

7 STEPS

for More Powerful
ESG Benchmarking



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Introduction

We are often warned about comparing ourselves to others. But in the rapidly evolving ESG landscape, industry peers can serve as valuable indicators of where your company's performance falls short, and how you can improve.

What is ESG Benchmarking?

In an ESG context, benchmarking can have multiple meanings, including comparing your firm's performance to industry frameworks and reporting standards. Benchmarking is an effective way to build your ESG and climate profile by understanding your competitors' and vendors' ESG strategy and general market movements.

Why Benchmarking is a Crucial Part of Your ESG Strategy

Benchmarking is often a critical first step in ESG strategy. Comprehensive benchmarking helps companies determine material ESG focus areas and identify risks and opportunities across operations, supply chains, and evolving markets. This in turn ensures ESG strategies are relevant, robust, and data-driven, and helps teams push the ESG agenda vertically and horizontally across the organization.

This guide offers seven key steps for conducting more insightful and actionable ESG benchmarking.

Elizabeth Tutino | ESG Expert at FiscalNote ESG Solutions

- Benchmarking helps your company understand where it sits against others in your industry, what your peers are focusing on, and what you should be focusing on. It helps identify hotspots that data collection alone can't do. Standard ESG data collection can help your company see how its own operations and suppliers are performing relative to each other, but benchmarking gives that critical external perspective of how you're performing within your industry and also how suppliers are performing against each other.

Define Materiality

STEP 01

ESG covers far too many elements for any one team to conquer, which means teams need to prioritize the risk factors that are most material to their organization's operations and industry. Materiality assessments are complex and time-consuming, but starting with benchmarking can provide a data-backed starting point.

Take Action

- ▣ Look for benchmarking tool(s) that covers typical ESG standards and frameworks such as SASB, UN SDGs, etc. Monitor geopolitical trends and upcoming regulations that might impact your firm and industry.
- ▣ Seek objective third-party expertise on using benchmarking insights to fortify your company through a robust materiality assessment.

Recommended Read

[ESG Experts Share Tips for Highly Effective Materiality Assessments](#)

Candice Bullard | Climate and ESG Strategy Expert at FiscalNote ESG Solutions

- ESG benchmarking can influence a materiality assessment by providing insight into external factors that may impact your company. Benchmarking provides insight into what ESG themes and topics are being identified as important by your competitors, which typically reflect what they've identified as 'material' priority topics.

Benchmark Against Competitors

STEP 02

Benchmarking against an entire field is useful, but most industries are so broad that comparing against averages is often unproductive. The real power of ESG benchmarking lies in selecting your most closely aligned competitors and performing gap analyses to identify risks and opportunities.

Take Action

- ❑ Select your most relevant competitors (typically five to seven) for your benchmarking exercise.
- ❑ Conduct a detailed gap analysis on the differences between your performance and that of your competitors across the “E,” “S,” and “G” for a comprehensive view.
- ❑ Monitor your competitors regularly and in as near real-time as possible — avoid past data that does not reflect market realities.

Resource

Download our editable template, [ESG Strategy At-a-Glance](#), to help sum up your ESG strategy and share it across your organization.

Wu Sining | Climate and ESG Strategy Lead, APAC, FiscalNote ESG Solutions

- Don't just benchmark against your industry peers and leaders. Including leaders from different industries in your benchmarking efforts sets the bar higher and provides different insights into other best practices that may help you perform better than your peers.

Select Specific Metrics to Benchmark

STEP 03

Even after conducting a materiality assessment, you'll likely have a number of ESG risk factors to focus on. Although broad ESG scores or rankings can give you an approximate indication of your performance, a single score doesn't give you proper insight into your performance in individual metrics, or which areas to prioritize in your ESG strategy.

Take Action

- ❑ Create an intuitive dashboard to compare relevant ESG themes across selected competitors and supply chain partners.
- ❑ Find insights into market trends, regulatory changes, and public sentiment in relation to each of your individual ESG metrics.
- ❑ Track specific keywords related to your competitors and supply chain to get deeper, more relevant data cuts.

Recommended Read

[7 Steps for Faster, Easier, and More Effective ESG Reporting](#)

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Benchmark Your Supply Chain

STEP 04

ESG benchmarking often stops with competitors, but one of the most important areas you can include is your supply chain. With the rising pressure for companies to report on scope 3 emissions, labor practices of their vendors, and quantify the impact of their supply chains, it's crucial that ESG teams carefully evaluate supplier performance to identify ESG risks and opportunities across the value chain. However, collecting data in easily comparable formats is difficult when done manually and stored in formats such as spreadsheets. Even when the data is collected, it may not always reflect real-time activities.

Take Action

- ▣ View the performance of individual suppliers across topics such as GHG emissions, energy, water, waste, labor, human rights, and more.
- ▣ Use these insights to spot risks, weaknesses, and opportunities in your supply chains, and inform future procurement.

Recommended Read

[Your Supply Chain Needs a New Class of ESG Evaluations](#)

[Red Flags and Risk Management: How to Manage Suppliers in the ESG Age](#)

[Supplier Breakups: How to End Vendor Relationships on a Positive Note](#)

Elizabeth Tutino | ESG Expert at FiscalNote ESG Solutions

- You can easily assess the ESG performance of your suppliers and identify risks and opportunities in your supply chain within our platform. Seeing which suppliers are performing best in particular ESG themes helps procurement teams make informed decisions on which vendors to work with in the future.

Monitor Changes in Policy and Geopolitical Landscapes

STEP
05

The ESG landscape changes rapidly, making it extremely time-consuming for teams to stay ahead of the ever-changing global policy and geopolitical landscape. But tracking and navigating geopolitical ESG risks and emerging regulations affecting your industry and clients is crucial for driving strategic decisions.

Take Action

- ▣ Monitor recent or upcoming policy changes that may affect your organization, as well as market movements and geopolitical trends influencing your ESG performance and its perceived value.
- ▣ Cut through the noise and track articles and documents related to particular ESG metrics, reflecting global news and market trends that are most relevant to you.

Resource

Subscribe to our Top ESG Headlines of the week [newsletter](#).

Elizabeth Tutino | ESG Expert at FiscalNote ESG Solutions

- Our system's artificial intelligence scours the web for thousands of articles and companies, providing insight into sentiment, impact, and exposure. This provides far more insight than could be found manually by ESG teams. In addition, our advisory services pull key data from the benchmarking platform on a regular basis, specifically tailored to your organization.

Consider Market Perception

STEP 06

Measuring ESG performance doesn't always tell the whole story. Companies need to closely monitor not just their ESG performance but the public perception of their performance and take steps to manage it accordingly. Performance does not necessarily equal perception, and the best ESG strategies address both.

Take Action

- ▣ Analyze sentiment to understand real-time market perceptions of your ESG performance (and your competitors').
- ▣ Spot anomalies in competitors' and supply chain performance
- ▣ Look for recurring trends through analytics.

Candice Bullard | Climate and ESG Strategy Expert at FiscalNote ESG Solutions

- The sentiment feature offers deep Insight into how the media and public perceive your company, which can, in turn, provide insights for your communication strategy around your ESG efforts.

Share Analytics and Insights

STEP 07

Benchmarking is a valuable exercise for ESG teams, but its power is compounded the more insights are shared. Regularly sharing easy-to-grasp insights and actionable analytics is one of the most powerful ways to keep your organization aligned on ESG. Yet all too often, ESG data is trapped in inaccessible, complicated formats (such as spreadsheets), making it difficult to extract actionable narratives and keep important data confined to ESG team members.

Take Action

- ▣ Share insightful and actionable reports with internal and external stakeholders.
- ▣ Communicate insights on public sentiment with key stakeholders, such as investor relations, and the C-suite for buy-in on ESG efforts.
- ▣ Use analytics as a persuasive tool with business leaders and the board to challenge insights about how your company is perceived.

Recommended Read

[6 Reasons Spreadsheets Don't Cut It for ESG Management](#)

Candice Bullard | Climate and ESG Strategy Expert at FiscalNote ESG Solutions

- It's important to keep benchmarking on a regular basis. If you benchmark once and forget it, you could easily fall behind compared to your peers. Regularly benchmarking gives you continuous insight into emerging trends or themes that competitors are addressing, and that you may want to include in your ESG strategy. The world of ESG is always changing, but benchmarking can help you stay on top of that.

Conclusion

No matter your industry, the size of your company, or the maturity of your ESG strategy, benchmarking is a crucial part of any ESG team's efforts. The topics that matter to your market and your organization will change rapidly, which makes regular benchmarking a necessity for forward-thinking companies. And regular benchmarking is made easier with an AI-driven, real-time-insights tool such as Equilibrium's Benchmarking and Risk platform.

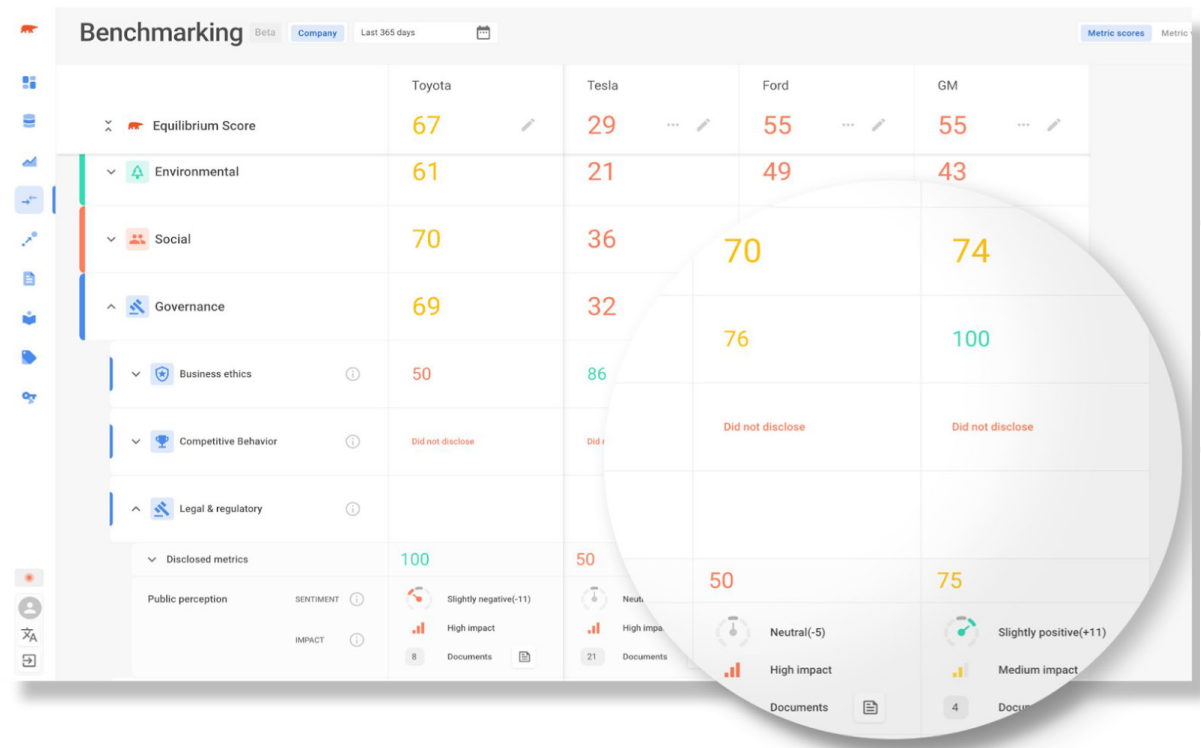
If you are yet to conduct benchmarking as part of your ESG strategy, now is the best time to start. "There's really no downside or bad time to start benchmarking," says Bullard. No matter where you are in your ESG journey, benchmarking reveals valuable insights and data points that will strengthen your ESG strategy and help your company become an ESG leader within your industry.



About the Equilibrium Benchmarking and Risk Intelligence Platform

Build your organization's real-time ESG and climate profile through the Equilibrium Benchmarking and Risk Intelligence platform. Benchmark against key competitors and identify risks and opportunities in your operations and supply chains. Gain micro- and macro-level analytics to drive decisions based on

- ▣ Global Policy Insights
- ▣ Geopolitical Risk
- ▣ Supply Chain & Competitive Benchmarks
- ▣ ESG trends and influences
- ▣ Sentiment Analysis of ESG Performance



[REQUEST A DEMO](#)

Candice Bullard | Climate and ESG Strategy Expert at FiscalNote ESG Solutions

- A lot of companies come to us wanting to be top in their industry and market, or at least to do better than their peers and competitors. Our AI benchmarking allows real-time insight into performance compared to competitors, allowing your organization to proactively respond to changing market trends.

FiscalNote

ESG Solutions

FiscalNote ESG Solutions is the most comprehensive ESG platform and advisory solution on the market helping organizations become sustainability leaders – from getting started with strategic insights, benchmarking, and reporting to embedding ESG into an organization’s DNA. FiscalNote ESG Solutions brings together Equilibrium’s AI-powered platform, award-winning analysis, global advisory, and a peer community to help an organization achieve its ESG goals.

[Learn more](#)



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FiscalNote is the premier information services company focused on global policy and market intelligence. By combining AI technology, expert analysis, and legislative, regulatory, and geopolitical data, FiscalNote is reinventing the way that organizations minimize risk and capitalize on opportunity.

FiscalNote empowers more than 5,000 clients worldwide to monitor, manage, and act on the issues that matter most to them.

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