

Writing an impactful RFP for ESG management software



Guide

Business



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Welcome from our CEO

In today's pursuit of sustainability, companies face a dual challenge: while their long-term goals are set, the immediate hurdle lies in grasping ESG data and translating it into action. Technology can radically simplify the process – but selecting the appropriate ESG management software demands a thoughtful and systematic approach. We hope you find our guide useful in selecting the perfect platform for your company.



Rachel Delacour
Cofounder and CEO at Sweep



Introduction

Embarking on the journey to select the right Environmental, Social, and Governance (ESG) management software for your organization can be a daunting task. In many ways, it's a transformation project—a pivotal moment where your organization adapts to meet the challenges and opportunities presented by evolving expectations.

Much like the transition to a digital economy over a decade ago, selecting the appropriate ESG management software demands a thoughtful and systematic approach. This guide aims to demystify the process by providing you with comprehensive insights and practical tips on crafting a Request for Proposal (RFP) tailored to your organization's unique needs.

First thing's first – what exactly are you looking for?

Before diving into the intricacies of drafting your RFP, it's important to clarify your organization's specific needs and priorities when it comes to ESG management. Companies are often at different stages of their sustainability journeys, and understanding where you stand can significantly influence your choice of ESG platform.

Carbon management

If your primary focus is on measuring and managing your carbon footprint, you may be seeking a dedicated carbon management platform. These platforms specialize in tracking and reducing greenhouse gas emissions, providing robust tools for carbon accounting and reporting.

If this is the case, take a look at our [carbon management RFP guide](#).

ESG management

On the other hand, if you're looking for a broader ESG management solution, you'll need a platform that encompasses a wider range of sustainability factors beyond just carbon. These platforms offer comprehensive features for managing environmental, social, and governance metrics, as well as environmental ones.

Clarifying your objectives at the outset will streamline the RFP process and ensure that you select a platform that aligns with your organization's goals and objectives.

Much like the transition to a digital economy over a decade ago, selecting the appropriate ESG management software demands a thoughtful and systematic approach.

Establishing your business scope

The scope of your company's operations, its size and structure, will also influence your choice of provider. Here are two key factors that you should consider:

- **Company size and structure**
This includes your offices, any subsidiaries or franchises, and importantly – your supply chain. It might be helpful to map each of these key elements and how they interact with each other.
- **Jurisdiction and regulatory requirements**
It's important to be aware of the regulatory requirements in each of the jurisdictions in which you operate. Here's a useful summary of some of the climate legislation to be aware of.

Three key areas of focus before you start writing your RFP

Before diving into writing your RFP for an ESG platform, it's crucial to focus on three key areas to ensure a successful implementation:

Assess capacity and skills

Determine whether your team possesses the necessary capacity and skills to independently manage the platform. Consider factors such as the platform's ease of use, vs your team's technical expertise, and check your available resources for implementation and ongoing maintenance.

Get the right people around the table

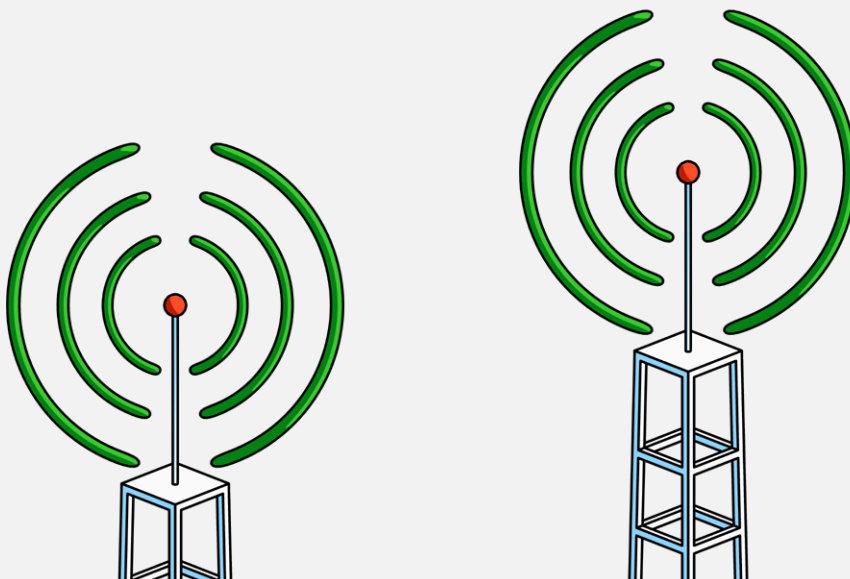
Make sure that the right stakeholders are involved in the RFP process. Bringing together diverse expertise – from sustainability teams to IT experts and C-suite executives – ensures comprehensive evaluation of the software.

Consider vendor stability and adaptability

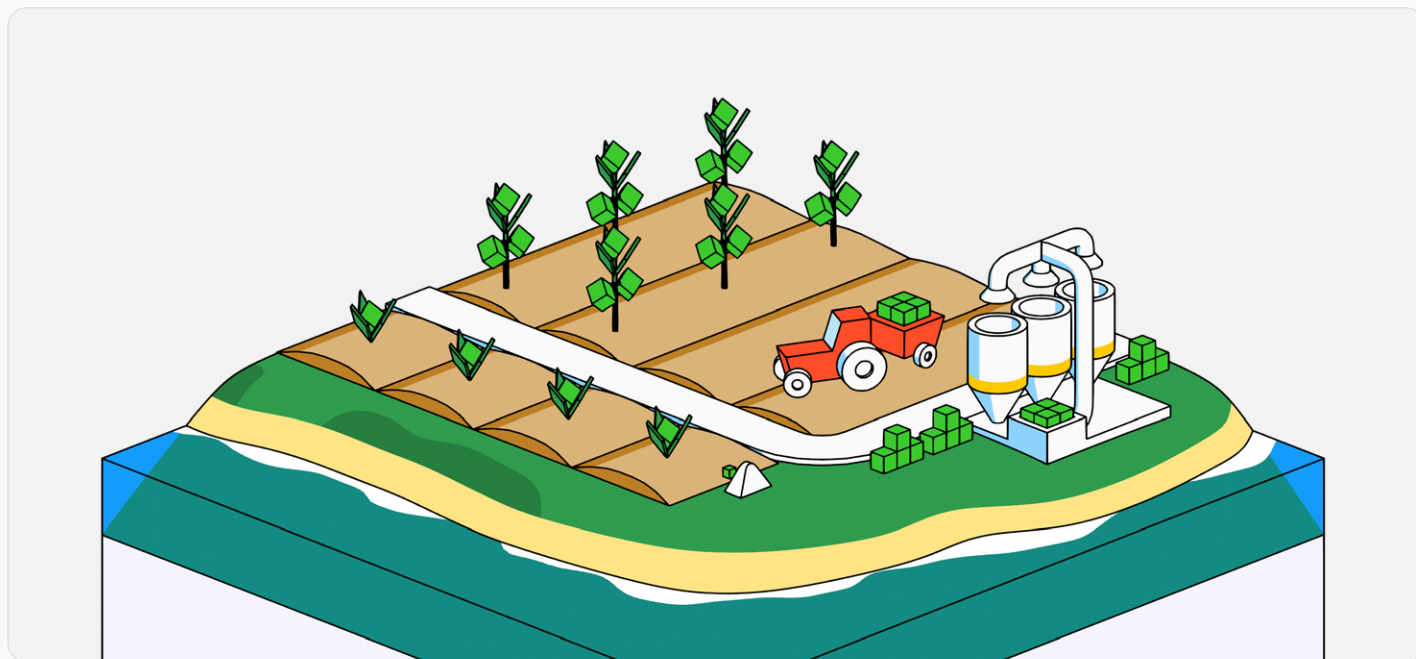
Evaluate the stability and long-term viability of potential vendors. Look for partners who demonstrate a strong track record of reliability and scalability, ensuring they can adapt to your evolving needs. Additionally, prioritize vendors who stay abreast of changing legislation and standards, ensuring compliance and alignment with industry best practices.

Assess the platform's ability to remain relevant and effective in the face of evolving organizational needs.

By focusing on these key areas before drafting your RFP, you can lay the groundwork for a successful ESG platform implementation that meets your organization's needs both now and in the future.



20 Focus Areas of your RFP Guide



1

Data collection

- What mechanisms does the software use for data collection?
- Can it handle both quantitative and qualitative indicators?
- How does the software collect data through various methods (e.g. manual input, imports, surveys, third party systems)?
- How does it maintain data quality and ensure accuracy and reliability?
- Does the software have features for data validation and verification?
- Is the software able to import historical data from past reporting periods?

Explanation

Note that an ESG transformation project involves vast amounts of data – both financial and extra-financial. These questions assess the software's ability to handle diverse data types and ensure data integrity, which is crucial for accurate ESG reporting.

Note that if you have a software team, using an API is likely to be your best option for data collection. But you may prefer a manual CSV import. It's also worth asking about the tools used for importing data and whether data entry can be conducted by numerous users.

If surveys are used to collect data, ask about workflows. Do the provided survey templates collect data in an efficient and user-friendly way? Are you able to upload your own templates, should you wish to?

Environmental data management

- Does the software support carbon footprint calculation and reporting for scopes 1, 2, and 3?
- How does the software handle emission calculations? Does it have a library of emission factors?
- Can the software handle market-based and location-based emission calculations?
- Can the software perform calculations of Scope 3.1 emissions? What are the different calculation methods (e.g. emissions estimates, spend-based, activity-based)?
- Can it track and report other environmental metrics like water usage and waste management?
- Does it offer autonomy when it comes to data upload and management?

Explanation

These questions gauge the software's capacity to handle critical environmental metrics, especially carbon emissions.

It's important to ask your prospective vendor which methodologies they use to check whether these are suited to your level of data maturity. We outline the four main methodologies below.

Four key methods of measurements

Industry averages – These are sectoral emissions factors, or averages of the emission data submitted by organizations operating in a given sector. They can be used as a starting point for carbon footprint calculations in the absence of more accurate data.

Spend-based – This is based around the cost of purchased goods or services. The value is multiplied by a given emission factor to calculate an estimate of your total emissions. Spend-based emission factors are derived from an industry average of emission levels usually at a national level. This means they aren't super accurate. On the plus side, spend-based methodology is relatively simple to implement and can provide a useful approximation of your company's indirect emissions.

Activity-based – As this is primary data, it's the most accurate form of carbon accounting. Rather than relying on general estimates or assumptions, activity-based emission calculation involves collecting detailed data on the specific operations that generate emissions, such as the amount of fuel used by a particular vehicle or the electricity consumption of a specific building.

Hybrid – The hybrid method uses a mix of the above methodologies. It usually presents a fairly accurate picture of your total emissions, but it can be complex and resource-intensive to implement.

Bear in mind that effective carbon data management is a journey. Many companies start their measurements using industry averages and spend-based data, but as their data maturity grows, they focus more on activity-based measurements. Find a platform that is able to adapt to your data needs as you scale your sustainability efforts. And question how much autonomy you'll have when it comes to data management – so you don't have to wait for the support team to handle tasks on your behalf.

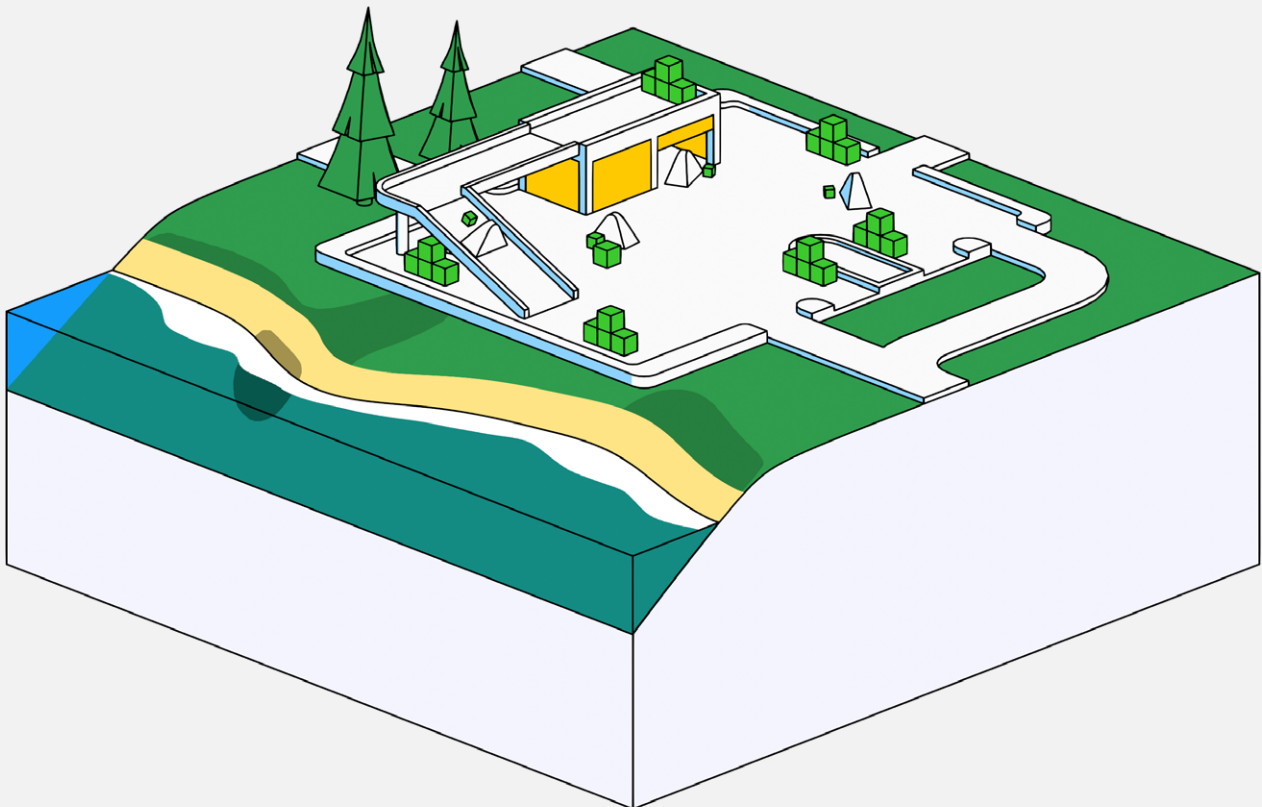
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Social and governance data management

- How does the software handle social and governance metrics, such as diversity and inclusion, labor standards, and corporate governance?

Explanation

Social metrics focus on qualitative aspects like labor practices, diversity, equity, and inclusion (DEI), and community engagement. Governance metrics include board diversity, executive compensation, and ethics and compliance. Having a tool that seamlessly integrates environmental impact measurements with social and governance metrics is invaluable for businesses aiming to consolidate ESG reporting, ensuring a holistic approach and streamlined practices.



4

Materiality assessment and performance management

- How does the software assist in importing materiality assessment results?
- Does it provide tools for setting, managing, and tracking sustainability targets and performance?

Explanation

Assessing materiality is critical for identifying and prioritizing the ESG issues relevant to your operations and stakeholders. The prospective vendor's effectiveness in conducting materiality assessments determines their ability to streamline data import, categorize information, and provide comprehensive insights into ESG metrics.

By evaluating the software's capabilities in these areas, you can ensure optimal support for informed decision-making and strategy development to achieve your objectives.

You can read more about materiality assessments [here](#).

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Reporting capabilities

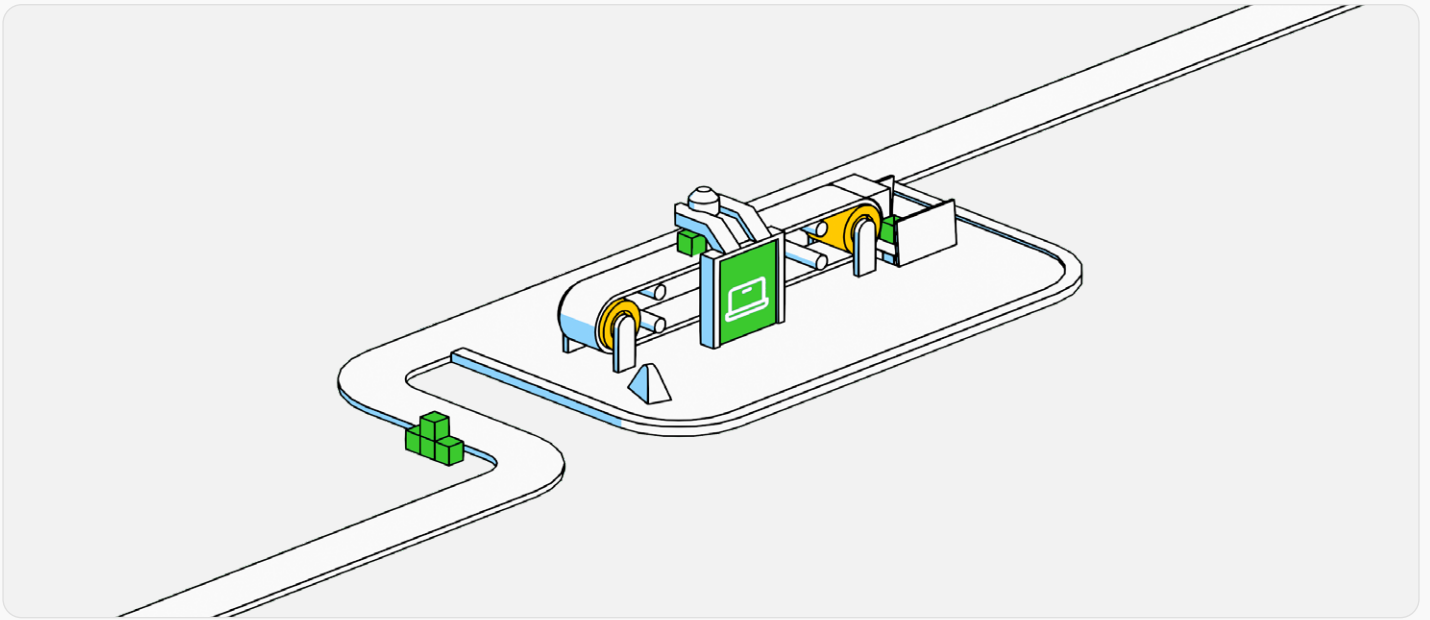
- Does the software adhere to current and upcoming ESG reporting standards?
- Can the software provide customizable dashboards for both voluntary and regulated disclosures?
- Is the software able to generate ESG reports at different hierarchical levels, supporting both consolidated and detailed views of performance and compliance?

Explanation

Significant regulatory changes are reshaping the landscape for ESG disclosures. Leading the charge are major economic hubs – the UK, the European Union, and the United States – with the introduction of new regulations aimed at standardizing reporting practices. Key disclosures include:

- Corporate Sustainability Reporting Directive (CSRD)
- Sustainable Finance Disclosure Regulation (SFDR)
- U.S. Securities and Exchange Commission (SEC)
- International Sustainability Standards Board (ISSB)
- Carbon Disclosure Project (CDP)
- Global Reporting Initiative (GRI)

The above questions ensure the software you choose is compliant with current standards and can adapt to various reporting requirements.



6

Sustainability initiatives management

- Does the software offer tools for managing sustainability initiatives?
- Can it use simulations to select the initiatives with the greatest positive impact?
- Does it offer the ability to track the effectiveness of initiatives?

Explanation

The success of your sustainability activities lies in your understanding of where they're likely to have the most impact – and being able to forecast different scenarios is key. Having the ability to simulate and track initiatives can help you optimize your efforts and achieve your goals.

7

Real-time data and analytics

- Does the software provide real-time data analytics and insights?
- How does it support decision-making with real-time ESG data?
- Does it provide custom dashboards for ESG performance tracking?

Explanation

These questions assess the prospective vendor's ability to enhance decision-making with real-time data analytics.

If your organization has many entities, or you work with a broad network of suppliers, it's important to get an overview of the carbon footprint generated by each element of your value chain. This will enable you to view your emissions hotspots and understand where your reduction activity is likely to be most impactful.

Ask your prospective provider if they can offer you an organizational map of your business units, departments, geographies, and suppliers. Do they offer flexibility when it comes to structuring your data hierarchy so that you can view it from different perspectives?

Reporting capabilities

- Does the software facilitate stakeholder engagement and feedback in the ESG reporting process?
- How does it support reporting to different stakeholder groups (investors, regulators, the public)?

Explanation

Reporting and dashboarding features are critical for measuring and understanding your company's carbon footprint and progress towards climate targets.

Some of the things you might want to inquire about include whether the reports produced by your prospective provider are science-based, dynamic and can be filtered for different time periods and data sets. Does the platform allow you to easily set your baseline year and reduction target?



9

User interface and experience

- How user-friendly is the software's interface?
- Does it offer customizable dashboards and visualization?

Explanation

A user-friendly interface that's intuitive and easy to navigate can make it easier for employees to use the software. This can increase adoption rates and ensures everyone in your company is contributing to carbon management efforts. Aside from asking about UI and usability, check what the onboarding process is like and whether there's a dedicated customer service team to reach out to for support if needed.

10

Configurability and flexibility

- Can the software be tailored to our specific ESG process and reporting needs?
- Does it allow for creating custom indicators relevant to our business?
- Can the software map custom indicators with standard indicators (e.g. GRI, CDP, CSRD, etc.)

Explanation

These questions address the vendor's ability to align with your organization's unique ESG reporting needs and metrics.

For example, when it comes to emissions measurement, it's worth asking about the possibility of incorporating custom or local emission factors. These allow for more accurate carbon footprint calculations. Different regions and industries have different carbon intensity levels for their energy and material consumption, and using generic emission factors may result in over- or underestimating emissions.

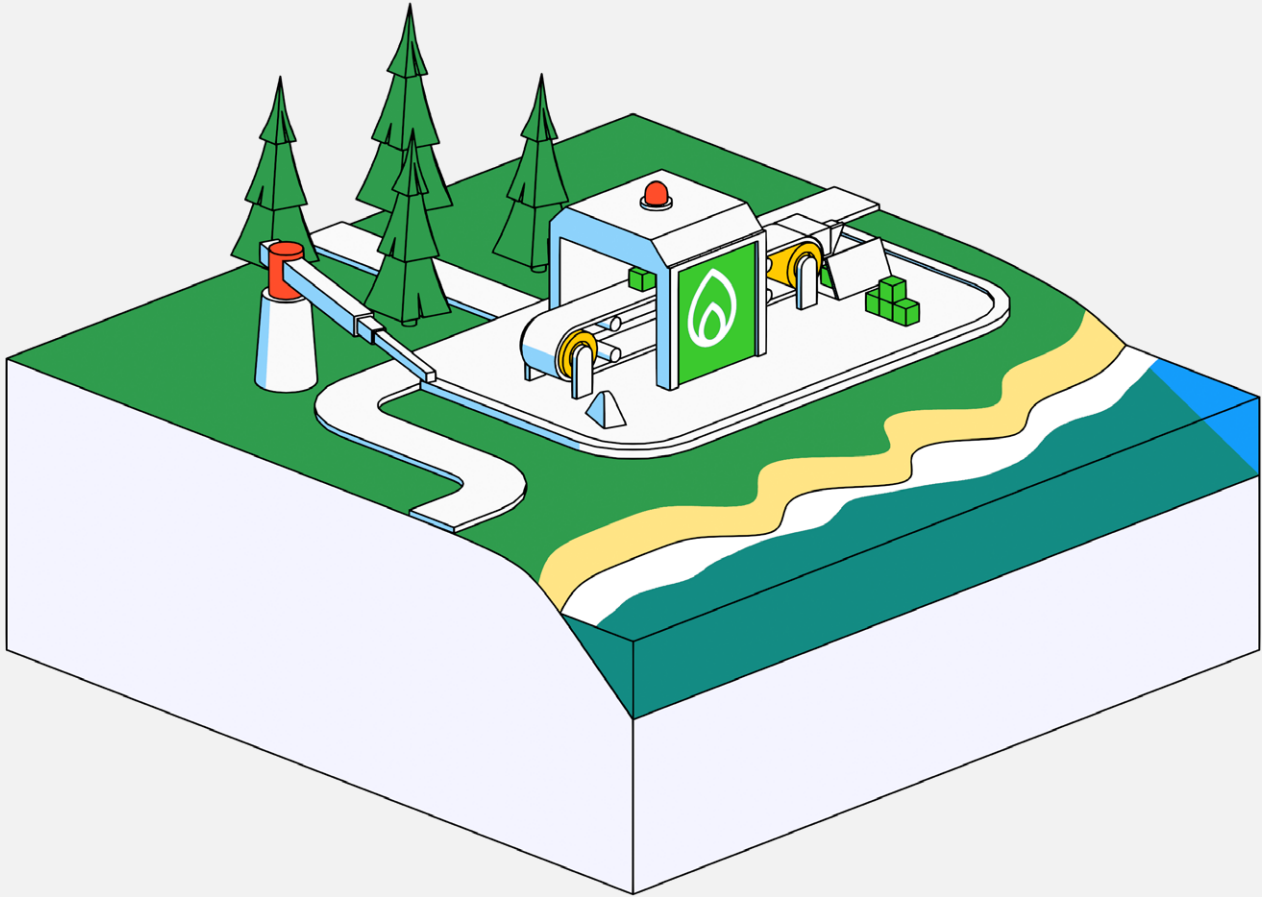
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Integration and scalability

- How well can the software integrate with existing IT infrastructure?
- Can it integrate data from various internal systems (ERP, HR, etc.)?
- Can the software scale to handle large volumes of data?
- Can the software export data in various formats for different needs (e.g., Excel, PDF)?

Explanation

These questions delve into the software's ability to align with your organization's existing technology landscape, ensuring a harmonious integration process and minimizing any potential challenges during implementation. The capability to integrate data from various internal systems is essential for obtaining a holistic view of your ESG metrics, facilitating more informed decision-making.



12

Security

- What level of data security does the software offer?
- Is the software SOC2 certified and ISO 27001 compliant?
- What are the software's disaster recovery and business continuity plans?

Explanation

ESG data management involves collecting, storing, and processing sensitive data such as energy usage, emissions data, and financial information. This data must be kept confidential and secure to protect your intellectual property and prevent unauthorized access or breaches.

If your prospective provider is SOC 2 or ISO 27001 certified it's a good indication that they take data privacy and security seriously. Both of these are internationally recognized standards that provide frameworks for information security management.

Depending on your jurisdiction, it's also worth asking about the provider's compliance with data regulations such as GDPR.

Customer experience and support

- What is the vendor's experience in the ESG domain?
- What type of customer support and training does the vendor provide?
- How does the vendor support the onboarding and training process?
- Does the vendor provide case studies or references from similar organizations using the software?

Explanation

It's important to understand the level of support the vendor offers for a smooth implementation and ongoing use. Inquire about the onboarding process and availability of customer support. To assess compatibility, consider speaking with past clients to learn about their experiences, outcomes, challenges, and insights. Quality vendors will gladly facilitate such connections. Also, ask about whether your prospective vendor offers e-learning opportunities for your team on key ESG topics.

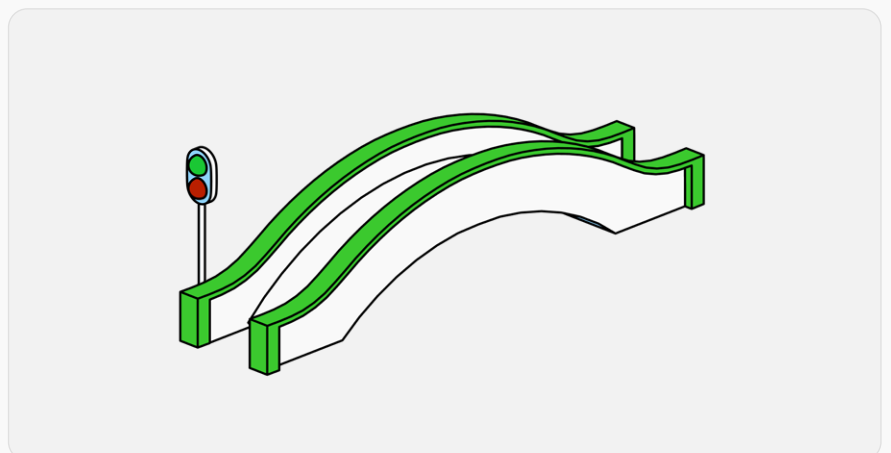
Product roadmap

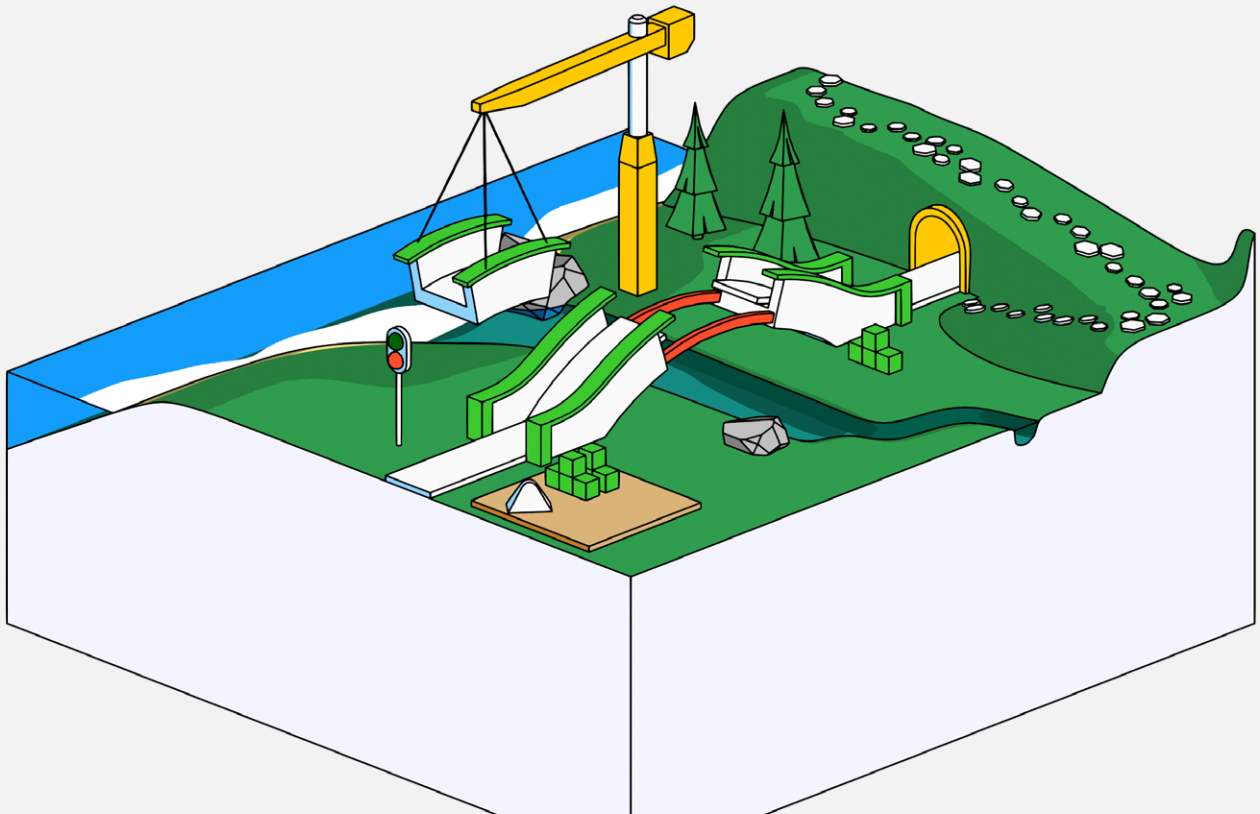
- What is the vendor's roadmap for future development and updates?
- How does the vendor stay updated with evolving ESG standards and requirements?
- Does the vendor plan to incorporate AI and machine learning into the platform?
- Does it offer feedback mechanisms for users to suggest improvements?

Explanation

As mentioned in the introduction – it's important to find a software that will stand the test of time, and will scale alongside your own business operations. This is why it's worth asking open questions about the product roadmap and its compliance with ever-evolving regulations.

Some of the top solutions on the market are using the power of AI to streamline data collection processes, make suggestions for where you can make emissions reductions and improve your ESG performance – which is why it's also worth asking this question.





15

Audit trails and historical data

- Does the software maintain an audit trail for data changes?
- Can it facilitate external audit with reasonable assurance?
- How does it manage historical ESG data for long-term trend analysis?

Explanation

Having auditable data can help your company demonstrate your climate action to consultants, auditors and controllers. It's particularly worth paying attention to whether the vendor provides a dedicated profile for auditors; and if it does have audit functionality – whether it is validated by an external third party.

16

Cloud deployment

- Is the software deployed on a public cloud (e.g., AWS)?
- Does it offer multi-tenant access and collaboration?

Explanation

These questions are aimed at understanding how the software's deployment and accessibility features align with your organization's needs. Firstly, you'll want to know if the software is hosted on a public cloud like AWS, which can offer greater scalability and reliability. Secondly, it's important to assess whether the software allows for multi-tenant access and collaboration, enabling efficient teamwork and streamlined ESG data management tailored to your specific requirements.

17

User management and access control

- How does the software manage user roles and permissions?
- Does it allow for customizable access controls based on roles and responsibilities?
- Can it connect with an active directory to update the user list?

Explanation

Different users within your company or across your value chain may require different levels of access to your ESG data, and it's important to ensure that these permissions are controlled and managed effectively to protect sensitive information and ensure a smooth validation process.

That's why it's worth asking what types of user roles and permissions are available within the provider's platform, and how these are defined and managed. You might also want to inquire about multi-factor authentication or other security measures to ensure that user access is secure and protected.

18

Technical support and maintenance

- What are the support hours and response times for technical support?
- How often does the software receive maintenance updates?

Explanation

These questions ensure the software offers reliable technical support and regular maintenance for smooth operation.

19

Pricing

- What are the licensing and service options for the software?
- Are there any additional costs for software updates or configuration?
- How does the software contribute to ROI in terms of ESG performance improvement?

Explanation

Getting a solid understanding of the licensing and service options will give you clarity on the initial investment and ongoing expenses associated with the software. Additionally, inquiring about potential extra costs for updates or configurations ensures there are no unforeseen budgetary surprises.

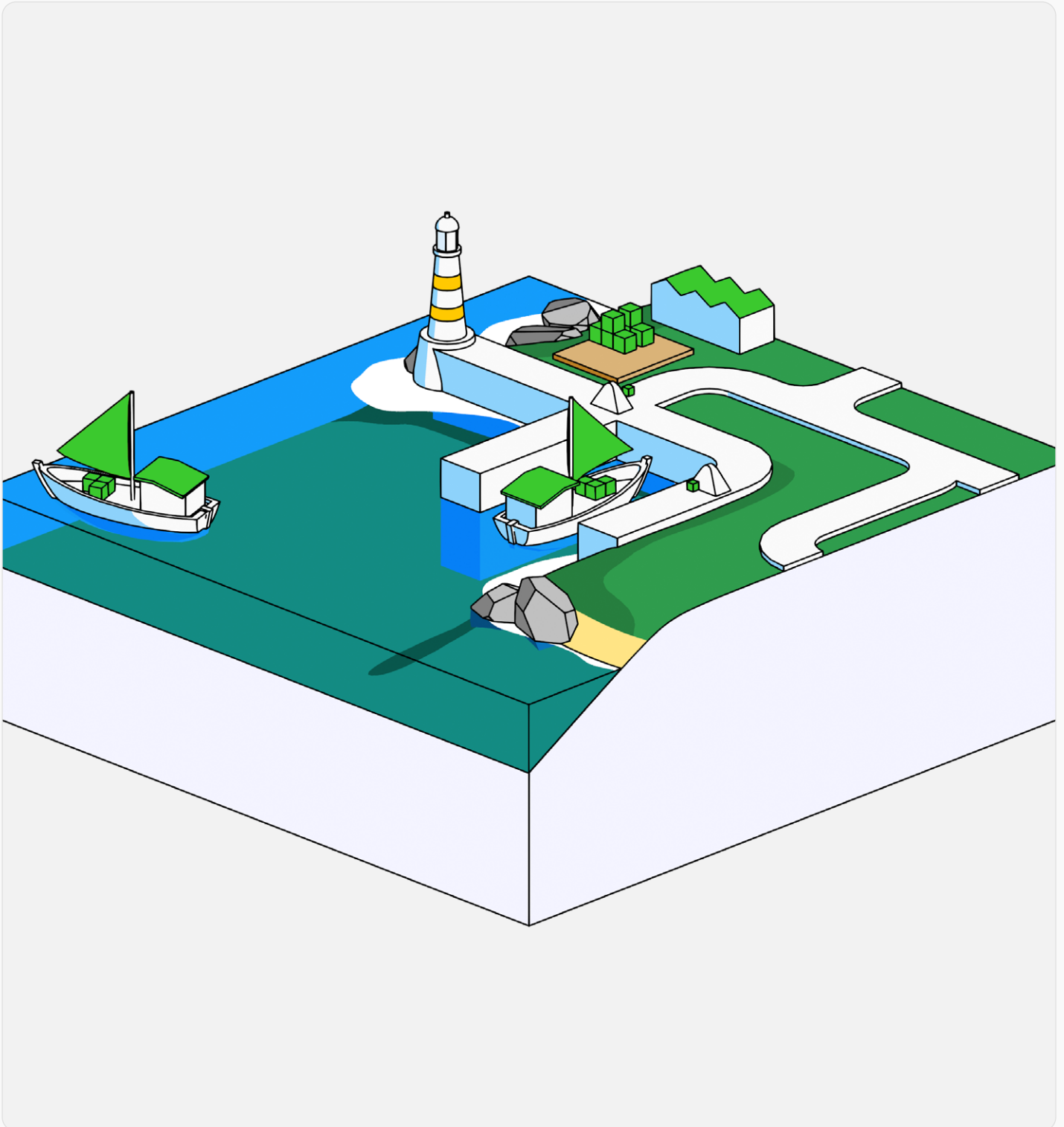
Assessing how the software contributes to Return on Investment (ROI) in terms of improving ESG performance helps you gauge the long-term value proposition, making informed decisions aligned with your budget planning and financial goals.

Partnerships

- What are the software consulting partners?
- Are partners training and certified for the software implementation?

Explanation

Some ESG software vendors forge partnerships with external partners to support software implementation or to offer more tailored solutions for implementing a robust ESG strategy for your organization – remember that this is a major data and transformation project for your business. It's worth learning about the experience and expertise of these partners to check whether their services align with your organization's needs.



A note on AI – Improved Time to Value

AI can ease the burden of ESG data management, offering advanced capabilities for processing vast amounts of data quickly and accurately. It can also streamline analysis and reporting processes, and ultimately enhance decision-making, driving meaningful progress towards your business' sustainability goals. That's why it's always worth asking about how it's being adopted by your prospective vendor – and what future plans they have for its use.

Your first step on the road to ESG success

Writing an RFP for an ESG management platform can be the first step to a simpler, hurdle-free sustainability journey for your organization. Make sure you begin by assessing your company's status quo – including your sustainability goals, your existing data systems and your team's capacity and skills. Remember to evaluate prospective vendors' future-proofing capabilities, and prioritize those that can prove their stability and adaptability.

We hope that our guidance will support you to write a comprehensive request document that clearly outlines your expectations, attracts the right providers, and ultimately helps you to select the best partner to help you meet your ESG targets.

Find out how Sweep can help

Sweep is a carbon and ESG management platform that empowers businesses to meet their sustainability goals.

[Get started today >](#)

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