wishing to become a Member Supplier may apply online via the Information Exchange. The Board may request additional information 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 and will provide the applicant with the Membership Documentation.

7. Members must only register Sites of Employment they either own or control. 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 Member. The Board will then notify the Grievance Committee about the appeal.
9. The Grievance Committee will review 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 will make recommendations to the Board as to the Member's membership classification as soon as is reasonably practicable for it to do so. In determining the Member's membership classification, the Board shall have due regard to the recommendations of the Grievance Committee. Upon receipt of the Board's final determination of the Member's membership classification, the Member shall confirm if it wishes to continue the membership process or if it will withdraw its application for membership.

2. Representatives

- 2) Each Member will nominate a representative who will act as the contact point for Sedex and will update the details of such representative as necessary.

3. Rules

- 3) Each Member will act in accordance with the Rules and with the Memorandum and Articles of Association of Sedex.
- 4) Each Member will strive to further the Objects.

3. Sedex logos and brand guidelines

- a. Each Member agrees to adhere to Sedex brand guidelines at all times. Members may only use the Sedex logo with the prior agreement of Sedex, and only for the stated purpose at the time of

such agreement. Failure to do so will be considered a material breach of the Contract.

4. Membership fees

- a. A (Purchaser) Members 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 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 30 days before coming into effect.
- b. 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 30 days before coming into effect.
- c. Sedex endeavours to use a costing structure to reflect an approach that avoids cost burden to small primary producers to whom such costs may be prohibitive and a barrier to entry.
- d. All annual subscriptions shall be payable in advance each year on the anniversary of the date on which the Member became a Member, except that first annual subscription of a newly admitted Member shall be payable prior to or on the date of admission to membership.

4. Expulsion or Retirement

- a. 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.
- b. 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 its 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.

- c. If in accordance with Rule 8.2 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 8.2 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.

- d. 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.
- e. 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-instate the expelled Member, the Board shall have due regard to the recommendations of the Grievance Committee.
- f. The Grievance Committee will hear the appeal as soon as reasonably practicable.
- g. 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 8.1 above.
- h. In accordance with the Articles of Association of Sedex a Member may at any time withdraw from Sedex by giving at least 30 days' or one month's notice in writing to the Board.
- i. 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 its ceasing to be a Member.

Sedex

