

# From Results to Action: Vinnova's Journey Towards a Sustainable Future

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## About Vinnova

In a rapidly evolving business landscape, where societal and environmental concerns are at the forefront, it's become more apparent than ever that companies need to do more than just make profits. They need to make a positive impact on the world. As a trailblazing funder of early-stage startups, [Vinnova, Sweden's Innovation Agency](#), supports companies that are contributing to solving major global societal challenges through their products and services, from water security to renewable energy.

Beyond providing start-ups with [critical funding](#) to propel their growth, Vinnova is committed to building a supportive start-up ecosystem. To support the start-ups it funds, Vinnova provides numerous technical assistance opportunities, including access to comprehensive ESG+Impact data intelligence through Proof. This support helps ensure that the companies and projects Vinnova funds are financially viable in addition to contributing to measurable positive sustainability impacts.

Since 2021, Vinnova has partnered with Proof to provide its [Innovative Startups](#) cohorts with access to ESG+Impact data intelligence through Proof. After two years and two cohorts, we're excited to share our insights into how to support the sustainability start-up ecosystem through data intelligence.

## The Problem

In the business-as-usual approach to impact measurement, investors and agencies fall victim to two major pitfalls:

- 1 Getting caught up in the metric selection process**
  - Investors tend to over-analyze whether the chosen metrics are the “right” ones, rather than getting started and rapidly iterating. Many investors focus on setting metrics that are unique to each portfolio company, rather than defining a portfolio-wide starting point to build from.
  - When it comes to data availability, investors often assume that their companies will not have data on the chosen metrics. For examples, with metrics like Greenhouse Gas Emissions (GHG), companies may not already report on their Scope 1, 2 and 3 GHG emissions; however, when prompted with more basic questions like electricity purchased or airline miles traveled, companies can indeed report on the dimensions required to estimate GHG emissions.



- In an effort to be comprehensive, investors tend to choose too many metrics (20+), making the process overwhelming for companies. When impact measurement is overly burdensome, it becomes taxing for the company to report and drains critical resources.

## 2 Focusing on data collection and metric performance, rather than meaningful improvement

- Investors often send a data collection spreadsheet requesting that companies manually report on their performance, rather than a digital approach that offers reciprocal benefits for companies
- Investors tend to focus on whether a metric performance is “good” or “bad,” rather than trying to understand what the result means for the company based on its unique history and goals for the future
- Requests for sustainability data reporting often lack the context required for companies to understand how the data will empower their business and impact decisions

## The Solution

Avoiding these common pitfalls requires getting back to first principles. For an investor or a company, the most basic purpose of ESG+Impact measurement is to:

1. Evaluate business risks
2. Gain meaningful insights
3. Act on those insights to achieve the company’s business and impact goals

Through this lens, Proof flips ESG+Impact measurement on its head - placing actionable business insights at the center. Apply the following seven proven lessons to unlock transformative insights from sustainability data...

## 1 Metrics matter... But they’re not the be-all and end-all

In the realm of ESG+Impact measurement, data is the foundation upon which informed decisions are built. Vinnova recognizes the importance of not just gathering data but selecting metrics that truly matter. Proof understands that different companies are at varying stages of their journey, which is why we offer metric sets that are suited to companies’ unique needs based on their stage.

For the early-stage start-ups funded by Vinnova, we start with policy and practice metrics and expand to quantitative metrics gradually over time. Proof’s metrics fall into three categories:

- **Operational Metrics - Policies and Practices:** These metrics are focused on ensuring that the company has the governance structures in place required to scale, and they are the most simple to report on since they typically require a yes/no response (e.g. Presence of a Data Privacy Policy, Talent Recruitment and Employee Retention Policy, Full-Time Sustainability Leadership Position).
- **Operational Metrics - Quantitative:** Focusing on social and environmental impact, these quantitative metrics are broadly applicable to companies regardless of their industry or sector. The Proof Sustainability Index metric set - 15 metrics in total - aligns to the leading frameworks and the metrics most commonly required by investors and regulators (e.g. Percent Female Employees, Percent Renewable Energy).
- **Product and Service Metrics - Quantitative:** Tailored to a company’s industry or sector (e.g. Energy Transition, Regenerative Agriculture, Financial Inclusion), these metrics are designed to capture the impact (positive or negative) associated with the delivery of the organization’s products and services.



## 2 Rapidly translate metric results to action

While data and results are pivotal, it is not enough to merely collect them. It's about what you do with the metric results that counts. Vinnova start-up [Schoons Maleri](#) - a commercial painting company revolutionizing the sustainability of the painting industry - applies the insights from its metric results to meaningfully improve its sustainability performance.

- **Benchmarking:** Start by comparing the metric performance to industry benchmarks.
  - Risk - Schoons Maleri's performance for Percent Female Employees is lower than the 2X Challenge threshold (30%). As a result, the company is implementing changes to its hiring process in order to attract greater gender diversity in its talent pipeline.
- **Time Series Data:** Review your own company's performance on the same metric over time.
  - Insight - Schoons Maleri experiences seasonality in its energy consumption. For the same month (i.e. January 2021 and January 2022), the company's energy consumption is declining year-over-year. While the company already uses 100% renewable energy, the company is implementing energy reduction initiatives to further decrease its environmental footprint.
- **Target Setting + Action Planning:** Set realistic, time-bound targets for performance improvement. Determine actions to take to achieve the targets.
  - Opportunity - With full knowledge of its energy consumption in hand, Schoons Maleri is aiming for a 20 percent reduction in its energy consumption year-over-year. To achieve this goal, Schoons Maleri is evaluating opportunities to reduce its energy consumption across its value chain, for example by installing more energy efficient appliances.

Proof's anti-greenwashing template is designed to contextualize your data and transparently showcase your ESG and impact maturity. Download the [Anti-Greenwashing Template](#) to translate your sustainability data results into action.

## 3 Engage stakeholders for a holistic perspective

Stakeholder engagement is essential to understand the outcomes and impact that result from a company's product or service. Stakeholder surveys - one tool for stakeholder engagement - are especially powerful for gathering insights and uncovering how beneficiaries' work or life are affected by the service or product. Supported by the Proof platform, Vinnova start-up Water in Sight conducts low-touch stakeholder surveys to understand the impact of its data collection platform for water and climate resiliency on its data collectors and government clients. The surveys are distributed via SMS, WhatsApp, and email in the respondents' local language, to ensure the experience is easy for the respondents.

Based on the inaugural data collector survey results, Water in Sight learned that the data collectors - who often work in flood conditions in remote regions of Africa - require additional protective gear and monitoring equipment to be more efficient and effective in their work. Meanwhile, the results from government clients indicate that Water in Sight's weather data is resulting in "great improvement in the measurements of water and weather observations" and "will enhance timely processing of necessary products for public use and decision making by authorities." Water in Sight plans to apply these insights to enhance its product delivery in the future and thereby contribute to closing the 70% climate data gap in Africa and the SDGs on water and climate action.



## 4 Leverage the power of community for education and awareness

Building a sustainable future requires more than just individual efforts; it demands collective action. For early stage start-ups with limited in-house resources, learning communities are essential to quickly gain actionable knowledge from industry peers.

Vinnova's Innovative Startups cohorts are members and active contributors to the [Proof Sustainability Community](#). The community brings together investors and enterprises to exchange best practices regarding data collection, metric selection, performance improvement, and leveraging impact data for capital raise. Through the community, Vinnova and the start-ups it funds engage with other Proof users to attend networking sessions and expert office hours, discuss topical articles, and review accessible training courses on key sustainability topics — all with the goal of continuously improving their ESG+Impact performance.

## 5 Proactively navigate regulatory compliance

In an ever-evolving regulatory landscape, staying ahead of the curve is essential. Vinnova recognizes the significance of keeping abreast of regulatory requirements, especially in the European Union, where reporting on metrics is increasingly being regulated. To support continuous compliance with frameworks like [SFDR](#) (Sustainable Finance Disclosure Regulation) and [CSRD](#) (Corporate Sustainability Reporting Directive), having a trusted third party is invaluable. While Vinnova's start-ups are not yet required to comply with emerging regulations, many of the companies elected to align their metrics to SFDR reporting requirements to get ahead of regulatory requirements and to signal their ESG commitment to investors.

## 6 Embrace innovation and growth

Perhaps the most important lesson for early stage startups as they begin their sustainability journey is to maintain an attitude of innovation and continuous improvement.

As startups evolve and grow, so do their ESG+Impact measurement needs. As an agency focused on cutting-edge innovation, Vinnova understands the importance of supporting startups to assess and enhance measurement practices continually.

Vinnova's Innovative Startups cohorts are embracing innovation through:

- **Leadership Commitment and Vision:** Start-up leaders play a pivotal role in inspiring their teams to embrace sustainability and setting sustainability goals that align with the organization's mission.
- **Shared Accountability:** Successful start-up teams embrace shared accountability and embed sustainability across all business functions - from Finance and Sales to Marketing and HR.
- **Regular Reviews:** Vinnova's Innovative Startups cohorts regularly review their metrics and performance, to identify opportunities for improvement. We recommend an annual review to add new metrics based on investor requirements and evolving business priorities. For ongoing performance management, we recommend a quarterly or semi-annual review to investigate metric performance, identify where the company is outperforming or lagging, and establish action plans for improvement.



## 7 Tie financing to impact outcomes

Ultimately, the greatest opportunity for funders to support start-ups on their sustainability journey is to provide financial incentives for sustainability performance milestones. At Vinnova, start-ups are eligible for additional funding if they demonstrate progress in achieving their impact goals through their first funding opportunity with Vinnova.

Proof recommends a carrot-and-stick based approach for investors to tie finance to impact, based on the investor's level of maturity:

1. Stick (Beginner) - Companies avoid a negative consequence from the investor by simply completing a sustainability survey.
2. Carrot (Beginner) - Companies get a reward for submitting quantitative data on high priority metrics.
3. Carrot (Intermediate) - Companies receive another reward by demonstrating improvement in their performance over time, either by showing quantitative improvement compared to targets or by implementing new policies.
4. Carrot (Advanced) - Companies receive bonus incentives if they outperform the benchmark.

Ideas for Financial and Impact incentives include:

- A one-time payment or gift; this can be done for the first X% of data submissions or drawn randomly for X number of companies
- Extra support with introducing investors for follow-on capital rounds
- Additional networking support, by introducing possible clients or partners
- Access to favorable capital terms based on reporting on impact
- Impact reporting support through Proof in the form of a digital performance dashboard

The [London Institute of Banking and Finance](#) provides further ideas for investing with carrots and sticks.

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## The Future of Data-Based Start-Up Funding

Vinnova is not just a funder - they are a partner on a start-up's journey towards creating a sustainable and impactful future. Vinnova's collaboration with Proof has opened doors to new possibilities for start-ups to improve their sustainability performance in collaboration with a broader community of funders and founders. Together, we are committed to building a world where purpose and profit go hand in hand, and where the startup ecosystem not only thrives but also leaves a positive imprint on society and the environment.