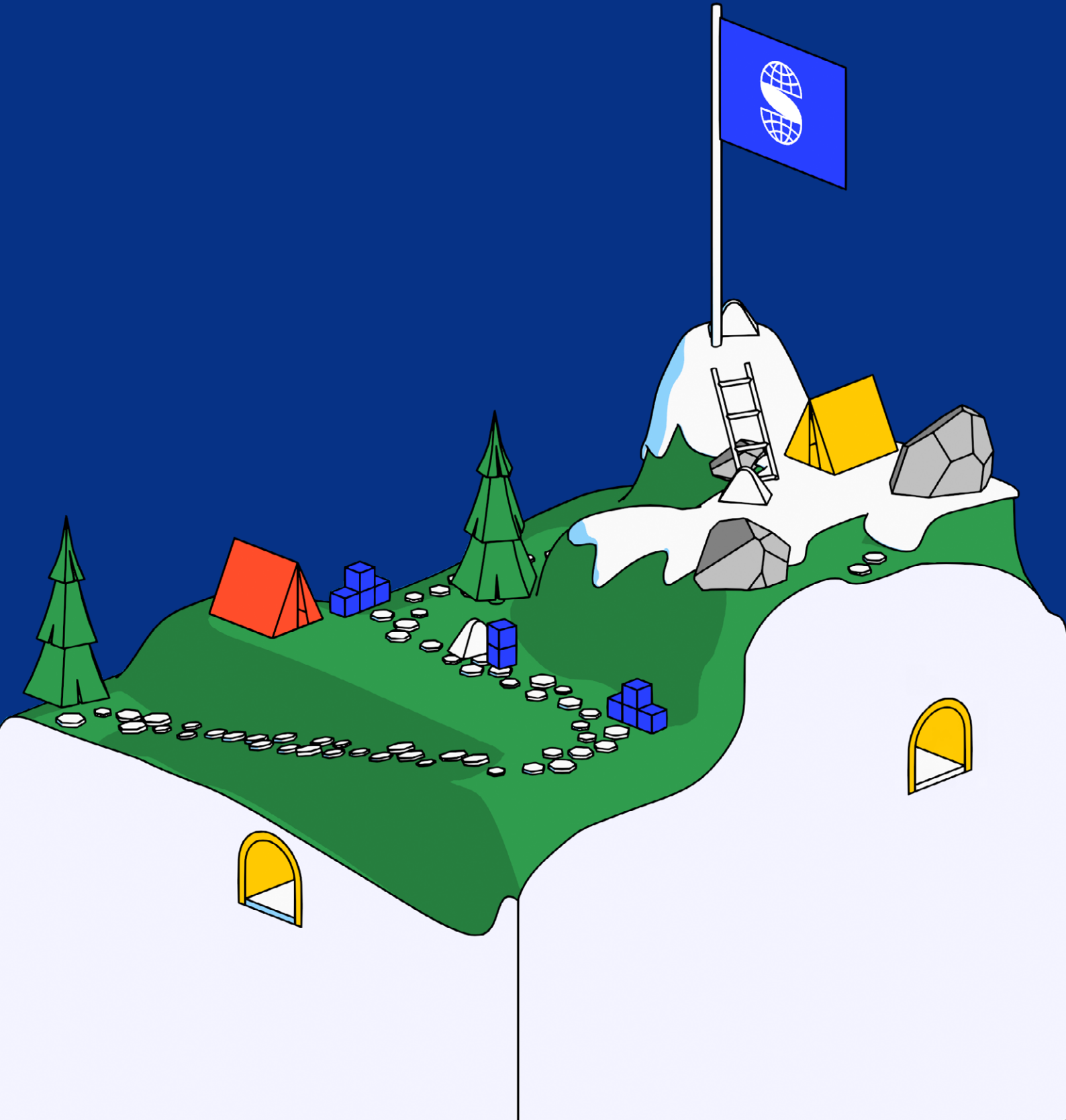


Your ultimate carbon management software RFP guide



Guide

RFP



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Introduction

If your company is looking for a carbon management provider, your first step is to create a Request for Proposal (RFP) that outlines your specific needs. Writing an effective RFP can be a challenging task, as it requires careful consideration of your company's unique circumstances and objectives.

This guide will help you navigate the process of writing an RFP for a carbon management provider, including the key criteria to consider, a list of the top questions to ask, and the types of answers to expect.

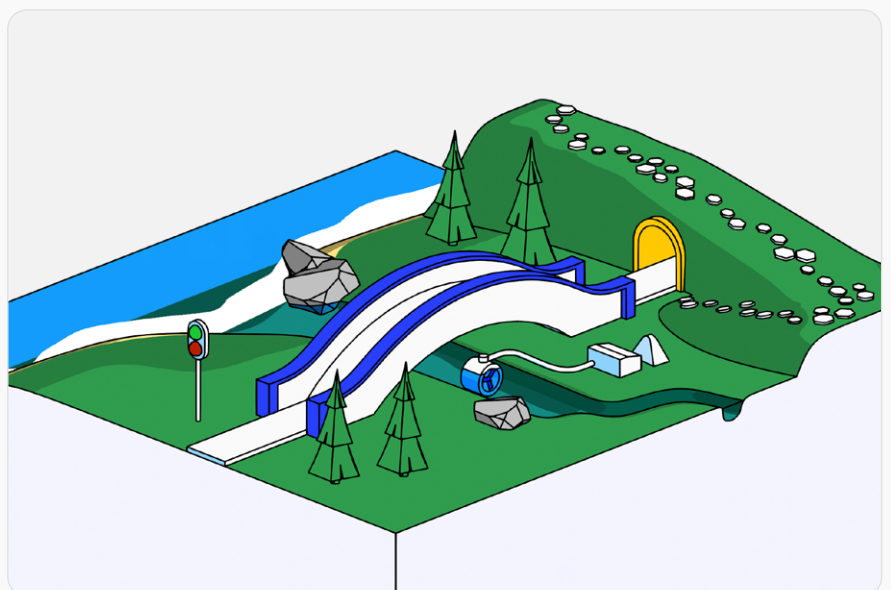
Part 1

How to set your business objectives

The key to a successful carbon reduction roadmap is to align it with your key business objectives. What are your main goals when it comes to your decarbonization journey?

- Are you looking to decarbonize a specific part of your business?
- Do you want to set a credible decarbonization roadmap?
- Do you want to ensure you're complying with existing climate regulations and anticipating future ones?
- Or perhaps you want to provide your investors and other key stakeholders with greater transparency around your carbon footprint measurement?

Deciding on your key decarbonization objectives will give you greater clarity about your specific needs when it comes to your carbon management provider.



How to establish your business scope

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

Science-based targets (SBTs)

SBTs are greenhouse gas (GHG) emission reduction targets that are consistent with limiting global warming to 2°C or well below pre-industrial levels.

- **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.
- **Carbon reduction targets:** You can use Science-Based Targets (SBTs) as a guide to set ambitious and achievable targets that are aligned with the Paris Agreement.

It's worth setting separate goals for your Scope 1, 2, and 3 emissions, either absolute or intensity-based.

Target types

Absolute emission targets

Absolute emission targets refer to a specific amount of emissions that your firm commits to reducing over a given period of time. This target is based on the total amount of emissions and isn't dependent on the growth of your business, or the profits made in a given year.

Example: Company A pledges to reduce employee travel emissions by 40% by 2030.

Intensity-based emission targets

Intensity-based emission targets refer to a reduction in emissions per unit of economic activity. They allow firms to set emission reduction targets while at the same time accounting for growth or business changes (such as mergers or acquisitions).

Example: Company B pledges a 20% emission reduction per \$1M turnover.

How to define your carbon management requirements

The next step is to use all of the above to establish your carbon management criteria. These should include the below.

Data collection and aggregation: To accurately measure and manage carbon emissions, you may need to integrate with other IT systems such as Sage, Oracle, AWS, and SAP. It's important to determine if this is necessary and if so, which integrations are needed.

Alignment with carbon reduction methodologies: Your organization may also want to align with the Science Based Targets initiative (SBTi). This can help you set ambitious and credible carbon reduction targets and demonstrate your commitment to climate science.

Scope: It's important to determine which scopes you want to measure because different providers may offer different levels of support and expertise in each scope. For example, if you have a large supply chain and you want to get a comprehensive view of your complete carbon footprint, you'll want to choose a provider with extensive experience of measuring Scope 3 emissions.

Scopes – A quick recap

Scope 1

Scope 1 emissions are direct emissions from sources that are owned or controlled by your firm, such as emissions from office buildings or company vehicles.

Scope 2

Scope 2 emissions are indirect emissions from the generation of purchased electricity, heat, or steam that your firm uses.

Scope 3

Scope 3 emissions are all other indirect emissions that aren't included in Scope 2. It includes 15 categories of emissions, such as purchased goods and services, capital goods, employee commuting, business travel, waste generated in operations, and use of sold products.

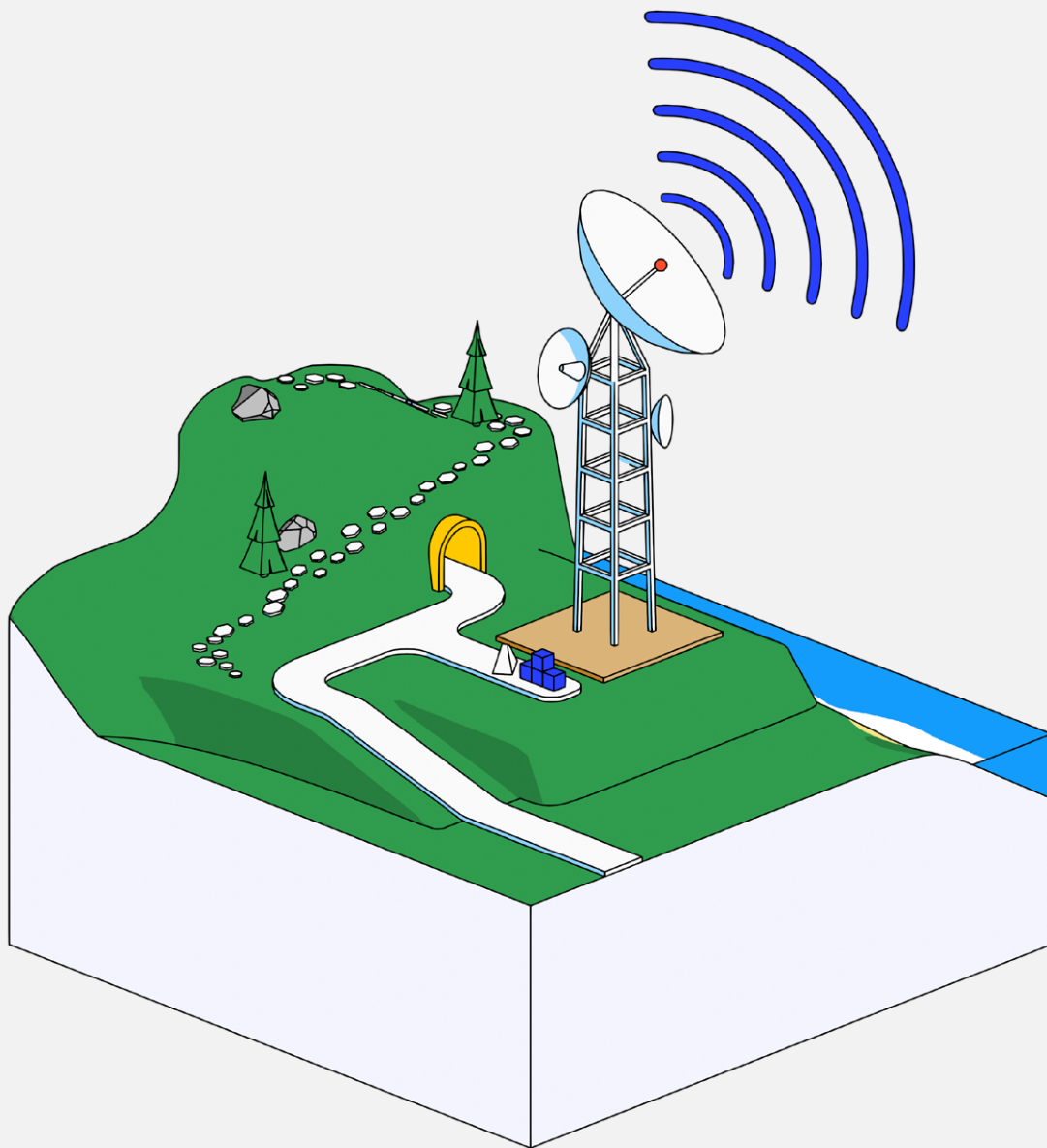
The three scopes were established by the [Greenhouse Gas \(GHG\) Protocol](#) to help governments and business leaders to understand, quantify, and manage their emissions.

Part 2

Is a carbon software company enough or do you also need consulting services?

If you have carbon expertise in house, using carbon management software should be sufficient to your needs. If you don't have this expertise, you'll need to rely on consulting services to help you find the best emission factors and activity flows, to make best use of the data you have at your disposal, and implementation and to offer you guidance around the best reduction pathways.

Note that some carbon software vendors provide integrated consultancy services, and its definitely worth asking about the level of expertise that they have.



How to decide who to involve

Carbon management impacts a range of different teams in your organization – or what we called your Climate Action Suite.

These are the people that'll structure, track, and lead your decarbonization journey. It can include:

Your value chain

It's important to take into account the people who are responsible for your entire value chain – this is because on average, it's responsible for 80% of your total emissions.

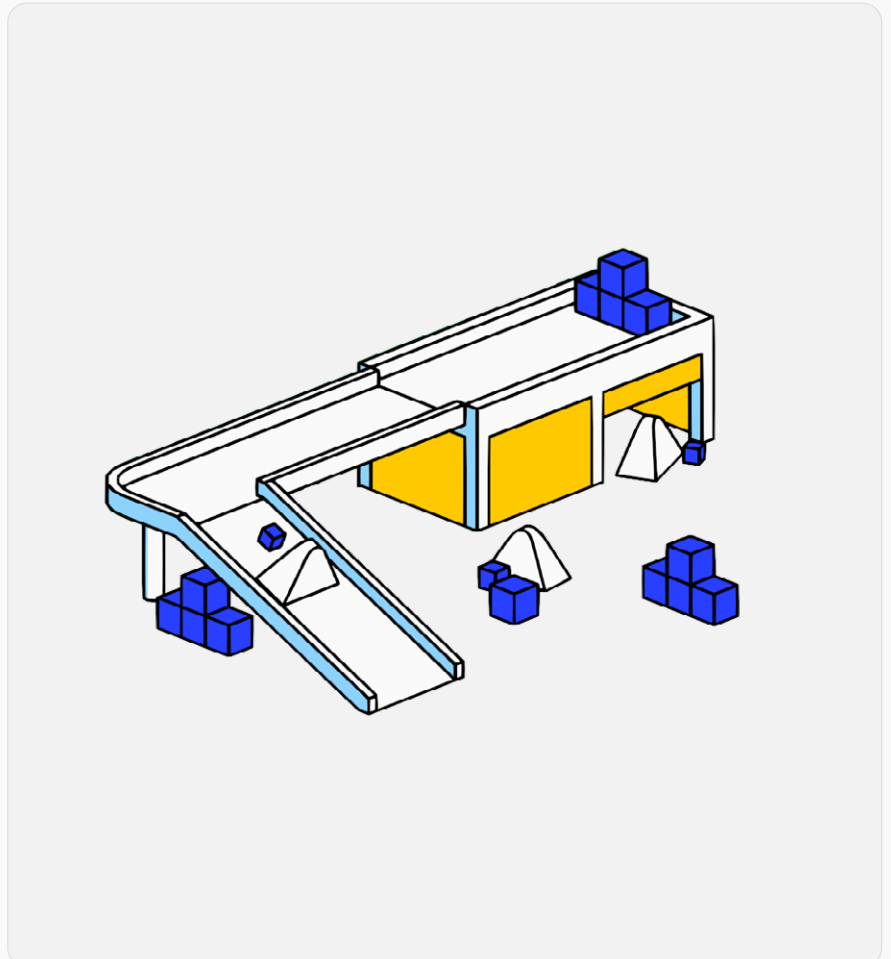
Purchased goods and services is one of the categories that falls under Scope 3.

Your CSO and sustainability team – they may already have experience of working with carbon management providers.

Your finance team – they can provide valuable insights into the financial implications of carbon reduction projects and help ensure that cost estimates align with your company's financial planning and budget.

Your procurement team – they're responsible for managing vendor relationships and can help to identify potential carbon management providers and evaluate proposals.

Your IT team – they can provide technical expertise when it comes to systems integration, platform security, and scalability.



Key questions to ask

1. What methodologies do you use to measure emissions?

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

Data maturity

In this context, data maturity refers to the level of capability and sophistication of company's climate data management. It reflects how effectively it can collect, store, analyze, and leverage data to drive decarbonization.

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.

2. What emission factors do you use?

Emission factors are values that represent the amount of greenhouse gasses (GHGs) emitted per unit of activity or product. They're typically expressed as a factor of mass, volume, or energy. They're often based on standardized data, such as government or industry data, and may be specific to a particular location or industry.



Don't forget to check what emission factors your prospective provider uses because these can significantly impact the accuracy of your company's carbon accounting and reporting. Do the emission factors come from recognized standards or protocols (such as Ademe, Defra, EcolInvent, eGrid, IEA, IPCC, NGA, or US EPA)? Are they regularly updated? Is there any support for users to make sure that they're choosing the right factor for a given task?

3. Does the system allow for custom and local emission factors?

Custom and local emission factors 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.

It's worth asking your prospective provider about their catalog of emission factors and where these are sourced from – do they come from both national and international databases? Are you able to import your own emission factors if you wish to?

4. Can your tool support companies to set organizational boundaries and a baseline?

Organizational boundaries define the specific activities and entities that will be included in your carbon accounting, while a baseline provides a starting point for measuring progress in reducing emissions. Your prospective provider should be able to help you determine which activities and entities to include within your organizational boundaries, as well as provide guidance on how to set an appropriate baseline.

If your company undergoes frequent changes to its scope of operations, ask if the provider can support you with re-baselining – updating your carbon baseline to reflect changes in activities, operations, or other business factors.

A baseline

In a carbon measurement context, a baseline refers to the starting point against which future emission reductions or increases are measured. It represents the level of greenhouse gas emissions that would have occurred in the absence of any mitigation actions, and is used as a reference point to evaluate the effectiveness of emission reduction efforts.

5. Do you enable the tracking and management of positive contributions?

GHG emissions are just one of the metrics that you should measure to get a comprehensive view of your company's carbon footprint. But there are other carbon metrics to consider, and it's worth asking your prospective provider whether they measure carbon intensity, avoided emissions, removed emissions and the impact of carbon credits.

- **Carbon intensity** measures the amount of GHG emissions per unit of output or activity. It allows you to compare your emissions to similar companies and industries, which can be useful for benchmarking and identifying areas for improvement.
- **Avoided emissions** are emissions reductions realized thanks to the use of a sold product. If your company is a solution provider, you can measure and claim avoided emissions in your clients' scopes.
- **Removed emissions** refer to emissions that have been removed from the atmosphere through activities such as reforestation, afforestation, or carbon capture and storage.
- **Carbon credits** are certificates that represent 1 ton of carbon dioxide removed from the atmosphere. If you buy some, it's important to be transparent on the projects types location, standards, prices.

Avoided vs removed emissions

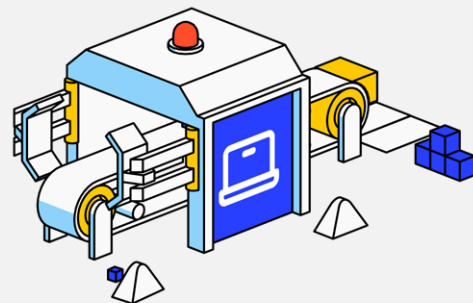
It's important not to confuse the two terms. Avoided emissions focus on preventing emissions from happening, while removed emissions focus on removing emissions that have already occurred.

6. What are your different data collection methods (manual and/or automated)? Do you enable API integration?

It's a good idea to ask your carbon management partner how they collect data into their platform. If you have a software team, using an API is likely to be your best option. 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.

Be sure to enquire about the process of collecting data from across your value chain or investments, as this can be one of the most challenging elements of emission measurement. Is it an efficient process? How are data gaps accounted for? How does the prospective provider ensure data transparency, audibility, and traceability?

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?



7. Can you automate data gathering?

Gathering data from across your organization and supply chain can be challenging and automated tools can greatly improve the efficiency of this process: what 's available automation in your prospective platform providers? What do you need to provide for the automation to work?

8. Can you analyze real-time data?

Taking impactful climate action is much more than generating an annual report of your progress against targets. To truly empower your Climate Action Dream Team, place sustainability at the core of your business activities, you need an ongoing view of your climate activity. Here are a couple of additional questions you could include: Are you able to log in throughout the year and get a real-time view of your emissions? Can you see what percentage of your target has been achieved? Can you adjust your reduction pathways to meet your targets faster?

Scope 3 categories

The Greenhouse Gas Protocol classifies Scope 3 emissions into 15 different categories, which include upstream emissions from purchased goods and services, emissions from transportation and distribution, emissions from employee commuting and business travel, and emissions from the use of sold products, among others.

9. How do you map the organizational complexity of a company?

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 emission 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. You might also want to be able to tag each entity with specific criteria and assign datasets or reduction actions to each location.

10. How do you integrate with common sources of GHG emissions for Scopes 1 and 2?

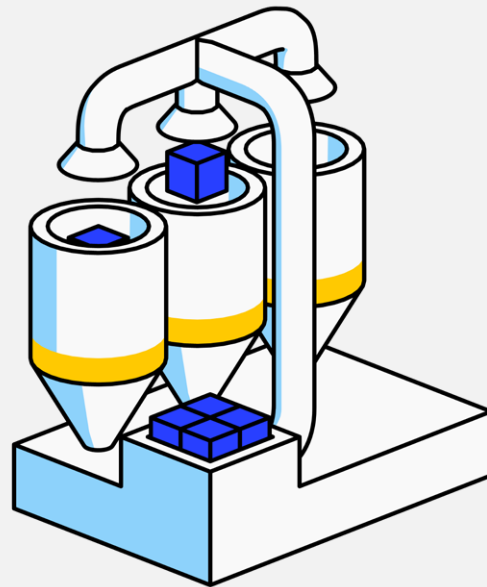
If a carbon management platform doesn't integrate with common sources of GHG emissions, it may produce an incomplete and inaccurate carbon footprint measurement. It's worth asking about whether the tool can easily import data from a variety of emissions data sources: IT systems, utility meters, or utility invoicing providers, to name just a few. You should also enquire about the integration options (APIs, web services and/or CSV imports).

11. What Scope 3 categories do you support?

If you're looking to calculate your Scope 3 emissions, it's important to ensure that the provider you choose supports the relevant categories that are specific to your business. For example, if you're a large supermarket chain, you're likely to be mostly concerned with 'purchased goods and services' – meaning that you'll require a provider that enables you to easily collect data from across your broad network of suppliers. If you're a car manufacturer, you're likely to be concerned about the use of your sold products, so you might seek a provider which enables you to easily calculate your product carbon footprint.

CDP

CDP is a non-profit organization that provides a global system for companies, cities, and regions to measure, disclose, manage, and share environmental information. It aims to encourage greater transparency and action on climate change by engaging with companies and other stakeholders to promote more sustainable practices and reduce greenhouse gas emissions.



12. Is there a possibility to involve suppliers in data collection?

If you want to measure your Scope 3 emissions, you need to involve your suppliers – and data collection and aggregation is one of the most common challenges. This is why it's worth enquiring how your prospective provider facilitates communication and data gathering across your supply chain. Are you able to exchange data with your suppliers? Can you set shared targets?

13. How do you facilitate the identification of data gaps?

Data gaps can significantly impact the accuracy and reliability of carbon footprint calculations and reporting. Without accurate and complete data, it's impossible to make informed decisions about reduction activities. It's worth asking your prospective provider what criteria they use to evaluate footprints and whether they have workflows in place to ensure that key stakeholders can verify the completeness of the data, and input any missing values.

14. Do you provide external benchmark capabilities?

Assessing the progress of decarbonization against competitors and industry or geographic peers is essential to measuring your progress accurately. Enquire whether your prospective provider embeds sectoral estimates into its platform (such as those from the CDP database). What other industry benchmarking tools does it provide?

15. Do you enable users to set science-based targets?

You can use Science-Based Targets (SBTs) as a guide to set ambitious and achievable targets that are aligned with the Paris Agreement.

If your company is keen to demonstrate its commitment to SBTs, it's worth checking whether your provider can define multiple trajectories based on the main SBT targets (1.5°, well below 2°, 2°), or enable you to set your own parameters for a Business As Usual (BAU) scenario. It's also worth asking whether the tool has the ability to import trajectories that have already been validated by the SBTi. Would you be able to set different targets for various business units and teams?

16. Do you help to identify carbon reduction opportunities?

If you're looking for a provider who doesn't just help with measuring your emissions, but also helps you identify reduction opportunities, be sure to address this in your RFP. You can address your carbon footprint through a range of initiatives from energy efficiency improvements, renewable energy projects.

It's worth asking questions about what tools your provider uses to manage your reduction activity and report on it.

17. Can you simulate carbon reduction initiatives and track their impact?

The success of your carbon reduction activities lies in your understanding of where they're likely to have the most impact. And having the ability to simulate and track carbon reduction initiatives can help you optimize your efforts and achieve your environmental goals (how detailed they are, and how you can best put them to good use).

18. Does the platform facilitate setting an internal carbon price?

By creating a carbon contribution budget based on an internal carbon price, you can invest in decarbonizing your products or services. That's why it's worth asking whether your provider can support you with setting this up and tracking its impact.

There are two main fees that you should consider, and these depend on your objectives.

1. Internal carbon fee: a fixed price must be paid internally for each tonne of carbon emitted.

2. Shadow fee: an assumed fee for carbon that's taken into account in investment decisions as a risk assessment tool and is not actually paid out internally.

Check with your prospective provider about whether they're part of the [Carbon Pricing Leadership Coalition \(CPLC\)](#) and engage in discussions around the price of carbon.

Internal price of carbon

An internal price on carbon is a cost that a company places on its own greenhouse gas emissions, typically through a carbon tax or an emissions trading system. It is intended to reflect the social and environmental costs of carbon emissions.

19. Does your platform make data auditable?

Having auditable data can help your company demonstrate your climate action to consultants, auditors and controllers. That's why it's worth asking your provider whether its platform makes data and calculations available for auditing. Does it provide a dedicated profile for auditors? If it has an audit functionality, is it validated by an external third party? It's also worth asking whether the provider offers extra financial reporting in line with the Corporate Sustainability Reporting Directive (CSRD)?

20. What are your reporting and dashboarding capabilities?

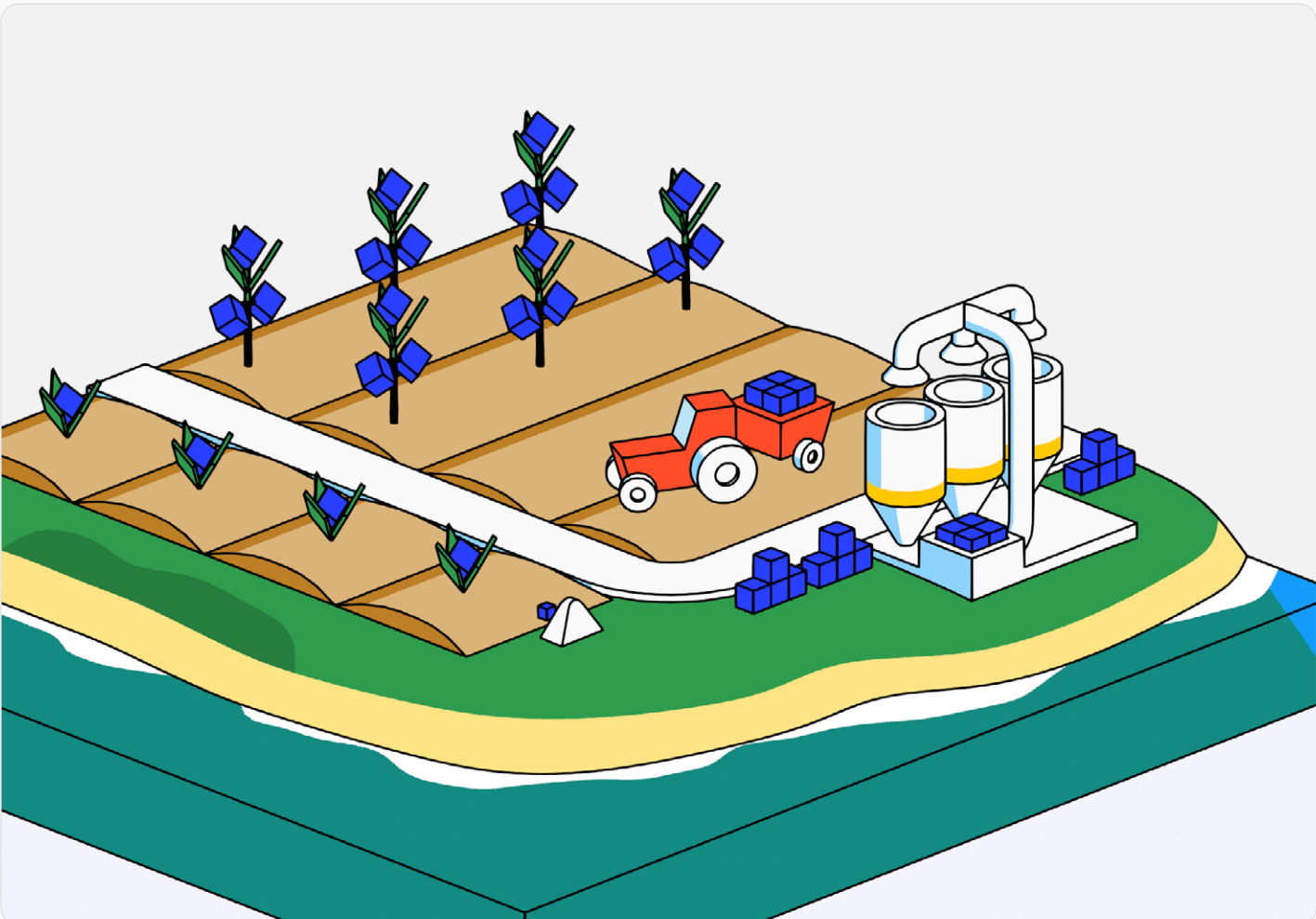
Reporting and dashboarding features are critical for measuring and understanding your company's carbon footprint and progress towards climate targets.

Some of the things you might want to inquire about include whether the reports produced by your prospective provider are dynamic and can be filtered for different time periods and data sets. Or if the platform allows you to easily set your baseline year and reduction target.

21. What data privacy and security controls do you have?

Carbon 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.

SOC 2
SOC 2 (Service Organization Control 2) is a type of auditing standard developed by the American Institute of Certified Public Accountants (AICPA) to evaluate the effectiveness of a service provider's internal controls related to security, availability, processing integrity, confidentiality, and privacy.



Part 4

Some of the things you want to ask:

- How does the prospective provider ensure the security of data stored on the platform?
- Do they have a Data Protection Officer?
- Do they perform regular security audits?
- What's their incident response plan in the event of a data breach?

If they're 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.

ISO 27001

An international standard that specifies requirements for an information security management system (ISMS). It provides a systematic approach to managing sensitive company information and protecting it from unauthorized access or theft.

Depending on your jurisdiction, it's also worth asking about the provider's compliance with data regulations, such as the EU's General Data Protection Regulation (GDPR).

22. How do you control permissions for different user groups?

When it comes to emission data, different users within your company or across your value chain may require different levels of access, and it's important to ensure that these permissions are controlled and managed effectively to protect sensitive information.

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 enquire about multi-factor authentication or other security measures to ensure that user access is secure and protected.

23. How do you ensure full user adoption of the software?

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.

24. Can you support our broader ESG targets?

ESG standards cover a range of criteria beyond carbon metrics, such as water management, waste management, biodiversity, human rights, and social impact. These standards help investors and stakeholders assess your company's sustainability and ethical practices.

New climate legislation increasingly calls for transparency and disclosure related to ESG considerations. It's therefore important to select a provider that enables you to measure all the relevant ESG criteria to ensure that you're complying with the latest standards.

25. How to you ensure that your platform incorporates the latest developments in legislation and standards?

Climate legislation is constantly being updated, so it's worth asking how your prospective provider supports your compliance with these developments. Does the platform have a regular cycle of updates?

26. What is your pricing based on? What does it cover?

Carbon management software providers have a range of different pricing models, so it's worth enquiring whether this is based on the number of users, the size of your company and its value chain, your carbon intensity or any other factors. Crucially, it's also worth asking what the pricing covers – is it just the use of the software, or does this include the support of internal consultants, training materials for your team or anything else.

Lost in regulation?

From the EU's CSRD to the UK's TCFD-based climate disclosures – there's a lot to take in when it comes to regulation. Take a look at our [handy summary guide](#) for what you should be aware of.



Your carbon management RFP: the blueprint for impactful climate action

Writing a carbon management software RFP is a critical step in your decarbonization journey. Remember that the key is to spending time to understand your company's targets when it comes to climate action, and then establishing unique requirements based on these goals.

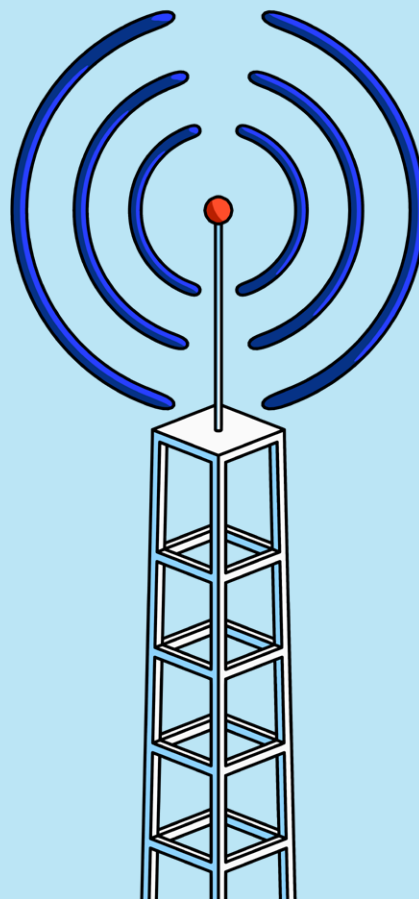
We hope that our guidance will support you in crafting a comprehensive request document that clearly outlines your expectations, attracts the right providers, and ultimately helps your company select the best partner for meeting your reduction targets.

It's also important to involve all your stakeholders. With these ingredients you have a strong chance of meeting your climate targets and becoming a Forever Company.

Find out how Sweep can help

Sweep is a carbon management platform that empowers businesses to understand, track, and reduce their carbon footprint. Our data-driven platform makes it easy to measure emissions at scale, take action to reduce your carbon, and stay compliant with climate reporting standards.

[Get in touch today >](#)



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