TECH ACCOUNTABILITY
FINANCE-FOCUSED STRATEGIES

Private Capital in Tech

Untapped Potential for Impact

Key Takeaways

- Two sources of private capital - venture capital and private equity - play critical roles in the overall economy of the tech sector. This has traditionally been a blind spot for corporate accountability advocates.

- The high degree of leverage that private capital actors hold over the tech sector at its most formative stages presents a high impact opportunity to shift the negative drivers that are impeding these actors from becoming leaders in responsible tech.

- To spur this shift, foundations can help reform the culture of private market tech finance by investing in responsible ventures and funds; supporting campaigns and engagements targeting key players in the private capital ecosystem; funding initiatives that equip private capital actors and startups with the knowledge and tools they need to address risks to digital rights; and bolstering legal and policy reform initiatives that aim to redress the negative incentives that undermine transparency and accountability in private capital.

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NetGain Partnership

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In September 2021, the NetGain Partnership initiated a research process designed to explore finance-focused strategies that would hold leading internet platforms accountable and "create a healthier digital public sphere." The partnership said it was interested in supporting shareholder engagement while also developing stronger ESG(+D) screens on tech issues. The research would aim to be "broadly useful to philanthropy and the broader public interest community."

In April 2022, the partnership commissioned Open MIC and Whistle Stop Capital to produce a series of reports that addressed those issues. Since then, the research team has conducted interviews with more than 40 practitioners, analysts and observers of shareholder engagement and finance-focused strategies in the global technology sector. The team has also done substantial research exploring current tactics and strategies employed in the finance-sector globally to check the power and harmful behaviors of Big Tech companies.

Click here or use the QR code at the right to view the four reports prepared by Open MIC

Overview

Private capital is an umbrella term for investment in financial assets not available on public markets. Two sources of private capital – venture capital (VC) and private equity (PE) – play critical roles in the overall economy of the tech sector and the individual finances of many tech companies.

In 2021, for example, $330 billion was pumped into American tech startups, according to the *Financial Times*, an amount "twice as much as the previous year, which was itself twice the level of three years earlier."[1] In the first half of the year, almost 60% of VC funding and over 40% of PE funding in the U.S. went to the tech sector. While private capital investments have cooled in 2022 owing to the current market slump, analysts predict that VC and PE investors will return in force to the markets before long.

VC firms typically fund ventures in the early stages of a company's development, usually in anticipation of an eventual public stock offering; PE firms typically acquire or help fund more mature ventures. In the past five years, those distinctions have begun to blur somewhat as VC and PE firms both have chased high returns in the tech sector.

Our interviews and research suggest that VC and PE offer compelling long-term opportunities for finance-focused strategies and interventions designed to encourage technology firms to embrace corporate accountability principles in their business plans.

In VC, for example, the goal of these efforts would be to help shape the behavior of tech companies before they "go public." By the time most tech entrepreneurs venture into the financial markets, their business models have been well established and carefully crafted to withstand scrutiny by Wall Street bankers as well as institutional and retail investors. For many, that includes adopting a corporate ethos that encourages company founders to "move fast and break things" (as Mark Zuckerberg has famously said) and to worry exclusively about bottom-line financial results without concern for the societal impact and potential harms of their technologies, culture, and business practices.

"While general partners in PE and VC funds tend to have high degrees of leverage and control over investee companies, as well as deep familiarity with the concept of due

[1] Richard Waters, *Financial Times*, "Venture capital's silent crash: when the tech boom met reality" (August 1, 2022), https://www.ft.com/content/6395df7e-1bab-4ea1-a7ea-afaa71354fa0.

diligence, few appear to consider or act on human rights risks in their investment decisions," concluded a 2021 report by the B-Tech Project, an initiative of the United Nations Office of the High Commissioner for Human Rights.[2] A 2021 Amnesty International report[3] investigating the VC industry and tech found that 83% of all firms surveyed provided no evidence of human rights due diligence policies. "Venture capitalists today operate with little to no consideration of the broader human rights and societal impact of their investment decisions," the report said.

Attacking the problem would require a careful mapping of the VC and PE industries and the organizational dynamics within each. In the VC world, most interest in ESG and corporate accountability is found among smaller VC firms. In contrast, large PE firms – such as Carlyle, Bain and KKR – drive the limited initiatives on ESG that exist within the PE community.

At the most basic level, our interviews found support for initiatives that would educate and mobilize investors and founders on human and digital rights issues. "Capacity is a big issue. There are on average 38 people in a VC fund, and a lot of funds are just scraping by in a resource-constrained environment," an ESG consultant to VCs told us, "Their personnel have business or technical backgrounds and don't have any knowledge on ESG issues.... No one in VC funds knows about these topics; they need to start from the very beginning."

There's also a perceived need for advocacy efforts that would pressure the General Partners (GPs) of VC and PE funds (who organize and manage the funds) as well as the Limited Partners (LPs) of the funds (who represent investors).

"Without institutional investors as limited partners or co-investors, private equity and hedge funds lose their largest source of capital," write Benjamin Cokelet and his colleagues at Empower, a research and advocacy organization. "For advocates, our opportunity is to organize pension fund trustees, members, and stakeholders... to take collective action to constructively engage portfolio companies where private capital has caused harm to people and planet."[4]

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[2] UN B-Tech Project, United Nations Office of the High Commissioner for Human Rights,"Bridging the private equity gap to tackle tech business model risks" (2021).

[3] Amnesty International, "Risky Business: How Leading Venture Capital Firms Ignore Human Rights When Investing in Technology" (2021).

[4] Empower LLC, "Runaway Train: The Perilous and Pernicious Path of Private Capital Worldwide" (2021).

The challenge is to demonstrate to tech company founders – as well as the managers and investors in VC and PE firms – that there is real value to be created by incorporating social responsibility principles into their businesses. Vindi Banga, a partner in the private equity firm Clayton, Dubilier & Rice, wrote recently that "private capital could touch a third of the global economy over the next two decades. With that kind of scope and influence, it has the potential to drive ESG practices into company strategy and execution with great impact."[5]

Private Money in Tech: A Growing Opportunity for Change

→ Capital is increasingly flowing into private markets – and into the tech sector.

In the financial markets generally, capital is increasingly being raised and held privately, with its three primary sources being institutional investors, wealthy individuals, and financial leverage.[6]

There are powerful economic incentives for this shift: a desire for returns that outpace public markets, access to greater liquidity and emerging technology like high frequency trading platforms, and the investment potential of emerging market investors like sovereign wealth funds and foreign high net worth individuals, among others.[7]

As funds flow more and more into the private market, private capital actors are in turn passing these funds on to tech companies. In 2021, 59% of all VC funding in the U.S. went to software companies and companies working in the mobile and telecommunications

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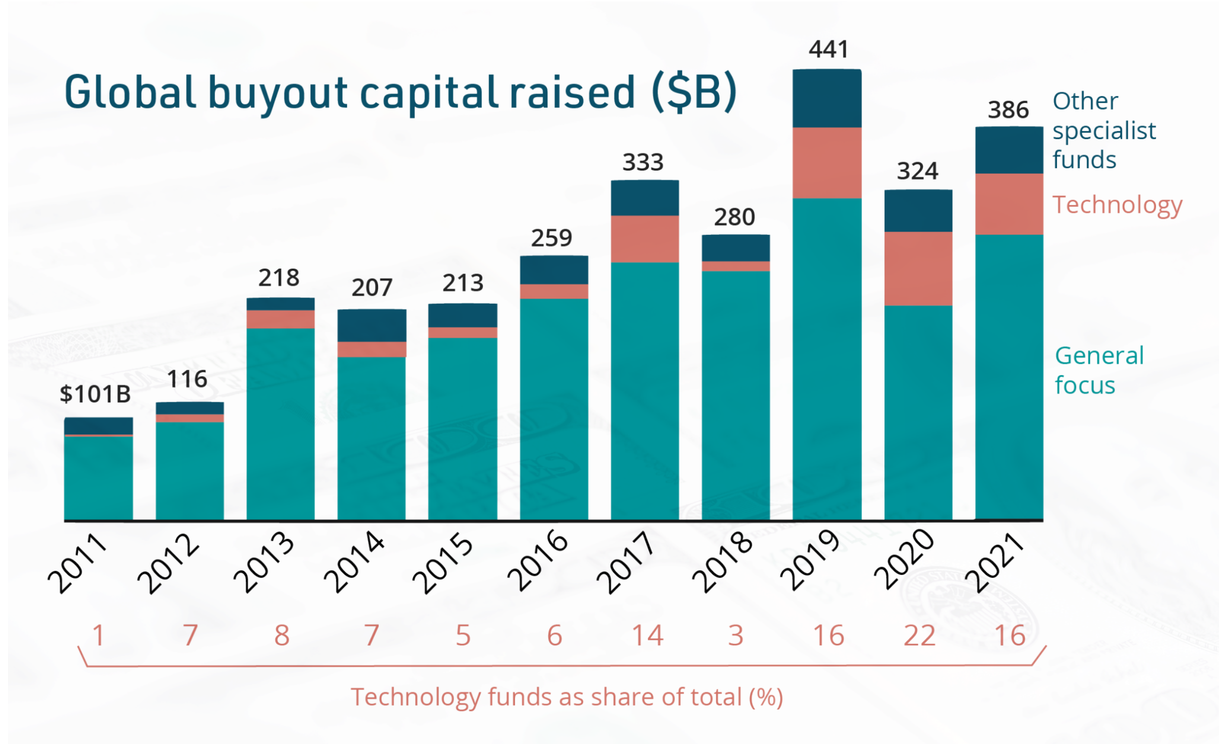
[5] Vindi Banga, *World Economic Forum*, "3 reasons why private equity can lead the charge on ESG strategy" (February 7, 2022), https://www.weforum.org/agenda/2022/02/private-equity-can-drive-esg-advantage-and-value-creation/.

[6] Empower, op.cit., p. 64.

[7] Empower, op.cit., p. 121.

sector.[8] As of mid-December 2021, PE firms had announced the backing of U.S. tech deals totaling $401.71 billion, which accounted for 41% of all PE deals. And this is expected to increase in 2022.[9] According to Bain & Company, private capital aimed at technology has expanded significantly over the last decade as a percentage of total buyout capital raised, and buyouts of tech-enabled businesses have tripled over the past five years.[10]



[11]

Notes: Buyout Category includes buyot, balanced, coinvestment, and coinvestment multimanager funds; includes funds with final close and represents this year in which funds held their final close; excludes SoftBank Vision Fund;

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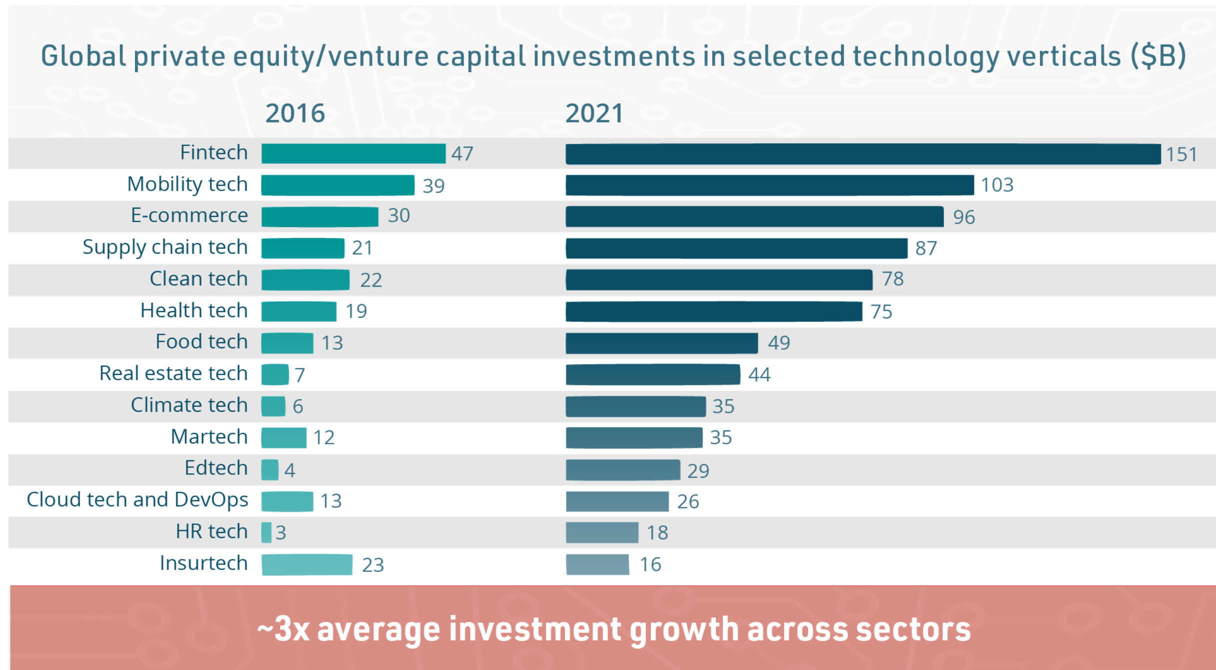
[8] Amnesty International, op.cit., p. 8; Statista Research Department, *Statista*, "Value of venture capital investment in the U.S. 2021, by industry" (April 13, 2022), https://www.statista.com/statistics/277506/venture-caputal-investment-in-the-united-states-by-sector/.

[9] Laura Cooper & Preeti Singh, *Wall Street Journal*, "Private Equity Backs Record Volume of Tech Deals" (January 3, 2022), https://www.wsj.com/articles/private-equity-backs-record-volume-of-tech-deals-11641207603.

[10] David Lipman, Christopher Perry, Jayne Zecha and Jonny Holliday, Bain & Company, "How Private Equity Keeps Winning in Software" (2022).

[11] Ibid.

fund specialization determined using data from Preqin, PitchBook, and company websites. Sources: Pregin; Bain analysis

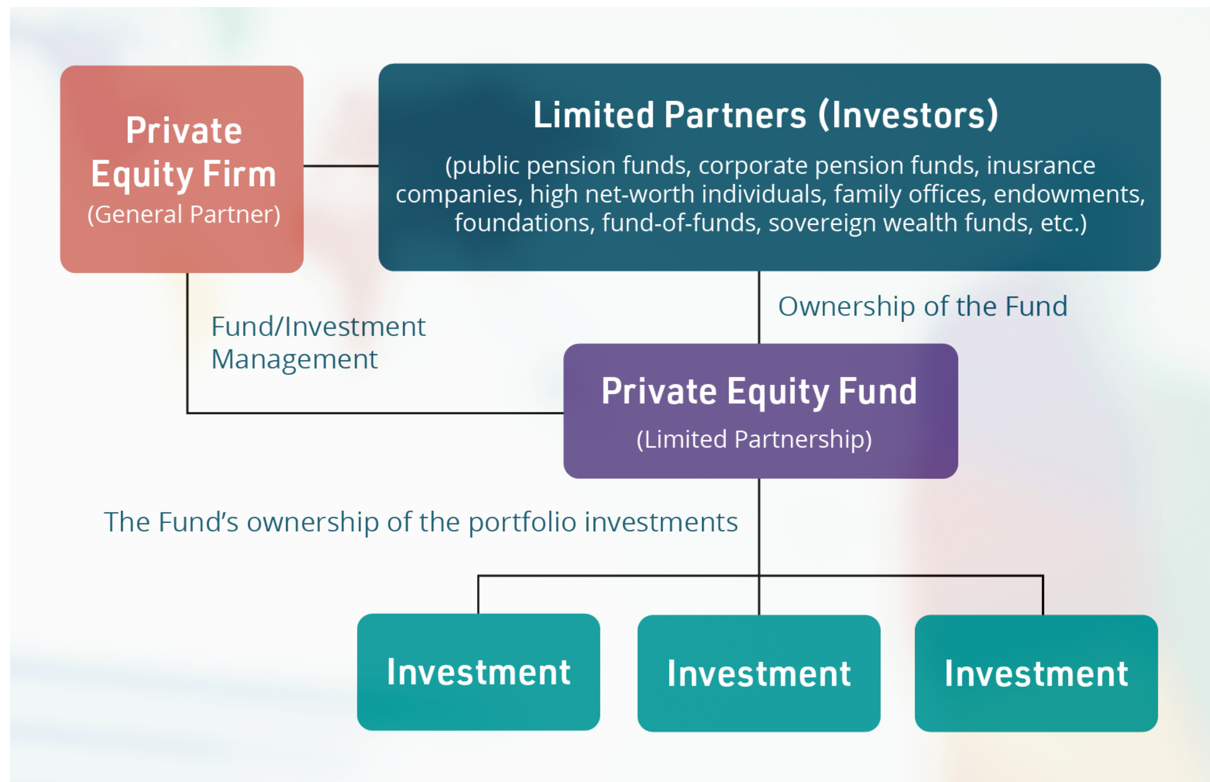


[12]

Notes: Includes technology verticals with capital investments greater than $15 billion in 2021; industry verticals are not mutually exclusive (a company may below to multiple verticals) or hierarchical (a company that belongs to an industry vertical does not automatically qualify under a broader vertical definition). Source: PitchBook.

[12] Hank Chen, Jonny Holliday and Robert Pierce, Bain & Company, “Is Your Tech Due Diligence Good Enough?” (2022)

Venture capital and private equity funds generally adopt the same structure:



[13]

→ Private capital investors have leverage over tech companies at the most influential stages of their growth.

The degree of leverage a private market investor has will vary according to the different stages of the company's growth. The roles they can take on to promote respect for human rights and social responsibility may differ as they grow.[14]

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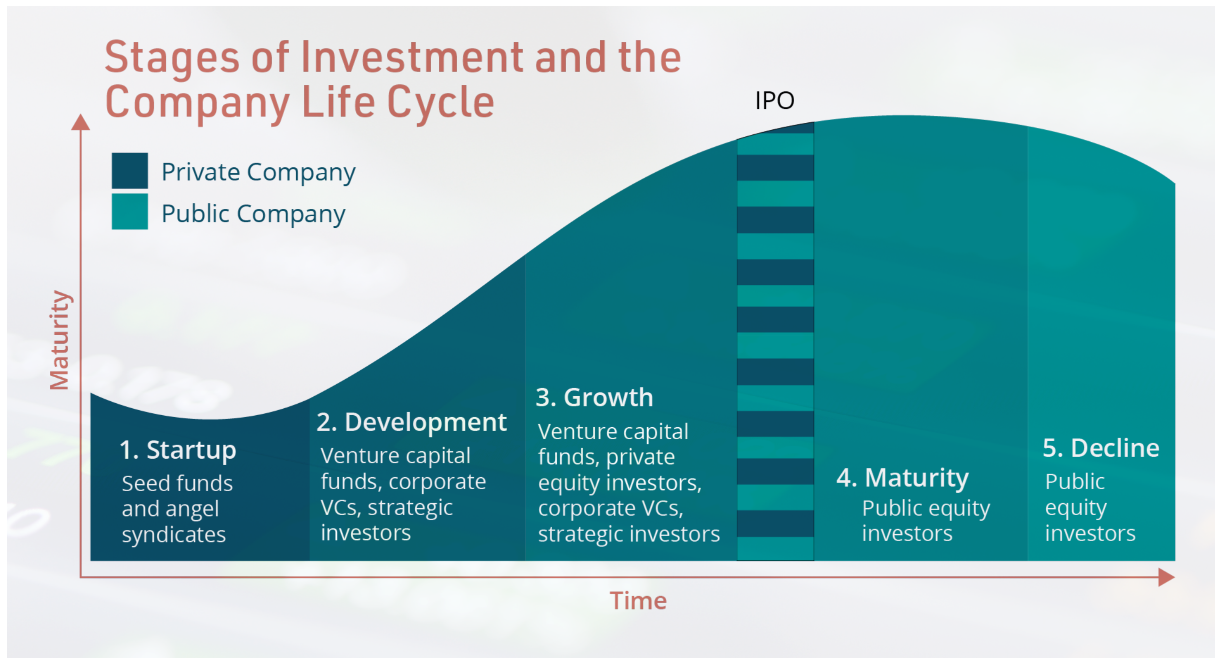
[13] Jiang, S. (2020). Private Equity [graphic]. Investopedia. https://www.investopedia.com/terms/p/privateequity.asp

[14] UN B-Tech Project, United Nations Office of the High Commissioner for Human Rights, "Rights-Respecting Investment in Technology Companies: A B-Tech Investor Briefing" (2021), p. 4.



[15]

This graphic provides an overview of life cycle stages and the transition from being a private company to being a public one. However, not all companies go public or go through an initial public offering (IPO) process.

VC firms, particularly seed funds and angel investors, can have a distinct influence on their portfolio companies for several reasons:

- VC firms commonly hold a much higher portion of equity in their portfolio companies than do public market investors. This large equity stake often comes with a board seat and voting power over the strategic direction of the company.
- Unlike public market investors, VCs may in some cases monitor their portfolio companies through active involvement in their daily operations.
- VC-backed companies, particularly in their early stages, often face difficulties raising capital through other sources, which deepens their dependency on VC funds.
- Because VC-backed companies receive their funding in stages rather than a lump sum, they have greater incentive to meet VC milestones to ensure continued funding.[16]

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[15] UN B-Tech Project, United Nations Office of the High Commissioner for Human Rights, "Rights-Respecting Investment in Technology Companies: A B-Tech Investor Briefing" (2021).
[16] Ekin Alakent, M. Sinan Goktan & Theodore A. Khoury, *ResearchGate*, "Is Venture Capital Socially Responsible? Exploring the Imprinting Effect of VC Funding on CSR Practices" (2020), pp. 8-9.

Return to TOC ↑

Since VCs become involved at an earlier stage of investment, they are uniquely positioned to help shape a tech startup's business model into one that is compatible with human and digital rights and to embed socially responsible values into their culture. As one ESG expert who works with VCs told us, “The issues VCs look at are totally different from the ones PE firms do. PE deals with mature companies that have figured out their business models and are not trying to scale.”

While PE firms are not typically involved as early in a startup’s development, they still wield a unique influence over their portfolio companies:

- A PE firm has “virtual control” of its portfolio companies from an ownership and governance perspective, since PE firms typically have one or more board seats and the ability to determine executive hiring and compensation.[17]
- PE firms have access to any company information they may want, including financial and ESG-related performance.[18]
- PE-owned companies tend to operate on a longer time horizon than publicly traded ones, which is more conducive to a focus on ESG.[19]
- PE firms are more responsive to the reputational benefits of ESG: “The big difference between VC and PE is that the leveraged buyout space [which is the typical purview of PE] is reliant on brand reputation,” says Benjamin Cokelet, Founder and CEO of Empower.

As a result, PE investors also have their own unique characteristics that could be leveraged to help improve the governance structures of startups and assist them in mitigating their social risk as they grow.

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[17] Robert G. Eccles, Vinay Shandal, David Young and Benedicte Montgomery, *Harvard Business Review*, “Private Equity Should Take the Lead in Sustainability” (July-August 2022), https://hbr.org/2022/07/private-equity-should-take-the-lead-in-sustainability.

[18] Eccles et al., ibid.

[19] Eccles et al., ibid.

→ With the right finance-focused strategies, private capital can help make tech more responsible.

Due to the opacity of private capital, the speed with which it operates, and the fact that it is not subject to the same rules and norms applicable in public markets, private capital has until now been a blind spot for corporate accountability advocates.[20] That said, the high degree of leverage that private capital actors hold over the tech sector at its most formative stages represents a tremendous opportunity to shift the negative drivers that are impeding these actors from becoming leaders in responsible tech. In the following sections, we will outline these negative drivers and identify opportunities to remedy them.

Venture Capital: 'Move Fast and Break Things'

→ VC funds allow startups to mature with entrenched social and governance risks.

Though their portfolios may span a variety of sectors, VCs are known for investing in a wide range of emerging and disruptive technologies, including AI, quantum computing, autonomous vehicles, drones, and frontier life sciences.[21] In effect, "VC firms are the gatekeepers for the tech of the future; they 'pick' the winners by providing critical early stage and growth stage capital," says data rights and impact investing practitioner Alissa Black.

[20] Empower, op.cit., p. 14.

[21] Susan Winterberg et al, Harvard Kennedy School Belfer Center for Science and International Affairs, "Responsible Investing in Tech and Venture Capital: Advancing Public Purpose in Frontier Technology Companies" (2020), p. 2.

The novel and disruptive nature of these technologies means that, without adequate guardrails, they have considerable potential to undermine human rights, inclusion, global security, public health, democracy, and many other areas of society.[22] Compounding this elevated social risk, VC-backed tech companies have also become known for poor corporate governance practices, chief among these being the use of multi-class share structures.[23] As one responsible investor succinctly stated, "VCs let startups go forward with ridiculous governance structures."

→ The "S" and "G" risks of VC-backed companies persist post-IPO.

Researchers have found that startups backed by VCs maintain their original structures and processes post-IPO, which suggests that VC interests persist in their portfolio companies long after their formal relationship ends.[24] For Michael Kleinman, director of Amnesty International's Silicon Valley Initiative, this makes VC a critical target for activism: "We decided to focus on VC as a result of our frustration trying to engage with the large platform companies. Once companies reach the size of Facebook or Google, it's more difficult to engage in a constructive conversation about their business model or any significant driver of revenue."

Evidence also suggests that VC-backed companies have worse social responsibility records than non-VC backed companies and that these records improve at a slower rate. However, when startups are backed by VCs favoring social and environmental policies, their records are better.[25] Unfortunately, of the 50 VC firms and three startup accelerator programs analyzed by Amnesty International, only one firm had human rights due diligence processes in place that "potentially" met international standards,[26] which means most VCs

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[22] Winterberg et al., ibid.

[23] Principles for Responsible Investment (PRI), "Starting Up: Responsible Investment in Venture Capital" (2022), p. 5.

[24] Alakent et al., op.cit., p. 3.

[25] Alakent et al., op.cit., pp. 2-3.

[26] Amnesty International, op.cit., p. 4.

are more likely to fund and spin off companies developing new technologies that have a negative impact on human rights.[27]

That said, the enduring influence of VCs over the startups they fund means that VCs have unparalleled and currently untapped leverage that could be harnessed to steer the future social responsibility of the tech sector.

→ VCs place an extreme focus on rapid growth.

While earlier tech startups and their investors viewed technology as a means of solving the world's biggest problems, in recent decades there has been a "drastic shift of focus" to creating companies with potential for rapid growth, regardless of the social cost.[28] Now, VCs are focused on "blitzscaling" their portfolio companies through virality, high retention, high margins based on network effects, and a desire to grow at a "furious pace that knocks the competition out of the water."[29] According to a survey of the VC sector conducted by the Principles for Responsible Investment, VCs expressed concern that ESG requirements would overburden startups that may not have employees or even be generating any revenue.[30] The near-singular VC focus on growth in turn means that founders are more likely to ignore or underestimate the social risks associated with their technologies.

→ Compounding these problems is a lack of racial and gender diversity in VC firms and VC-backed companies.

The diversity problem in the VC world is well documented. The sector is led by a homogenous group of leaders that is overwhelmingly white, male, and educated at the same elite institutions.[31] As of 2020, women comprised only 23% of VC investment

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[27] Amnesty International, ibid., p. 21.

[28] Johannes Lenhard & Susan Winterberg, *Stanford Social Innovation Review*, "How Venture Capital Can Join the ESG Revolution" (August 26, 2021), https://jawabsoal.live/baca-https-ssir.org/articles/entry/how_venture_capital_can_join_the_esg_revolution, p. 2.

[29] Lenhard and Winterberg, ibid; Reid Hoffman and Chris Yeh, *Blitzscaling: The Lightning-Fast Path to Building Massively Valuable Companies*, Crown Publishing Group, 2018.

[30] PRI, op.cit., p. 25.

[31] Lenhard and Winterberg, op.cit., p. 2.

professionals, and Latinx and Black professionals represented only 4% each.[32] It is thus no surprise that the teams behind VC-backed startups mirror these demographics. Between 2009 and 2019, 86% of VC funds in the U.S. went to male-only founder teams and only two pence of every pound went to non-white founders in the U.K.[33] This trend is likely to worsen in the short-term, as institutional LPs try to mitigate the risk of a potential market downturn by favoring established fund managers over newer entrants who may be more diverse.[34]

In addition to the inherent disadvantage this lack of diversity poses to non-white, non-male candidates and founders seeking to access the VC sector, it also means that VC firms and the startups they fund are less likely to consider how new technologies will impact minority and marginalized communities.[35] As Amnesty International concludes, “This is all the more critical given the growing risks posed by algorithmic bias and discrimination, especially as VC funded startups seek to disrupt such fundamental parts of our lives as education, finance and health.”[36]

→ VCs often believe that all new tech benefits society.

When we asked what are the most significant obstacles to greater accountability in the VC sector, the most common answer was ideology. A special type of tech libertarianism, as expressed in the former Facebook maxim “move fast and break things,” is common among VCs and makes them less open to practices that constrain the activities or growth of their portfolio companies.[37] There is also a prevailing rhetoric of supporting and lionizing founders that can contribute to investor overconfidence in their ability to manage risk.[38] Further, VCs tend to share the presumptive sentiment in Silicon Valley that all new

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[32] Amnesty International, op.cit., p. 24.

[33] Lenhard and Winterberg, op.cit., p. 3.

[34] Adam Lewis, “Emerging VCs adjust to a new fundraising reality” (August 18, 2022), https://carta.com/blog/emerging-managers-vc-fundraising-q2-2022/.

[35] Amnesty International, op.cit., p. 5.

[36] Amnesty International, ibid.

[37] Interview with an ESG consultant to VCs (May 17, 2022).

[38] Interview with a VC leader on ESG (May 16, 2022).

technology is inherently good for society simply because it is transformative.[39] Because VC GPs view their early-stage companies as providing solutions to problems, they feel their investments are low in ESG risk and they are unconvinced that incorporating ESG adds any value for them.[40]

→ Financial incentives for VCs discourage responsible practices.

VC-backed companies tend to have undeveloped products, an unpredictable cash flow, low asset base, and little access to funds other than equity financing. As a result, their failure rate is high, which means VCs typically make their returns from a small number of successes.[41] Many VCs thus question the value of ESG integration across a portfolio where huge amounts of capital are invested into companies that fail 75% of the time.[42] By the time a VC knows a portfolio company is solid, many other investors are likely involved, which diminishes their individual leverage over the company.[43] Further, to account for the high failure rate, VC portfolios are often large, which means investment team members are spread thinly and may not be as engaged as their peers in PE who sit on fewer boards.[44]

In addition to volume, the speed with which VCs make investments does not lend itself to a meaningful inquiry into social risk: "Deal times are very quick and take place in a very competitive environment, and there is not a lot of time to do due diligence."[45] Finally, as Lucid Capitalism, an ESG advisory group that works with private investors told us, VCs typically exit long before the costs of poor social risk management affect a company's bottom line: "VCs are not often financially exposed to the worst risks, which tend to manifest at scale: Uber's policy battles and leadership shakeups, the societal implications of Meta's products, and the labor abuses in Amazon's distribution systems, all became apparent long after most VCs exited with sizable returns for themselves and their LPs."

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[39] Interview with a responsible investor (April 5, 2022).

[40] PRI, op.cit., p. 25.

[41] Empower, op.cit., p. 85.

[42] PRI, op.cit., p. 27.

[43] Interview with an ESG consultant to VCs (May 17, 2022).

[44] PRI, op.cit., p. 26.

[45] Interview with an ESG consultant to VCs (May 17, 2022).

→ Disclosure is not common in the VC sector.

Even GPs that do collect ESG data do not always report it to their LPs,[46] and even publicly traded companies that have VC arms offer little to no disclosure regarding the companies they invest in or the invested amounts.[47] The lack of disclosure of any venture-related data, but especially data regarding human rights and other social risks, makes monitoring and engagement on those risks by LPs and other stakeholders much more difficult and, in turn, undermines accountability.[48]

→ Both GPs and LPs compete for better returns by relinquishing leverage.

Unsurprisingly, founders generally want to be left alone to run their businesses free from VC imposed conditions. Where funding dynamics are in their favor, founders are less likely to accept investments that come with additional conditions, which leaves GPs applying a more passive investment strategy that does not lend itself well to incorporating ESG considerations.[49]

Similarly, because VC funds have limited capacity to accept investments, LPs who want access to the funds with the best returns often do not want to be seen as "difficult" by asking GPs to cooperate in any kind of ESG due diligence.[50] As one VC told us, "Top-tier funds have the ability to refuse to report on ESG, and LPs probably won't pull out." Dr. Johannes Lenhard, an ethnographer of VC at the University of Cambridge, corroborates

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[46] PRI, op.cit., p. 25.

[47] Sophia J.W. Hamm, Michael J. Jung and Min Park, Wharton Accounting, "How Transparent are Firms about their Corporate Venture Capital Investments?" (April 2008), https://accounting.wharton.upenn.edu/wp-content/uploads/2018/04/SAC_Jung.pdf, p. 1.

[48] PRI, op.cit., p. 25.

[49] PRI, ibid., p. 26.

[50] PRI, ibid.

this: "LPs were saying to me... they can't threaten Sequoia, Greylock, A16Z and Co. They don't want to risk being thrown out."[51]

The unfortunate result of these hyper-competitive dynamics in the VC sector is that both GPs and LPs are incentivized to trade their otherwise considerable leverage for access to superior returns.

→ The largest VC firms have outsized influence over the rest of the sector.

Currently, smaller VC funds are the most interested in and ambitious about ESG integration.[52] Unfortunately, they are a distinct minority since, as several interviewees indicated, smaller VC funds generally follow the lead of the larger ones.[53] In the U.S., the 50 largest VC firms have a disproportionately high degree of influence over the entire sector. But, as Michael Kleinman told us, "This is an appealing value proposition; if we can get VCs to do more human rights due diligence and exert more influence over their investees, then targeting the largest VC firms can have massive knock-on effects."[54]

→ VCs lack ESG expertise, particularly on digital rights and emerging tech.

Through their recent survey of the sector, the Principles for Responsible Investment found that the VCs they interviewed indicated widespread misunderstanding around the basic terminology and concepts related to ESG.[55] As a VC leader on ESG told us, they tend to see ESG as mostly a box-ticking exercise. "This sentiment is reinforced by requests from LPs for

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[51] Johannes Lenhard, *Medium*, "The Ethics of VC - why have VCs not engaged in ESG experiments yet?" (April 11, 2020), https://johanneslenhard.medium.com/the-ethics-of-venture-investing-why-have-vcs-not-engaged-in-esg-experiments-yet-7-5fc132bb64ae.

[52] Interview with ESG consultant to VCs (May 13, 2022).

[53] Interview with civil society actor (May 5, 2022); Interview with VC leader on ESG (May 16, 2022); Interview with ESG consultant to VCs (May 17, 2022).

[54] Interview with civil society actor (May 5, 2022).

[55] PRI, op.cit., p. 14.

portfolio-wide ESG metrics that seem to bear limited direct relevance to tech companies, such as GHG emissions. Most VCs lack the sophistication to distinguish between and collect both portfolio-level metrics that are relevant to LPs and company-specific metrics that are harder to aggregate to the portfolio level," said Lucid Capitalism. To make matters worse, few VC firms have dedicated ESG professionals providing in-house support.[56] These firms are often small and have limited resources to dedicate to ESG practices and, as a result, oversight of ESG issues tends to fall with personnel that do not make investment decisions, which leads to little meaningful action.[57]

The lack of competence on and capacity for ESG means that most VCs are in need of tools and training on this subject. Unfortunately, the few options that currently exist are in their very early stages of development and largely do not incorporate human and digital rights considerations. According to one expert, "While there are a lot of tools out there, most of them are not really applicable to the world of VC and startups; they're designed for companies that are large and have greater data capacity. Startups can't do the internal data collection that existing frameworks require." This underscores the dire need for tools tailored to VC firms that help them systematically evaluate and manage ESG issues, especially frontier technology issues like privacy, cybersecurity, and ethical AI. Relatedly, there is also a need for accessible and decision-useful data for investors who want to evaluate the ESG risks of new ventures.[58]

→ ESG best practices for the VC sector are nascent and unstandardized.

In addition to the lack of tools and data, there is a general lack of consensus around what constitutes ESG best practices for the VC sector. Of the VCs that have begun to incorporate ESG factors into their investment processes, most reported doing so in a less formalized way and do not have policies to guide their efforts.[59] A small number of initiatives are underway that aim to standardize VC portfolio company ESG questionnaires and metrics,

[56] PRI, ibid., p. 5.

[57] PRI, ibid., p. 14.

[58] Winterberg et al, op.cit., pp. 2-3.

[59] PRI, op.cit., p. 21.

but the sector is skeptical of the over proliferation of competing standards.[60] Consistent and standardized best practices that reflect the unique nature of the VC sector are sorely needed. To this end, investment professionals at VC firms need more opportunities to collaborate with their peers and other stakeholders on ESG issues.[61]

Private Equity: Prowling for Profit

→ Private equity places an extreme focus on profit at the expense of people whose rights may be harmed by technology.

Many of the worst impacts of private equity are the result of investments in distressed assets, which lead to significant cost-cutting and harm to affected stakeholders.[62] A typical PE investment strategy consists of loading portfolio targets with debt, which is known as a "leveraged buyout."[63] This strategy entails a PE firm borrowing upwards of 80% of the purchase price of a company with the expectation that it will yield returns for the firm.[64] As Empower underscores, this strategy is particularly risky for rights-holders and society more broadly; if the underlying asset runs into cash-flow problems or macroeconomic conditions worsen, the portfolio company may be unable to service the debt, which leaves employees, other stakeholders, and even taxpayers on the hook.[65] Stakeholders in emerging markets in Africa, Eastern Europe, and Latin America are particularly at risk as companies in these

[60] PRI, ibid., p. 23.

[61] PRI, ibid., p. 27.

[62] Empower, op.cit., p. 84.

[63] Empower, ibid., p. 84-85.

[64] Empower, ibid.

[65] Empower, ibid., p. 85.

regions often represent particularly valuable opportunities to PE firms seeking investments in distressed debt and equity.[66]

To date, this elevated social risk inherent to PE investment strategies has not been actively mitigated by the sector. Contrary to VCs, the “G” in ESG has been important in the PE sector from the outset since most PE firms do attempt to improve the corporate governance of their portfolio companies. However, a focus on the “E” and “S” has been virtually nonexistent.[67] “The industry has been content to seek returns with little concern for the long-term sustainability of portfolio companies or their wider impact on society,” says Robert Eccles, the chair of PE firm KKR’s Sustainability Expert Advisory Council.[68] This is particularly troubling given the sector’s sizable and increasing investments in new technologies, which have immense potential to disrupt and harm our social fabric and enjoyment of human rights.

→ Private equity benefits from a lack of basic transparency.

PE firms are among the least transparent financial entities worldwide and currently have a “virtually nonexistent” bar for any kind of disclosure, let alone for ESG information.[69] In the U.S., PE firms are required to register with the SEC to report minimal financial information such as total assets under management, types of services provided, clients, employees, and potential conflicts. However, these disclosures are significantly less than what is required of publicly-traded companies and are not required to be accessible to the general public.[70] Of further concern, enforcement of this minimal disclosure has been limited. Congressional budgets have not provided enough funds to detect and penalize non-compliance, which is known to proliferate.[71]

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[66] Empower, ibid., p. 84.

[67] Eccles et al., op. cit.

[68] Eccles et al., op. cit.

[69] Empower, op.cit., pp. 16, 86.

[70] Empower, ibid., p. 86.

[71] Empower, ibid.

This lack of disclosure poses a serious challenge to corporate accountability advocates who rely on public company reporting to identify and assess risks and bad behavior. As one shareholder engagement advocate warned us, “We don’t know what they [PE firms] are exposed to. They could be exposed to all kinds of insidious tech products.” Additionally, these asymmetric disclosure requirements are further incentivizing the flight of capital from public to private markets since the benefit of disclosure for many public companies, which at one time was access to a greater pool of capital, is now less valuable.[72]

→ Diversity is also a problem in private equity.

Similar to their VC counterparts, American PE firms lag companies in other sectors when it comes to racial and ethnic diversity. Further, according to McKinsey & Company, “gender parity for promotions is lacking at all steps in the pipeline up to the managing director (MD) role, and the number of women in the uppermost roles, particularly in the C-suite, continues to be minute.”[73] As is the case with VCs, this lack of diversity makes it less likely that a PE investor will be able to identify risks to minority and marginalized communities arising from their tech investments.

→ Private equity due diligence for the tech sector is still in its early stages.

PE actors recognize that the potential for tech to make or break a deal has never been greater than it is today since “almost any company is now a tech company in one way or another.”[74] Yet, many PE firms still view tech sector due diligence as a box-ticking exercise and fail to integrate it into a holistic effort to assess risk and value.[75] Instead, tech sector due diligence ought to involve determining how a particular technology is being used throughout a company to improve performance and mitigate risk.[76] Though concerning,

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[72] Empower, ibid., p. 121.

[73] Alexandra Nee and David Quigley, McKinsey & Company, “The state of diversity in US private equity” (March 30, 2022).

[74] Hank Chen, Jonny Holliday and Robert Pierce, Bain & Company, “Is Your Tech Due Diligence Good Enough?” (2022).

[75] Chen et al., ibid.

[76] Chen et al., ibid.

this lack of established best practice for tech sector due diligence is an opportunity for responsible tech advocates to frame social risk as an essential component while the practice is still at a critical stage of development.

→ A nascent ESG movement exists in private equity, but it has a long way to go.

PE firms are exposed to a myriad of ESG risks,[77] yet PE actors have been slower than their public market counterparts to realize the importance of ESG practices for their future relevance, profitability, and license to operate.[78] However, some PE firms have taken steps to embrace ESG. In contrast to the VC sector, the largest funds (Carlyle, Bain, KKR) are the ones driving the conversation on ESG in PE, while the smaller funds are the laggards.[79] Corporate accountability advocates have an attractive opportunity to work with these larger actors to help drive a race to the top. And while human and digital rights issues are currently a blind spot for PE, the growing recognition of these issues as material by other investors and standard setters in addition to burgeoning civil society attention on the contribution of PE to human rights risk are bringing these issues into focus for PE decision-makers.[80]

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[77] For example, "job losses at portfolio companies, the location of funds in tax havens, investments in private prisons and other controversial industries, the purchase of oil and gas assets from publicly listed companies (especially without a credible plan to improve their sustainability performance), donations to far-right organizations, and substantial payouts— sometimes hundreds of millions of dollars—for senior partners and other employees at a time when income inequality is a major societal challenge": Eccles et al., op.cit..

[78] Eccles et al, ibid.

[79] IInterview with an ESG consultant to VCs (May 17, 2022).

[80] B-Tech, "Private equity gap", op.cit., pp. 2-3.

Finance-Focused Strategies for Leveraging the Influence of Private Capital

In the preceding sections, we outline both the strengths and weaknesses of private capital actors as potential catalysts of greater responsibility in the tech sector. In this section, we offer finance-focused strategies for correcting those weaknesses and tapping into the formidable leverage private capital has over tech companies at their most impressionable stages of development.

→ Investment Opportunities

Foundation investment teams can help shift the cultural norms in early stage investments by directing their funds to ventures and GPs that face more difficulty accessing private capital.

Invest in responsible tech: Most tech founders opt out of building responsible tech products and companies because these kinds of ventures may not produce the maximal growth and returns sought by early stage investors. According to the Center for Humane Technology, "This means that even if a business product or service strives to benefit society, the financing structure can create massive pressure to make choices that aren't in society's best interest."[81]

Foundations can bridge this funding gap by allocating their private capital directly to responsible tech ventures and startup accelerators that are integrating social considerations into their programming.[82] For example, three VC funds breaking the mold by centering their investment theses around social responsibility are: Obvious Ventures, a fund focusing on breakthrough technologies that solve systemic problems; Ex/Ante, a tech incubation fund that works to counter digital authoritarianism; and Trust Ventures, whose portfolio companies seek to take on society's greatest challenges and bring progress to industries traditionally held back by public policy barriers.

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[81] Center for Humane Technology, "We Need Zebras (Not Unicorns)" (July 21, 2022).

[82] Interview with an ESG consultant to VCs (May 17, 2022).

Invest in and with diverse leaders: Diversity is an area where private capital is susceptible to pressure. There needs to be a greater focus on diversity both in terms of the teams within the firms allocating funds and the teams behind the companies they are funding.[83] Foundation investment teams with private capital allocations are in a position to apply this pressure by directing funds to GPs and portfolio companies with diverse teams behind them. The Knight Foundation has already taken this step: the percentage of their endowment being managed by women and people of color went from 0.35% a decade ago to 42% in 2021.[84]

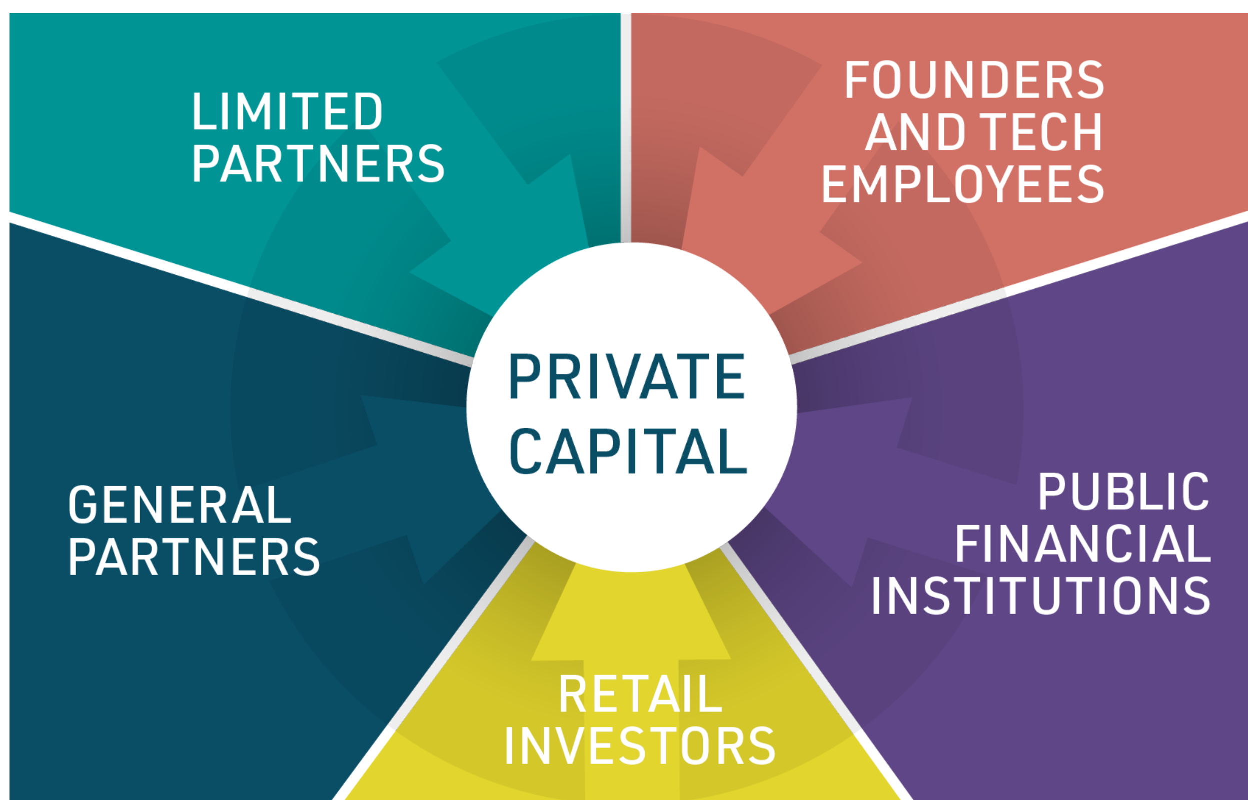
Fortunately, there are resources to help investment teams identify more diverse private capital firms. The Information, an online tech news publication, regularly updates its VC Diversity Index, which is based on data from more than 100 of the biggest VC firms that invest in U.S. startups. Each firm is scored on the proportion of underrepresented individuals who are key decision makers. Similarly, the Equality Group's Inclusive PE & VC Index Score assesses over 300 PE and VC companies by ranking fund performance on diversity, equity, and inclusion criteria, including leadership, actions and policies, and work-life balance, among others.

→ Campaign and Shareholder Engagement Opportunities

A number of key players in the private capital ecosystem have influence over how this capital is deployed. Foundations can support initiatives and actors that seek to leverage this influence through separate or coordinated campaigns targeting some or all of these players.

[83] Interview with civil society actor (May 5, 2022).

[84] Knight Foundation, "Knight Diversity of Asset Managers Research Series: Industry" (December 7, 2021), https://knightfoundation.org/reports/knight-diversity-of-asset-managers-research-series-industry/.



General Partners: GPs represent a high impact target for campaigns because they have considerably more influence than minority shareholders in listed companies, and those that hold a majority stake in a portfolio company essentially have control over it.[85] This means that GPs are in a unique position to play an active role in ensuring their portfolio companies identify and mitigate risks,[86] educate them on human and digital rights,[87] help them establish whistleblower and grievance processes that enable a culture of accountability, and instill good governance practices.[88]

GPs are also a good target for campaigns because they are susceptible to public pressure, especially where it is reflective of their "pain points."[89] Two of the biggest drivers of interest

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[85] Amnesty International, op.cit., p. 12.

[86] Lenhard & Winterberg, op.cit., p. 6.

[87] PRI, op.cit., p. 24.

[88] PRI, ibid.

[89] Interview with an ESG consultant to VCs (May 17, 2022).

in ESG among GPs are the belief that ESG incorporation will improve their fund's risk/return profile and that it is important to their employees.[90] To this point, Mike Packer, a partner with fintech venture firm QED Investors, asserts that "Good businesses - and good VCs - are increasingly aware of both the monetary benefits and the intangible optics of paying attention to ESG."[91] To capitalize on this growing awareness, foundations should seek out opportunities to support campaigns and engagements targeting GPs that highlight both the benefits of human and digital rights risk integration and underscore the risks of failing to do so.

Limited Partners: Despite a competitive market, LPs can still have sway over GPs because investor voice is a lot stronger in private markets, particularly in the case of newer, smaller funds. In many instances, LPs are asset managers and institutional investors already well-versed in ESG.[92] This is because many invest for the long-term and "see direct links between their returns and responsible business practices."[93]

Foundations thus have an opportunity to encourage these LPs to extend the same rigorous ESG strategy to their private market holdings as they do to their public equity portfolios. Advocates can leverage campaigns that already target institutional investor LPs for their exposure to public tech companies to encourage them to request greater disclosure from

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[90] PRI, op.cit., p. 14.

[91] Amy Cortese, *Impact Management*, "VCs ❤️ ESG" (October 6, 2022), https://impactalpha.com/vcs-%E2%99%A5%EF%B8%8F-esg/.

[92] Six percent (or approximately 6.24 trillion USD) of asset managers' funds are invested in alternative investments, including private equity, hedge funds, commodities, real estate, infrastructure, and other types of private capital, and the same institutional investors that are clients of asset managers are also limited partners of private equity and hedge funds: Empower, op.cit., p. 52.

[93] Empower, ibid., p. 89.

their GPs and to adopt due diligence questions[94] to assess the caliber of a fund's approach to human and digital rights.[95]

LPs that represent "accountable capital'' are particularly good targets for campaigns. This includes any communal collective capital structure like pension funds, hospital or university endowments, and foundation investment teams. These types of asset owners yield more influence because GPs often see making financial returns for these institutions as a critical part of their mission and take their views more seriously.[96] As one expert told us, "These LPs could spur a domino effect toward greater accountability." Foundations can take the lead in driving this change by putting in place investment mandates with their own third-party asset managers to seek GPs with robust due diligence and post-investment monitoring in place.[97]

Founders and Tech Employees**:** Shifts in VC behavior are primarily driven by the preferences of startup founders, so if founders prefer GPs that can partner with them to reduce their risk to human and digital rights, then VCs will view expertise in this area as a competitive advantage for their funds.[98] Like GPs, founders are increasingly demonstrating interest in ESG practices because they want to attract talented employees who increasingly want to work for companies with values that align with their own. And employee sentiment is particularly influential in the tech sector where there is intense competition for talent.[99]

Foundations can support advocacy and awareness-building campaigns that target tech founders and their employees to spur demand for greater resources to manage human and digital rights risk at earlier stages of company growth. Startup accelerator programs are good partners for this type of project; a responsible tech ethos ought to be

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[94] For example, the San Francisco Employees' Retirement System (SFERS) uses a pre-investment questionnaire to assess GPs' ESG capabilities. Its ESG team reviews the responses it receives and prepares follow-up questions, to be discussed on a call with each GP. SFERS scores firms using its proprietary framework and prepares overall assessments, which it submits to its investment committee. It identifies follow-up and future engagement topics and provides relevant information (minus the ESG score) to its full board: PRI, op.cit., p. 23.

[95] Lenhard & Winterberg, op.cit., p. 6.

[96] PRI, op.cit., p. 27.

[97] Interview with an ESG consultant to VCs (May 17, 2022).

[98] PRI, ibid., p. 15.

[99] PRI, ibid.

mainstreamed into the major accelerators like Y Combinator and TechStars, which have high human rights risk exposure in their portfolios.[100]

Retail Investors: Collectively, retail investors account for the majority of investment potential worldwide across all markets and geographies, and the institutional investors that represent them are a critical source of capital for private market actors such as VC and PE firms.[101] As part of the ongoing conservative backlash to ESG, Republican lawmakers have been pushing for individual investors in passive funds to have the option to vote their shares. This move has already been embraced by BlackRock.[102] Though envisioned as a means of curbing socially responsible shareholder activism, this move instead sets the stage for retail investors to be directly engaged as part of broader shareholder campaigns.

To harness this potential, foundations can support initiatives that raise retail investor awareness about the power they collectively have over how capital is deployed. As Empower identifies, there is an opportunity "to organize pension fund trustees, members, and stakeholders in key countries… and across multiple funds to take collective action to constructively engage portfolio companies where private capital has caused harm to people and planet."[103] For example, internal pension fund organizing is a strategy already employed by the Committee on Workers' Capital, GRAIN, and the Sunrise Project."[104]

Public Financial Institutions: Private capital, particularly PE, is dependent on banks and other publicly traded financial institutions like insurance companies, which gives these entities unique leverage over how private capital operates. Private capital actors conduct day-to-day banking with and receive enormous amounts of debt from banks for their high-risk investments.[105] Without this, private equity "would implode."[106] This high level of dependency means that banks and other public financial institutions represent a high

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[100] Interview with an ESG consultant to VCs (May 17, 2022),

[101] Empower, op.cit., pp. 127, 191.

[102] Angel Au-Yeung, *Wall Street Journal*, "More BlackRock Investors Opt to Vote Their Own Shares (June 13, 2022),
https://www.wsj.com/articles/more-blackrock-investors-opt-to-vote-their-own-shares-11655045359.

[103] Empower, op.cit., pp. 191.

[104] Empower, ibid.

[105] Empower, ibid., p. 46.

[106] Empower, ibid., p. 93.

impact target for campaigns. Foundations can support advocates in adapting finance-focused strategies proven to be successful with publicly traded financial institutions to the universe of private capital.[107] The British Columbia General Employees' Union (BCGEU) has already begun to apply this strategy. In 2021 and 2022, BCGEU filed a shareholder proposal with the Royal Bank of Canada requesting that the bank refrain from providing financing, lending, or advisory services to transactions that transfer fossil fuel assets from public companies to private ones.[108]

→ Capacity Building Opportunities

Human and digital rights accountability in private capital is in its infancy in part because each of the stakeholder groups that need to work together to achieve this goal lack the resources to do it well. Foundations can support initiatives that equip private capital actors, startups, civil society, media, and rights-holders with the knowledge and tools they need to understand how private capital impacts tech and how tech impacts human rights.

***Resources tailored to private capital*:** As one expert told us, "We need to start from the very beginning, with basic ESG training." As we outlined in a previous section, the vast majority of resources for the investment community on ESG were created with investors and companies in public markets in mind and fail to capture the risks and dynamics unique to private capital. Foundations can thus help drive ESG best practices in private markets by supporting initiatives and actors that are developing ESG tools and training for private capital, with a particular focus on human and digital rights issues pertinent to the tech sector.

Fortunately, there are a few organizations that have already embarked on this goal. VentureESG, ESG_VC, the Institutional Limited Partners Association, ESG4VC, Responsible Innovation Labs, and the Principles for Responsible Investment each offer private capital investors access to a network through which they can explore ESG topics. These organizations are at various stages of developing tools and resources specifically designed for private capital to use. Similarly, DiversityVC has created a standard for VCs to assess diversity, equity, and inclusion (DEI) across their recruitment practices, culture, and deal flow and offers VCs additional research and guidance on DEI and access to a diverse

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[107] Empower, ibid., p. 189.

[108] British Columbia General Employees' Union, "Proposal: Avoiding Bank Participation in Pollution-Intensive Asset Privatizations" (2022).

learning network of VC professionals. In addition, the Investor Alliance for Human Rights has produced guidance aimed at private capital, most notably a Human Rights Risk Briefing to assist PE investors in identifying the risks and issues surrounding Palantir Technologies.

However, more resources are needed to assist private capital investors in identifying and addressing digital rights issues across their portfolios. As Lucid Capitalism advised us, "even the best tools are difficult for VCs and startups to use given low levels of issue-specific understanding across the board." RightsWise, formerly a Luminate initiative, offers a solid starting point: a framework to help investors consider five categories of startup capacity to manage digital rights impacts. This framework allows investors to apply a digital rights lens when deciding whether to invest and subsequently help startups manage these issues post-investment. It is currently being advanced by several organizations in the responsible business space, including Lucid Capitalism, VentureESG, the Startups & Society Initiative, the Business & Human Rights Resource Centre, and ESG4VC. Foundations can support the further development of the RightsWise framework or the initiation of ones with similar aims.

***Resources tailored to startups*:** Companies in the earlier stages of development also need their own frameworks for understanding social risk, particularly tech startups that have rapidly evolving business models and may be creating new technologies. More so than established companies, startups need to learn to think qualitatively about their stakeholders and the consequences of their business model in terms of "dynamic materiality," which is the notion that a risk that may not be measurably material today may become so tomorrow.[109] They may also benefit from operational tools to identify high risk issues at every stage of their development,[110] participation in workshops or multi stakeholder events that center on these issues, and low-cost consulting services targeted to investors exposed to particular kinds of high risk technologies.[111]

Foundations can provide support for these resources and initiatives, which can in turn help generate founder demand for more responsible funds. Existing examples include Responsible Innovation Labs, a nonprofit coalition developing new standards for ethically deploying technology, and the Startups & Society Initiative, a group of founders, investors,

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[109] Interview with ESG consultant to VCs (May 13, 2022).

[110] Interview with VC leader on ESG (May 16, 2022).

[111] Interview with an ESG consultant to VCs (May 17, 2022).

and researchers that offers startups access to workshops, peer-led networks, and other resources on responsible tech.

Ratings and data for late stage ventures**:** Most existing social risk management data and metrics are for investors to assess the issues of mature companies, and whatever nascent ESG tools and data exist for assessing ventures do not fully address the issues specific to emerging technologies, such as AI, cybersecurity, data privacy, or to tech-related social concerns like inclusion, human rights, democracy, and public safety.[112] As one VC told us, “Some funds have their own frameworks, but there should be shared issues and metrics that are relevant to all, like the Data Convergence Project.”

Foundations can help fill this gap by supporting the development of independent ESG ratings of ventures that reflect their level of maturity and are inclusive of human and digital rights issues. These ratings could then be integrated into existing VC industry databases and communications.[113] To start, foundations can look to fund initial academic work to identify the most material metrics for new ventures and, subsequently, a pilot version of a ventures-focused rating system.[114] Of course, as outlined in our ESG(+D)? report, any new standards and metrics should aim to avoid the pitfalls of mainstream ESG ratings and aim to address the noted challenges of measuring impacts to digital rights.

Tracking global private capital flows**:** To date, corporate accountability advocates have had a blind spot for private capital, which has allowed it to operate with greater impunity.[115] Pitchbook, a data provider for private markets, tracks private capital flows. However, the price to access this data poses a significant barrier for most civil society actors. To close this informational gap, civil society organizations, media, academics, and other stakeholders need to develop and share knowledge on how private capital operates and its links to human rights violations, including “the drivers and incentives behind private capital, the typologies of capital and financial flows, the different actors involved, their alternating roles at different stages of financing, where harms are most likely to occur, and which pressure points and vulnerabilities of private capital can be converted into opportunities.”[116]

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[112] Winterberg et al., op.cit., p. 27.

[113] Winterberg et al., ibid., p. 31.

[114] Interview with an ESG consultant to VCs (May 17, 2022).

[115] Empower, op.cit., p. 200.

[116] Empower, ibid.

Foundations can support open source research into these subjects and initiatives that allow for coalition and collaboration among advocates targeting private capital. Two notable examples include the Private Equity Stakeholder Project and Empower's *Runaway Train: The Perilous and Pernicious Path of Private Capital*, a free online book written for corporate accountability advocates that explains where private capital comes from, its salient trends, worrisome characteristics, and opportunities for action. Research like this can in turn support strategic litigation and policy reforms that bring greater transparency and accountability to the sector.

Dialogue between private capital and civil society: As much as civil society needs to collaborate internally, it should also be looking outwards and forging deeper connections with private capital actors. The benefits of this are twofold: it would provide civil society with greater insight into private market investment activities, decision-making, and trends[117] and would help private capital actors better understand human and digital rights issues and be able to identify the ones that are most relevant to their immediate scope of investment.[118] As one VC put it, "There should be more open conversation; we need a common language."

Foundations can spark this conversation through multi-stakeholder initiatives or roundtables that bring private capital actors together with civil society[119] and can go further by supporting organizations in taking on an advisory role to private capital on issues of social concern. One expert recommended that "resources be put into organizations that are able to engage with private capital firms to help them do human rights due diligence more effectively. These should be individuals and organizations that have experience in both the corporate and human rights spaces." Another expert suggested that foundations support human rights risk assessments of emerging technologies, which, when done properly, are extensive investigations involving many stakeholders that cannot be reasonably undertaken by one investor alone.[120]

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[117] Empower, ibid., p. 194.

[118] Interview with an ESG consultant to VCs (May 17, 2022).

[119] Empower, op.cit., p. 194.

[120] Interview with an ESG consultant to VCs (May 17, 2022).

→ Legal and Policy Advocacy Opportunities

To address the systemic forces driving capital into private markets and impeding accountability of private capital actors, foundations can support legal and policy advocacy initiatives that aim to disrupt these forces and make private capital more responsive to issues of social concern.

Realign market incentives: As we illustrated in a previous section, the structural incentives in private markets impede effective social risk mitigation and incentivize a lack of accountability. It will take regulatory and policy reforms that close the loopholes exempting private capital from the same requirements that apply to public markets and that promote greater disclosure and due diligence on issues of social concern. For instance, as one expert told us, the problem of VCs courting top-tier founders by refraining from challenging their poor governance structures has to be solved at the system level through regulation and mandatory disclosure.

Foundations can foster this regulatory shift by supporting policy reform and strategic litigation initiatives that seek to bring transparency and accountability to private capital.[121] By some accounts, recent policy changes have already been having a positive effect. According to Tracy Barba, the founder of ESG4VC, which helps VC firms develop ESG policies and practices, the recent uptick in interest in ESG in the VC world is in part being driven by new ESG disclosure regulations in the U.S. and Europe.[122]

Address corporate state capture: One of the primary drivers of the rise of private capital is the corporate capture of government. As Empower puts it, "Too few civil society organizations, scholars, media, and stakeholders are tuned into its presence and effects, especially on central banking and economic policy."[123] To avoid future erosion of the investor protections in public markets, foundations should support organizations, scholars, and media that are investigating this phenomenon and taking action against it.

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[121] Empower, op.cit., p. 164.

[122] Amy Cortese, op.cit.

[123] Empower, op.cit., p. 201.

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