

# ESG Reporting Compass

## ESG Reporting breakdown for Fintech Startups

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**Collaborative Analytics for Reporting ESG (CARE) in Fintech**

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### Know-Why: Taking the Right Risks

### Know-Who: Preparing Conversation with Investors

### Know-What: Contextualized and Meaningful Reporting

### Know-How: Openness and Transparency

## Know-How by Core Business Operations in Fintech

Core Business Operations	Corresponding ESG Specifications
Team Formation and Hiring	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li>Contract and human resource policy</li> <li>Workforce well-being</li> </ul>
Company Structuring, Contracting, and Accounting	<ul style="list-style-type: none"> <li>Designated ESG policy</li> <li>Reporting processes and roles</li> <li>Board advice on ESG topics</li> <li>Employee equity ownership</li> </ul>
Financial Service Licensing	<ul style="list-style-type: none"> <li>Environmental risk exposure</li> <li>Data privacy and breach impact</li> <li>Customer relationships</li> <li>Business ethics and professional integrity</li> <li>ESG incorporation in investment management &amp; advisory</li> <li>Business continuity risks</li> </ul>
Digital Product	<ul style="list-style-type: none"> <li>See details on the backside of the page</li> </ul>
Marketing	<ul style="list-style-type: none"> <li>Value chain relationships</li> </ul>
Fund raising	<ul style="list-style-type: none"> <li>Designated ESG policy</li> <li>Reporting processes and roles</li> <li>All of the above</li> </ul>

## Know-Why across Investment Stage

	Angel	Pre-seed & Seed	Series A + B	Public
<b>Maturity</b>	Pre-product	Minimum Viable Product	Scale-up	Diverse Revenue Streams
<b>Investor</b>	Friends, Family and Fools	Seed Capital, Venture Capital	Venture Capital, Acquisitions, Mergers, Strategic Alliances	Public Market
<b>ESG Challenge</b>	Resource Scarcity	Prioritization	Prioritization/Necessary	Necessary
<b>Value of ESG Reporting</b>	<ul style="list-style-type: none"> <li>Business development</li> <li>Talent attraction and hiring</li> <li>Demonstration of risk accounting, operational ability, and value proposition to investors</li> </ul>	<ul style="list-style-type: none"> <li>Business development</li> <li>Talent attraction and hiring</li> <li>Competitive advantage by transparency to investors and customers</li> <li>Pilot with ESG-compliant clients</li> </ul>	<ul style="list-style-type: none"> <li>Business development</li> <li>Talent attraction and hiring</li> <li>Competitive advantage by transparency to investors and customers</li> <li>Operational benefits such as supply chain relationships</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>All values from Series A+B</li> </ul>

## Know-How by Investment Stage

Investment Stage	Information Level
Angel	Interview on ESG plan
Pre-seed & Seed, Series A + B	ESG policy exists? (✓ / X) Interview on ESG policy implementation ESG numbers and facts
Series B, Public	Reporting on: <ul style="list-style-type: none"> <li>Business model</li> <li>Policies and implementation</li> <li>The outcome of the policies</li> <li>Risks and risk management</li> <li>KPIs relevant to the business</li> </ul>

## Know-What in the Danish Venture and Regulatory Environment

Categories	Significance	Specifications
Team	Most common ESG reporting category in Fintech	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li>Contract and human resource policy</li> <li>Workforce well-being</li> </ul>
Product	Most emphasized source of ESG impacts in Fintech  Obligatory reporting requirements for financial and digital product	<ul style="list-style-type: none"> <li>Energy consumption and carbon footprint of product</li> <li>Environmental risk exposure</li> <li>Responsible product design</li> <li>Data privacy and breach impact</li> <li>Value chain relationships</li> <li>Business ethics and professional integrity</li> <li>ESG incorporation in investment management &amp; advisory</li> </ul>
Corporate Governance	Obligatory reporting requirements for companies and the financial sector	<ul style="list-style-type: none"> <li>Designated ESG policy</li> <li>Reporting processes and roles</li> <li>Business continuity risks</li> <li>Board advice on ESG topics</li> <li>Employee equity ownership</li> </ul>

## Know-Who by Significance to Regulators and Investors & Know-How by Reporting Format

Categories	Significance	Reporting Format
Team	Denmark based Venture Capitals that currently require ESG reporting	ESG policy exists? (✓ / X) Interview on ESG policy implementation ESG numbers and facts
Product	<ul style="list-style-type: none"> <li>Sustainable Development Goals</li> <li>Denmark based Venture Capitals that currently require ESG reporting</li> <li>EU &amp; Danish financial regulations, corporate sustainability regulations, data and other digital technology regulations</li> </ul>	Policy and due diligence process? (✓ / X) Interview on ESG policy implementation ESG numbers and facts
Corporate Governance	<ul style="list-style-type: none"> <li>All Denmark based Venture Capitals;</li> <li>EU &amp; Danish business regulations, financial regulations, and corporate sustainability regulations</li> </ul>	ESG policy exists? (✓ / X) Interview on ESG policy implementation ESG numbers and facts



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## Know-How by for Fintech Product Ideation, Design, and Development

(Specifications in black – common items; Specifications in blue – relatively more important items; Specifications in blue and bold – most emphasized items corresponding to the specific technologies)

Core Supporting Technologies	Corresponding ESG Specifications
General	<ul style="list-style-type: none"> <li>Responsible product design (e.g., <a href="#">accessibility</a>, <a href="#">technology risks</a>, <a href="#">consumer protection for individuals and businesses</a>)</li> <li>Data privacy and breach impact (e.g., <a href="#">behavioural advertising and user privacy</a>, <a href="#">data breach impact</a>, <a href="#">security risks</a>)</li> <li>Value chain relationships (e.g., <a href="#">performance issues</a>, <a href="#">service disruption</a>, <a href="#">total customer down time</a>)</li> <li>Energy consumption and carbon footprint of digital infrastructure (e.g., <a href="#">environmental considerations for choice and use of data centers, servers, cloud services, and software development</a>)</li> </ul>
Dana Analytics, Big Data	<ul style="list-style-type: none"> <li>Energy consumption and carbon footprint of digital infrastructure (e.g., <a href="#">environmental considerations for choice and use of data centers, servers, cloud services, and software development</a>)</li> <li>Data privacy and breach impact (e.g., <a href="#">behavioural advertising and user privacy</a>, <a href="#">data breach impact</a>, <a href="#">security risks</a>)</li> <li>Value chain relationships (e.g., <a href="#">performance issues</a>, <a href="#">service disruption</a>, <a href="#">total customer down time</a>)</li> </ul>
Automation, AI, Machine Learning	<ul style="list-style-type: none"> <li>Responsible product design (e.g., <a href="#">accessibility</a>, <a href="#">unknown technology risks</a>, <a href="#">consumer protection for individuals and businesses</a>)</li> <li>Data privacy and breach impact (e.g., <a href="#">behavioural advertising and user privacy</a>, <a href="#">data breach impact</a>, <a href="#">security risks</a>)</li> <li>Value chain relationships (e.g., <a href="#">performance issues</a>, <a href="#">service disruption</a>, <a href="#">total customer down time</a>)</li> <li>Energy consumption and carbon footprint of digital infrastructure (e.g., <a href="#">environmental considerations for choice and use of data centers, servers, cloud services, and software development</a>)</li> </ul>
Cloud Computing	<ul style="list-style-type: none"> <li>Data privacy and breach impact (e.g., <a href="#">behavioural advertising and user privacy</a>, <a href="#">data breach impact</a>, <a href="#">security risks</a>)</li> <li>Value chain relationships (e.g., <a href="#">performance issues</a>, <a href="#">service disruption</a>, <a href="#">total customer down time</a>)</li> <li>Energy consumption and carbon footprint of digital infrastructure (e.g., <a href="#">environmental considerations for choice and use of data centers, servers, cloud services, and software development</a>)</li> </ul>
Blockchain, Distributed Ledger Technology, Cryptoasset	<ul style="list-style-type: none"> <li>Responsible product design (e.g., <a href="#">accessibility</a>, <a href="#">technology risks</a>, <a href="#">consumer protection for individuals and businesses</a>)</li> <li>Data privacy and breach impact (e.g., <a href="#">behavioural advertising and user privacy</a>, <a href="#">data breach impact</a>, <a href="#">security risks</a>)</li> <li>Value chain relationships (e.g., <a href="#">performance issues</a>, <a href="#">service disruption</a>, <a href="#">total customer down time</a>)</li> <li>Energy consumption and carbon footprint of digital infrastructure (e.g., <a href="#">environmental considerations for choice and use of data centers, servers, cloud services, and software development</a>)</li> </ul>
Platform	<ul style="list-style-type: none"> <li>Value chain relationships (e.g., <a href="#">platform governance</a>, <a href="#">performance issues</a>, <a href="#">service disruption</a>, <a href="#">total customer down time</a>)</li> <li>Responsible product design (e.g., <a href="#">accessibility</a>, <a href="#">unknown technology risks</a>, <a href="#">consumer protection for individuals and businesses</a>)</li> <li>Data privacy and breach impact (e.g., <a href="#">behavioural advertising and user privacy</a>, <a href="#">data breach impact</a>, <a href="#">security risks</a>)</li> </ul>