

Sedex Annual General Meeting (AGM) 2023: FAQs

Here you'll find answers to some questions about our 2023 AGM and its resolutions.

If you don't find an answer here, or would like more information, you can reach out to us at communications@sedex.com where our dedicated team will be happy to help. You can also get in touch with your usual Sedex contact for further support.

What are these special resolutions about?

The special resolutions at this year's AGM are to support our strategy and enable Sedex to receive external funding for it. While we don't need a resolution to seek funding, we do need to make some minor changes to our legal structure and Articles of Association to enable this.

Our existing organisation will become a holding company, called Sedex Holdings. We are creating a new subsidiary operating company, owned by Sedex Holdings, which can receive investment and will manage the day-to-day operations of Sedex around the world. All the rights of our members would be held by the holding company, which will still include member directors and many of our current Board members (more on this below).

We also want to take the name "Sedex Information Exchange Limited" for the new subsidiary operating company – the one that our members, audit companies, suppliers and partners would trade with – which means renaming the organisation that would become the holding company.

It's really important to note that these changes won't affect Sedex's day-to-day operations, contracted services, or our commitment to delivering exceptional tools and services to meet your needs. Our overarching goal is still to promote responsible and sustainable practices, including better labour conditions, in members' supply chains – a goal that remains protected in our Memorandum of Association.

Why is Sedex getting external investment?

Our updated vision and mission centre on enabling businesses to achieve social and environmental sustainability in global supply chains. This vision and mission build on Sedex's core purpose, stated in our Memorandum of Association, and on what our members asked us for as we built our new strategy in consultation with you.

To deliver on these, we continuously invest in our products and services to make them as effective and valuable as possible – that's why, for example, in 2020-2022 we invested £15 million in the new Sedex platform. But we know we can do better. We could continue operating without external investment, but we wouldn't be able to update and evolve our products to meet our members' needs as effectively as we want to.

To further improve what we offer, including accelerating our platform transformation, we seek funding to deliver products that cater to your evolving needs and drive positive change.

We've conducted extensive research to identify the best way to fund our plans, and we believe that external investment is the right choice.

Is there a risk that this compromises Sedex's purpose?

No. To uphold our founding purpose, outlined in our Memorandum of Association, we are creating a "purpose trust", with a Member Trustee with special status and special voting powers. The Member Trustee will be responsible for safeguarding Sedex's mission by blocking any resolutions that attempt to change our "Protected Articles".

The Protected Articles contain the Company's core objectives to promote socially responsible practices, including better labour conditions, in the supply chains of our members. The Member Trustee will also protect Article 85, which requires the Company to use any excess income and capital exclusively for promoting its social objectives and certain other specified items.

By having a purpose trust with a Member Trustee, we'll ensure Sedex and our mission is protected now and in the future. This approach will allow us to stay committed to promoting socially responsible corporate practices. This activity isn't related our finances or tax practices, and won't hold any assets – it exists only to protect our purpose.

Moreover, our members will have the ultimate authority over changes to Sedex's Articles of Association, as any modifications must also be approved by special resolution at a general meeting, such as the one we're holding now.

Who will be investing in Sedex?

We're pleased that Sedex has attracted interest from lots of different investors. As this is a commercially sensitive process, we can't share any more information about who these investors are.

We're using strategic advisors to help us vet potential investors, and ensure they have a reputable and ethical profile. We seek a true partner who will add value not just through investment, but who also shares and supports Sedex's vision.

Will Sedex be giving away control of the company?

No, Sedex will keep control of our company. Our partnership with an investor will result in them owning a minority share in the business, allowing them to support our vision and mission.

This collaboration and investment will allow us to enhance our offerings, develop more effective products, and expand our reach while continuing to prioritise enabling sustainability in supply chains. Our investor partner will work closely with us to support our objectives and bring their expertise to the table. Together, we can better support businesses in achieving their social and environmental goals.

When will these changes come into effect?

The changes we are proposing need to be approved by our members at the AGM first. We are looking at Q3 2023 for the changes to take effect.

However, it's really important to note that there will be:

- No changes to the day-to-day business operations or the services we provide to members
- No price increases at this time – we've already introduced a modest membership fee increase for 2023
- No structural changes or job changes within the new subsidiary operating company

Does this mean my contract with Sedex is changing?

This isn't about changing how Sedex operates day-to-day or what we offer to members – except to improve what we offer! We're changing our legal structure to allow for the external investment we need to deliver the best possible products.

Will there be a price increase?

Price increases for 2023 have already been applied and communicated. Future pricing discussions will be dependent on the value delivered to members, as agreed by our Board.

It's important to note that, as with any business, we continue to reserve the right to adjust pricing annually in response to changing market conditions. However, we always strive to provide our members with high-quality yet cost-effective solutions that meet their needs and drive positive change in supply chain sustainability.

What does the holding company and its Board do? What do we as members still get to vote on?

The holding company will own a majority shareholding in the new subsidiary operating company and continue to oversee its strategy, ensuring that operations are aligned with Sedex's core purpose.

For our members, there is no change to your rights to vote at general meetings of the holding company and to elect Member Directors.

Is Sedex still owned by members/is the new company still a membership-led organisation?

Sedex will still be owned by members at the holding company level. The new operating company will be a subsidiary of the holding company and so will be indirectly majority owned by the members. 6 of the 7 Board members of our current Board will also be on the Board of the new subsidiary operating company.

Our intention is to keep the member-focused and member-led approach to Sedex as a whole, building on the strong community our membership represents, to create the tools and services you have asked us for in our Strategy research.