

Sedex Insights

10 Key Data Points for ESG Reporting



The ESG challenge

Environment, social and governance (ESG) is a key business priority, involving companies assessing their performance across ESG issues and reporting on their impact in these areas.

ESG reports and ratings support investors' assessment of a company and goals to fund businesses with sustainability-led goals.

ESG reporting and other sustainability-related requirements, such as **supply chain due diligence laws**, are growing requirements. 99% of S&P 500 companies¹ report on sustainability, while in Europe new reporting regulations will cover around 50,000 companies².



I'm truly impressed by the amount of information available through Analytics. Sedex is definitely the 'El Dorado' (goldmine) of ESG data.

International FMCG member

The challenge for companies

To meet ESG requirements, companies must collect a wide range of data across various topics to report on their ESG performance. A lack of consistency in reporting standards and requirements across ESG ratings providers, frameworks, and financial services makes it incredibly challenging for businesses to understand how to do this.

Companies typically need to balance ESG reporting alongside other related priorities, such as complying with legislation, meeting consumer demands and conducting their own detailed sustainability initiatives - making ESG a complex area to respond to. There is also increasing interest in how a company addresses ESG issues in its supply chain as well as its own organisation, such as Scope 3 emissions.

The key to meeting this challenge is having **high-quality data** to report on and inform business decisions.

¹Source: [BDO USA](#), July 2023

²Source: [European Parliament](#), November 2022



What gets measured gets managed

Data on a business's operations, employees and supply chain is crucial for identifying and tackling social and environmental sustainability issues, and evidencing a company's ESG impact.

Capturing the right data using effective assessment tools equips a company to achieve their ESG goals and supports other sustainability activities. Having this data brings many other business benefits, including more effective risk management and accurate, data-driven decision-making.

Bloomberg estimates that ESG investment portfolios will reach \$30 trillion in assets under management globally by 2025.

How to prepare for ESG requirements effectively

Sedex has identified **10 core areas to collect data on** that feature across many ESG frameworks. Companies can use this list to gather, track and analyse data efficiently to feed into multiple sustainability requirements.

We can support your business with gathering this data and achieving your sustainability goals. Our data-led Platform, assessment tools and professional services provide a seamless solution for holistic ESG management and reporting, saving time through reducing duplication and effort.

Sedex tools enable companies to collect, share and analyse relevant data at scale, build supply chain visibility, manage risk and measure progress to include in ESG reports – helping businesses demonstrate tangible progress with credible evidence.



Common ESG frameworks

Global Reporting Initiative (GRI)

An open-source framework. Companies publish ESG reports using its requirements for raters such as Bloomberg to use for scoring.

IFRS Sustainability Standards

The International Sustainability Standards Board (ISSB) aims to provide a common set of standards for corporate sustainability reporting. The ISSB is working with the GRI and CDP to align requirements across sustainability reporting frameworks.

Carbon Disclosure Project (CDP)

A membership organisation and ESG framework, focusing on environmental issues only. Companies submit reports through CDP at investors' requests.

Sustainability Accounting Standards Board (SASB) Standards

An industry-specific, open-source framework covering 77 industries, limited to reporting only on risks that are financially material to a business.

Make Sedex your ESG partner

[Contact us](#) to discover how we can support your company's ESG goals.



10 essential data points

When reporting on these data points, cover a standard reporting period (the previous financial year) unless you have specific requirements to do something different.

Tip: Store operational and supply chain data on the same system for integrated analysis and reporting.

Environment

Information about how business activities affect the environment, local ecosystems, and natural resources.



Air emissions



Water use



Physical waste

Social

Information about how a business upholds labour standards, protects workers and provides safe, fair working conditions.



Workers



Gender pay gap



Freedom of association and collective bargaining



Accidents and injuries



Modern slavery

Governance

Information about how a company operates ethically and in line with laws on issues like bribery and corruption.



Governance body



Corruption

Environment

Information about how business activities affect the environment, local ecosystems, and natural resources.

Tools and services to use:

Risk Assessment (identify and analyse)

Self-Assessment Questionnaire (record)

SMETA Audit (verify)

Data Platform (analyse and report)

Consulting (all steps)

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1. Air emissions

What this is

Gas emissions connected to business activities that could have a negative impact on people or the environment. This includes greenhouse gas emissions and pollutants that affect air quality, such as nitrogen oxides, sulphur oxides, and chlorofluorocarbon (CFCs).

Greenhouse gas emissions are split into three categories:

Scope 1 – Emissions produced by your company's own facilities and vehicles.

Scope 2 – Emissions generated by the electricity, steam and heat your company buys.

Scope 3 – Emissions generated in your supply chain, including production of the materials you buy, business travel, and how your company's products are disposed of.

Why capture this

Recording and reducing air emissions is an important part of environmental sustainability, essential for ESG reporting and other business activities.

Benefits of capturing air emissions data

- Set and measure progress against environmental targets.
- Evidence reduction of emissions and reduced energy use/costs.
- Meet environmental legislation.
- Show how your business contributes to international climate goals – something investors and consumers are keen to see.

How to capture this

- **Monitor and record** the average monthly quantities of these emissions from your company's facilities and vehicles, using sensors and monitoring tools.
- **Ask suppliers** to record and share these average monthly emissions in a Self-Assessment Questionnaire (SAQ) for each worksite.



Do you have targets to reduce Scope 1, 2 or 3 greenhouse gases and measure your performance against targets?

[Sedex SAQ for Goods Providers](#)



2. Water use

What this is

How water is used in business activities, including the wastewater produced.

Why capture this

ESG ratings providers recognise the importance of using water sustainably. They'll look for a company to make sure water will be available for future operations, to prevent environmental degradation and to ensure local areas have enough water for people and ecosystems.

Laws and regulations on water may already apply to your business. Capturing information on water use in your own operations and supply chain helps to meet those requirements.

Benefits of capturing water use data

- Set and measure progress against water reduction targets.
- Reduce water costs through reduced usage – large companies can reduce usage by **millions of litres**.
- Meet legislation on water use and wastewater disposal.
- Show investors and consumers that your business is helping progress towards SDG 6 (Clean Water and Sanitation).

How to capture this

- **Monitor and record** how much water your company's facilities use and dispose of annually, using tools such as water meters. You can also provide your facilities' up-to-date permits for using and disposing of water.
- **Ask suppliers** to record and share their annual water usage in the SAQs for each of their facilities, and the relevant permits their sites have.

Use a SMETA audit to verify this information. Consider prioritising sites in high-risk areas for water stress – use a **risk tool** to identify these.

Sedex's Pre-Assessment Tool shows that the water stress risk is **higher in apparel manufacturing than in food manufacturing.**

6.7 Water stress risk:
Apparel manufacturing

5.9 Water stress risk:
Food manufacturing



3. Physical waste

What this is

The amount of physical waste generated through business activities.

Why capture this

ESG standards expect a company to manage their physical waste appropriately and reduce their waste's contribution to any environmental damage or health issues.

Every country has laws for waste management, including requirements for hazardous waste that could be particularly harmful if it isn't managed properly. These laws may also require your business to record the volumes of waste generated.

Both your own company and your suppliers will already have processes and approaches to manage waste – recording these helps to meet ESG requirements on this issue.

Benefits of capturing waste data

- Helps to reduce costs through generating less waste – the UN Environment Programme estimates cost savings of **US \$4.5 trillion globally** just in reducing plastic pollution.
- Avoid penalties for incorrect disposal.
- Meet legislation on waste disposal.
- Demonstrate improvement in waste reduction.

How to capture this

- **Record** the total weight of waste in metric tons from your company's facilities, with a breakdown of this total. You can also provide your sites' up-to-date permits for waste management, including for hazardous waste.

- **Ask suppliers** to record amounts of physical waste and how it is managed in each site's SAQ.



The organization can describe

- The type of waste, such as hazardous waste or non-hazardous waste
- The waste streams, relevant to its sector or activities (e.g. electronic waste for an organization in the consumer electronics sector)
- The materials that are present in the waste (e.g., biomass, metals, non-metallic minerals, plastics, textiles)

GRI Guidance for Basic Disclosure

Sedex members resolved nearly 2,000 waste management issues in 2023 through the SMETA audit.

Sedex analysis of SMETA audit findings



Social

Information about how a business upholds labour standards, protects workers and provides safe, fair working conditions.

Tools and services to use:

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4. Worker demographics

What this is

The people who make the products, materials and services that your company sells, and uses to produce what it sells.

Why capture this

ESG ratings providers recognise that businesses depend on people. Investors and other stakeholders want to see that a company treats people well – as an essential aspect of responsible business conduct and to maintain a healthy, resilient, skilled workforce.

Understanding the demographics and working situations of the people in your operations and supply chain is powerful knowledge. This information is a critical enabler of various business initiatives, activities and benefits.

Benefits of capturing worker data

- More effective planning for, and response to, supply chain risks or disruption.
- Meet legislation on modern slavery and supply chain due diligence.
- Identify and support more vulnerable workers.
- Enables more accurate ESG risk assessment/management.



The Sedex platform enables members to store and analyse data on 28 million workers across 100,000+ worksites globally.

As of 31 December 2022

How to capture this

- **Record** key information about your employees, including temporary and seasonal workers, at each of your facilities. Start with:
 - Number of employees
 - Their gender
 - Contract types (e.g. permanent or temporary)
 - Numbers of new hires and employees who've left (to calculate turnover)
- **Ask suppliers** to record this data through their worksites' SAQs and update this every six months.



5. Gender pay gap

What this is

The difference between the average earnings of women and men.

Why capture this

Women typically earn less than men, among other inequalities⁵ – yet gender equality at work is linked to financial⁶ and operational⁷ benefits for businesses. ESG analysts want to know how a company is addressing this to drive gender equality. **Data is essential for understanding and addressing workplace gender inequality.**

Many countries have laws requiring businesses above a certain size to report their gender pay gap. Businesses can use the same data to meet both legal and ESG reporting requirements.

Benefits of capturing gender pay gap data

- Set targets and measure progress to reduce your gender pay gap.
- Meet gender pay gap legislation.
- Demonstrate commitment to gender equality by reducing the gap.
- Be an attractive employer through promoting equal pay.
- Drive business performance – research into workplace diversity that companies with gender-diverse workforces outperform their country and industry peers.⁸

77c

The average woman earns just 77 cents for every dollar earned by a man.⁵

UN Women

How to capture this

- **Record** employee pay rates, including bonuses, alongside numbers of employees and their gender.
- **Ask suppliers** to record this data through their sites' SAQ. **Analysing this gender data** enables you to measure, act and report on gender equality across your supply chain.

⁵Source: UN Women

⁶Source: McKinsey, 2023

⁷Source: BSR HERproject

⁸Source: BlackRock, 2023

“

Have you reviewed your workers' total pay including benefits and compared it with a 'living wage' to calculate your 'living wage gap'? (including calculating by gender)

Sedex SAQ for Goods Providers



6. Freedom of association and collective bargaining

What this is

Worksites covered by an independent trade union or collective bargaining agreement.

Why capture this

Freedom of association and collective bargaining are fundamental labour standards and key enablers of better working conditions.⁹ ESG analysts will want to see that companies uphold this standard and support workers to have a voice.

Benefits of capturing freedom of association data

- Enables more accurate ESG risk assessment and improved supply chain risk management.
- Show that your business supports freedom of association across the supply chain.

- Evidence your organisation is at a reduced risk of industrial action through comprehensive collective bargaining agreements.
- Be a more attractive workplace by evidencing how workers are engaged in employment processes and decisions.

How to capture this

- **Record** the number of your company's facilities with trade union or covered by collective bargaining agreements. You'll also need the numbers of employees at each site (see data point 4 above).
- **Ask suppliers** to record the number of their worksites where there is trade union membership or a collective bargaining agreement. They can record this in the SAQ for each site.

Use a **SMETA audit** to verify this information – consider prioritising sites in **high-risk areas** for restricted freedom of association, and ensure union/worker representatives are present during audits.



The organization shall:

- Report the percentage of total employees covered by collective bargaining agreements
- For employees not covered by collective bargaining agreements, report whether the organization determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other organisations.

GRI Guidance for Basic Disclosure

⁹Source: [International Labour Organization](#)

SMETA audits identified over 4,000 issues regarding freedom of association in 2023.

Sedex analysis of SMETA audit findings



7. Accidents and injuries

What this is

The number of accidents and injuries occurring at work.

Why capture this

Across laws, ESG standards and industry regulations, businesses need to show that they're protecting employees from harm at work. High accident and injury rates are also a recognised risk to efficient operations.

Some laws require companies to provide information about health and safety issues in their supply chains, while certain industries and activities come with extra safety regulations. Accident and injury data helps companies meet all these requirements.

\$2,990,000,000

The estimated total economic burden of work-related illness and injury, according to the International Labour Organization¹⁰

¹⁰Source: [International Labour Organization](#)

Benefits of capturing accident and injury data

- Reduce operating costs by reducing absenteeism and injuries.
- Demonstrate that your company effectively prevents workplace injuries, reducing risks of financial and reputational damage associated with health and safety negligence.
- Meet supply chain legislation, safety regulations and industry requirements.
- Identify opportunities for improving supply chain workers' health and safety, and show progress made.

How to capture this

- **Record** the number of accidents and injuries that take place at your company's facilities or while employees are working.
- **Ask suppliers** to record this data in the SAQ for each worksite and provide up-to-date health and safety certificates.

SMETA audits are particularly effective at identifying health and safety issues. Conduct these to check that workplaces are clean and safe for employees, and that they're given the right safety equipment for hazardous tasks.

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Sedex members resolved over 85,000 health, safety and hygiene issues in 2023 identified through SMETA audits.

Sedex analysis of SMETA audit findings



8. Modern slavery

What this is

Instances of modern slavery identified, including forced labour, debt bondage, human trafficking, and the worst forms of child labour.¹¹ **Forced labour** is the most prevalent form of modern slavery and can occur anywhere in a supply chain.

Why capture this

Modern slavery is illegal and a human rights abuse. ESG ratings providers, investors, consumers and governments expect companies to actively tackle it.

An increasing **number of laws** around the world require companies to report on how they identify and address modern slavery risks in both their operations and supply chains. Your company may already carry out activities and capture data to meet these requirements.

Reporting on risks identified, alongside actual cases of modern slavery, enables your company to show they're working to highlight modern slavery concerns and taking action where the risks are higher.

Benefits of capturing modern slavery data

- Helps prioritise where to take action to address and prevent modern slavery.
- Meet modern slavery legislation.
- Demonstrate that your company works to identify and support victims of modern slavery in your operations or supply chain.
- Demonstrate positive impact by addressing and reducing modern slavery risks.

How to capture this

Modern slavery and forced labour are extremely difficult to identify. To help manage modern slavery risks, capture and analyse data on the operational circumstances and behaviours that are **"indicators" of forced labour**. These act as "red flags" – alert signs that there is an increased risk.

- **Record** instances of modern slavery in your own operations.
- **Ask your direct suppliers** to provide this information.

¹¹See [Anti-Slavery International](#) for full details





The reporting organization shall report the following:

- Operations and suppliers considered to have a significant risk for incidents of forced or compulsory labour, either in terms of:

- Type of operation (such as manufacturing plant) and supplier;

OR

- Countries or geographic areas with operations and suppliers considered at risk.
- Measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labour”

GRI Requirements

Capturing data on modern slavery risks

Record information on the indicators of forced labour in your own and suppliers’ operations, to **identify high-risk areas** for modern slavery and forced labour.

You can capture this information in sites’ SAQs and through an on-site audit, supported by a worker voice tool to gather anonymous feedback from workers.

These indicators include:

- Excessive overtime
- Restricting workers’ movements
- Retaining workers’ identity documents
- Withholding wages

Analysis of 100,000 social audits found multiple indicators of forced labour at 36% of sites.

Sedex analysis of SMETA audit findings



Governance

Information about how a company operates ethically and in line with laws on issues like bribery and corruption.

Tools and services to use:

Risk Assessment (identify and analyse)

Self-Assessment Questionnaire (record)

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Consulting (all steps)

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9. Governance body

What this is

The people ultimately responsible for how a business operates and is governed – usually a Board of Directors or Executive Team.

Why capture this

ESG ratings providers and analysts want to know who governs a business and its strategic decisions. They'll use this information to assess how diverse a governing board is and how the people on it might influence business direction.

Many companies need to provide data on their governing bodies to comply with business law. It's likely you will have this information for your own organisation already – focus on capturing it for your suppliers to demonstrate a stronger commitment to transparency.

Benefits of capturing governance body data

- Meet business legislation.
- Demonstrate and show progress regarding gender and ethnic diversity in your business's governing body.
- Track and report on gender pay gaps at Board level.
- Demonstrate Board-level responsibility for and commitment to ESG.

Boardroom diversity improves financial performance.

The UK Financial Reporting Council found that FTSE 350 boards with well-managed gender diversity see [higher stock returns](#) and are less likely to experience shareholder dissent.

UK Financial Reporting Council

How to capture this

- **Record data** on the individuals and structures that make up your Board of Directors and/or Executive Team (your most senior governance body).
- **Ask suppliers** to record this information – include it as an additional request when asking suppliers to complete SAQs for their worksites.



10. Corruption

What this is

Dishonest or illegal behaviour, or abuses of power, by people in positions of power for personal or corporate advantage.

Why capture this

Corruption is illegal, creates an environment that encourages other illegal behaviour, and can be costly.

Your business will need to demonstrate that it works to prevent corruption and deals with it appropriately when it happens. Most countries have specific laws on corruption and bribery, so it's likely your business already collects the right data on its own operations.

\$3,600,000,000

The estimated annual cost of corruption (in bribes and stolen money) to the global economy, according to the World Economic Forum¹²

¹²Source: [World Economic Forum](#), 2018

Benefits of capturing corruption data

- Identify priority areas to take action against corrupt behaviour and risks of corruption.
- Meet corruption and bribery legislation.
- Protect your business from losing money through bribery or penalties for corruption.

How to capture this

- **Record** the number and nature of instances of corruption from across your company. You can capture this in an SAQ, or through a separate report.
- **Ask suppliers** to record this data in the SAQs for their sites, or in a separate report for their business, and ask them how they manage risks of corruption.

Use a **SMETA audit** to verify this information – consider prioritising sites in high-risk areas for corruption and bribery.

SMETA audits detected over 3,500 issues relating to business ethics in 2023.

[Sedex analysis of SMETA audit findings](#)

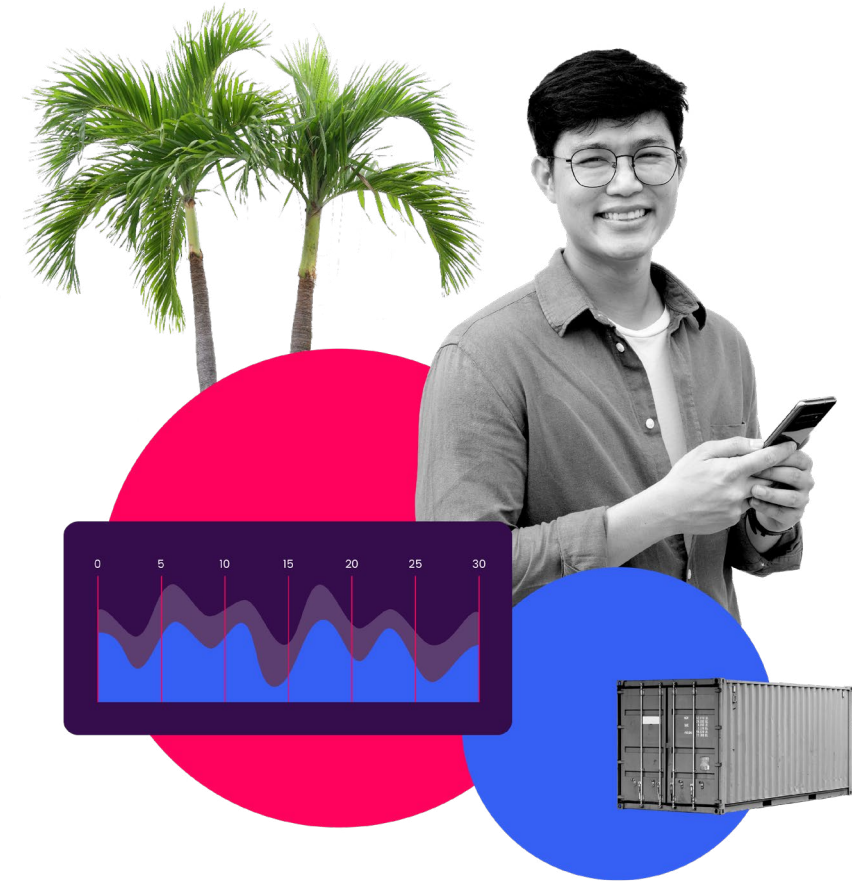


The benefits of ESG reporting

Meeting ESG requirements, and conducting the activities to do this, come with many business benefits.

- **Satisfy investor requirements**, be a more attractive investment prospect and win preferential terms by showing good ESG management.
- **Reduce operating costs** through efficient energy and resource management.
- **Drive productivity across your supply chain** by addressing ESG issues, especially social. Research shows¹³ many links between worker wellbeing, including good health and decent wages, and productivity.
- **Manage sustainability risks** and drive positive impact by addressing ESG issues.
- **Meet legislative requirements**, such as producing modern slavery statements.
- **Improve your reputation with customers, employees and business partners** by demonstrating commitment to socially and environmentally responsible business practices.

Learn more about the **return on investment** of supply chain sustainability.



¹³**The International Labour Organization's recent analysis on links between well-being and productivity finds that:**

The paths from objective well-being to productivity are numerous: better health and nutrition boosts worker productivity, and research has shown that a more equitable and inclusive society and economy, as well as greater job security, foster greater productivity.

Literature on the efficiency wage shows that workers paid above their market wage become more productive.

The benefits of supply chain data for ESG reporting

Gathering supply chain data alongside information on your own operations will help you prepare for future reporting requirements, earn better ESG ratings by demonstrating that your business goes beyond minimum requirements, and supports activities like legislative compliance and meeting sustainability targets.

We encourage businesses to **build better visibility** of their supply chains for these reasons and more – for the operational, reputational and financial benefits associated with effective supply chain and risk management, and to support your company's long-term sustainability.

+5% spend

Consumers will pay a sustainability premium of 5% or more, PwC research finds.³

³Source: [PwC](#), June 2023

+3.1 points

Sustainable funds outperformed traditional funds by 3.1 percentage points in January-June 2023 (6.9% vs 3.8%).⁴

⁴Source: [Morgan Stanley](#), August 2023



Solutions for your business

Sedex Platform



Store, analyse, share, and report on sustainability practices with the world's largest data platform for supply chain assessment.

[Learn more](#)

SMETA Audit



Gain visibility into working conditions and environmental performance in your supply chain with our world-leading audit.

[Learn more](#)

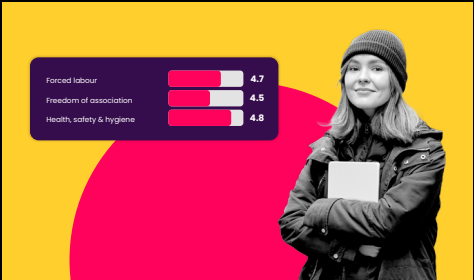
Consulting



Maximise the impact of your sustainability efforts with our leading data insights and industry expertise.

[Learn more](#)

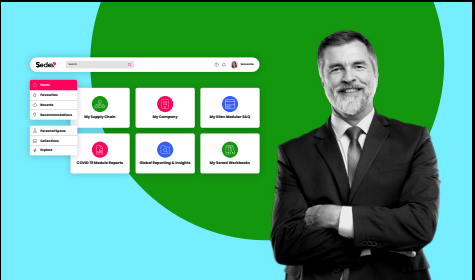
Training



Improve your business's sustainability operations with our exclusive member training programmes.

[Learn more](#)

Community



Connect with our community of 85,000 businesses globally to share insights and best practices.

[Learn more](#)

ESG glossary

ESG

The non-financial areas of environment, social and governance. Companies are increasingly asked to provide information about their commitments, performance, behaviours and risks in these areas.

[Read more](#)

ESG analyst

An individual or company whose job it is to look at the ESG information provided by a company and draw conclusions – which may be to award an ESG rating or score, or to make recommendations about whether a company is a sound investment option.

ESG frameworks and standards

A set of guidelines or requirements that outline the information a company should provide, and possibly standards they should be operating at.

Companies' responses may then be used to create ESG ratings. Organisations providing these frameworks include the Global Reporting Initiative (GRI) and the Carbon Disclosure Project (CDP). Some frameworks or standards may not cover all three ESG areas comprehensively.

ESG rating/ESG score

A score given to a company to indicate whether it is performing well in the three ESG areas. Investors may use this information to judge whether a company is worth investing in, and what risks their investment might be exposed to.

ESG ratings provider

A company that provides ESG ratings, or scores – such as MSCI. They will ask companies to provide ESG information, possibly through an ESG framework that they or another organisation have created, and employ analysts to assess this information.

ESG reporting

Companies providing information about their performance and activities in the three ESG areas – sometimes at the request of investors, or as a requirement for receiving an ESG rating/score, or to produce a report that meets the requirements of a particular ESG framework.

[Read more](#)



Trusted by over 85,000 businesses, Sedex's leading technology platform, data insights, and professional services help you build a more sustainable and resilient supply chain.

Talk to us



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