



# **NAVIGATE THE ESG SOFTWARE MAZE: FIND YOUR PERFECT FIT**

(An RFP Ready Reckoner)





## Navigate the ESG Software Maze: Find Your Perfect Fit

Imagine yourself standing at the entrance of a vast maze, filled with doors leading to different ESG software solutions. The pressure is on – regulations are tightening, investors are demanding transparency, and you need to find the right tool to navigate this complex landscape.

**First, let's acknowledge the challenges.**

1

Juggling diverse regulations and a plethora of reporting frameworks in an ever-evolving landscape,

2

Gathering data from scattered sources can feel like navigating a labyrinth.

3

Siloed information, complex integrations

4

Multiple vendors, analysts and consultants nudging you in different directions.

Don't worry, you're not alone!

This guide is here to help you confidently select the ESG software that perfectly fits your unique needs.

Think of it as your personal compass, helping you identify the key considerations during your selection process. We'll delve into industry insights, ensuring your chosen solution fits like a glove, and prioritize partnerships with vendors who value your success.

You'll be crafting a clear and comprehensive RFP, asking the right questions, and ultimately finding the ESG software that empowers your organization to thrive on its sustainability journey.

However, beware! Don't get lured by

- Feature-laden solutions that promise the moon and back – focus on your core needs and avoid getting lost in complexities you won't use.
- Steer clear of the "vendor lock-in" labyrinth, where restricted data ownership and limited integrations trap you in a dead end. Remember, agility is key! Choose an open architecture that allows you to evolve and adapt to future needs.
- ESG consultants may encourage you to not go down the "software solution" route and favor a "consulting / services" route.
- Finally, resist the urge to cobble together a solution from multiple tools. This patchwork approach might seem like a quick fix, but it leads to scalability limitations, data integrity issues, and hidden costs down the road.

Remember, ESG reporting is a marathon, not a sprint. It is also the first step to long term value realization by meeting and exceeding your ESG Goals.

Invest in a solution that grows with you, ensures data accuracy, and streamlines your processes for long-term success.

With this guide as your map and a clear understanding of your needs, you'll navigate the ESG software maze with confidence, find the perfect solution, and empower your organization to lead the way on its sustainability journey. Remember, the power is in your hands!



## Questions-to-ask an 'RFP READY RECKONER' FOR ESG SOFTWARE VENDOR

Category	Capability
<b>Product Vision</b>	
Disclosure Rules	<ul style="list-style-type: none"><li>• How will your software adapt to help us meet future disclosure requirements, such as the CSRD or the SEC's proposed climate related disclosure rules?</li></ul>
Roadmap	<ul style="list-style-type: none"><li>• What are some of your key roadmap items over the next 18 months?</li><li>• How frequently do you release updates?</li></ul>
<b>Value Delivery</b>	
Innovation Process	<ul style="list-style-type: none"><li>• How is your product innovation process structured? How can we contribute?</li></ul>
Services Partnerships	<ul style="list-style-type: none"><li>• With which consulting firms do you have partnerships?</li><li>• What consulting firms have been trained to implement, configure and use your software?</li></ul>
<b>Industry Experience</b>	
Industry-Specific Tools	<ul style="list-style-type: none"><li>• How can your software help meet the specific requirements of my industry?</li></ul>
<b>Customer Support and Service</b>	
Implementation	<ul style="list-style-type: none"><li>• What types of support do you provide during the implementation process?</li><li>• How long does the implementation process typically take?</li></ul>
Advisory Services	<ul style="list-style-type: none"><li>• What other advisory services do you provide?</li></ul>
Customer Feedback	<ul style="list-style-type: none"><li>• How do you integrate feedback from customers?</li></ul>

Category	Capability
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## Data Acquisition and Management

Platform Structure	<ul style="list-style-type: none"> <li>Are all of your ESG reporting and data management functionality in one product?</li> </ul>
Security	<ul style="list-style-type: none"> <li>What level of security do you provide?</li> </ul>
Tools	<ul style="list-style-type: none"> <li>What tools are available to facilitate data acquisition?</li> </ul>
Integration	<ul style="list-style-type: none"> <li>With which data sources does your software integrate with?</li> </ul>
Calculation and modeling of Scope 1, 2, and 3 GHG	<ul style="list-style-type: none"> <li>Does your software conduct GHG emissions calculations and modelling of Scope 1, 2 and 3. Does it connect to other platforms to provide those data?</li> <li>Does it have capabilities to support climate risk disclosures and sustainability performance based on emissions data or activity data or spends data or a combination of all of these.</li> <li>Does your software utilize AI or machine learning to enhance data quality. What are the mechanisms to ensure data are investor-grade: accurate, auditable, and timely.</li> </ul>
Data Quality Enhancement	<ul style="list-style-type: none"> <li>How does your software enable users to improve data quality?</li> </ul>
Organizational Structure	<ul style="list-style-type: none"> <li>How does your software handle reorganizations like reorganizations, mergers, acquisitions, and divestitures? Does the solution provide flexibility to accommodate organizational changes and ensure reports are reflective of the current structure and strategy.</li> </ul>
XBRL-Tagging	<ul style="list-style-type: none"> <li>What functionality do you have – or plan to have – to conduct XBRL-tagging?</li> </ul>

## Auditability and Workflows

Auditor Access	<ul style="list-style-type: none"> <li>What tools are provided to support auditor and assurance work?</li> </ul>
Workflow Configuration	<ul style="list-style-type: none"> <li>How can the software configure workflows and help manage the approval process for disclosures?</li> </ul>

Category	Capability
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## Frameworks and Reporting

Voluntary Frameworks	<ul style="list-style-type: none"> <li>What voluntary framework templates (e.g., CDP, GRI, SASB, TCFD) are pre-loaded?</li> </ul>
Other Regulated Disclosures	<ul style="list-style-type: none"> <li>Do you have templates pre-loaded for any regulated disclosures (e.g., SFDR, EU Taxonomy, Dutch Child Labour Act, Norwegian Transparency Act)?</li> </ul>
Approved and Proposed Regulations	<ul style="list-style-type: none"> <li>How do you plan to help corporates prepare for the approved CSRD and the SEC's proposed climate disclosure rule?</li> </ul>
Customized Reports	<ul style="list-style-type: none"> <li>How can you help customize voluntary reports (e.g., preparing to a certain schedule e.g quarterly, monthly, as-needed basis, formatting)?</li> </ul>

## Collaboration and Engagement Tool

Internal Collaboration Tools	<ul style="list-style-type: none"> <li>What tools does your software have to support team collaboration (e.g., across geographies and across business functions)?</li> </ul>
External Engagement Tools	<ul style="list-style-type: none"> <li>What tools does your software have to engage with other stakeholders (e.g., suppliers, investors, portfolio firms, the general public, customers)?</li> </ul>

## Performance Management and Assessment Tools

Target-Setting	<ul style="list-style-type: none"> <li>How can you help us set, manage and track improvement projects against sustainability targets?</li> </ul>
Forecasting and Scenario Analysis	<ul style="list-style-type: none"> <li>What functionality is there to forecast future sustainability performance?</li> </ul>
Visualization	<ul style="list-style-type: none"> <li>What types of visualization tools and dashboards are in your software?</li> </ul>
Materiality Assessments	<ul style="list-style-type: none"> <li>How can you help us evaluate which ESG topics are most material to our organization? Are there any capabilities to evaluate double materiality?</li> </ul>





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