

**MONEY OR MISSION: UNCOVERING VENTURE CAPITAL
BARRIERS TO SOCIAL STARTUP SUCCESS**
EMILIE AGUIRRE

William H. Clark, Jr.

discussant

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I was going to begin by thanking the author for the prominence she gave to benefit corporations and B corp certification in her paper.

That prominence is now gone – but perhaps all is not completely lost!

methodological questions

- I will leave it to social scientists to evaluate the paper's methodology and its focus on a **very small number of companies**
 - the previous version had additional information about other social startups that has been deleted
- there are a number of social startups that **have successfully gone public** through an IPO or SPAC
 - how they affect the paper's conclusion is not discussed

the conclusion that traditional VC investments pose challenges for social startups rings true

- the experience of the founders of B Lab is a case in point



are all social impacts created equal?

- for example, are radical transparency and commitment to a remote work ethic as important as reducing greenhouse gases or paying a living wage to all employees?
- this question impacts directly the author's conclusion that "integrated" and "compartmentalized" firms suffer from the same problem

the paper proposes two solutions

- legal
 - regulate use of the term “impact investor”
 - change impact investor fiduciary duties
 - link investor compensation to social performance
 - lengthen impact investment fund timelines
- market
 - adjust compensation of impact fund sponsors
 - reduce expectations of accelerated growth and mega-returns

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Impact Approaches in Private Equity and Venture Capital



GAIL

Global Alliance of Impact Lawyers

DATE

Wednesday, 16 August, 2023

TIME

4:00 pm – 5:00 pm
(GMT+01:00)

Impact Approaches in Private Equity and Venture Capital: Critical Developments in the US and Beyond

GAIL regional event, hosted by GAIL North America

GAIL members and partners explore critical developments in impact & ESG in the PE and VC ecosystem

The growth of the impact investing market has attracted interest from some of the world's largest private equity investors. In a developing market with an increased focus on ESG, private equity investors and VC general partners have a critical role to play in scaling impact business models and have the opportunity to help establish positive culture and behaviours at an early stage.

However, impact and ESG practices in the private equity and venture ecosystems have only recently started to develop. While heightened investor expectations and regulatory developments are starting to drive the creation and adoption of impact and ESG frameworks appropriate for private companies, there remains a lack of legal frameworks and formal standardisation across the industry and practices vary greatly between jurisdictions. In this context, impact lawyers have a crucial role to play in building robust frameworks and advising clients to think beyond baseline risk-mitigation, to develop genuinely impact driven approaches and best practices.

This panel will highlight the critical developments in impact & ESG in the PE and VC ecosystem. While focussing on trends and developments in the United States, it will also explore legal developments in different jurisdictions, with a view to drawing learnings from global approaches and discuss best practices.



CNBC's Closing Bell – Sir Ronald Cohen discusses ESG and impact investing

Ronald Cohen, Global Steering Group on Impact Investment chairman, often described as “the father of British venture capital,” joins ‘Closing Bell’ to talk about ESG and impact investing.

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