

Agenda



- Welcome, Objectives, Ground Rules
- Presentation
 - The Current Moment
 - How Bias Shows Up
 - Leaky Tech Pipeline
 - Investment Decision-Making Research
 - Kapor Capital's Experience
- Case Study
- Stepping Up and Speaking Out
 - Allyship and Leadership
 - Becoming Anti-Racist

Objectives

Increase understanding of:

- Current state of diversity in VC
- How bias unintentionally seeps into how we hire as well as source and evaluate deals
- Practical steps to mitigate individual and firm-level biases
- Successful strategies



Ground Rules



- Respect each others' perspectives and experiences
- Please use Chat channel for Questions / Comments
- We will also have time for live discussion in each section
- Agreement on tweeting, use of social media



The Current Moment

“

“If there is a place where
bias doesn't exist,
I have not found it”

”

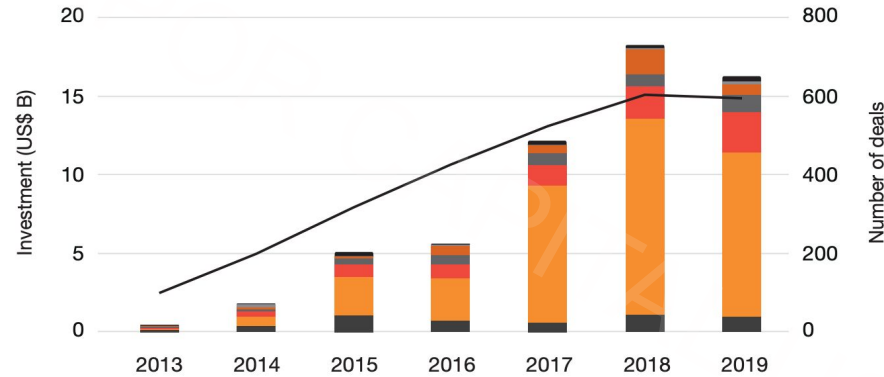
Rosalind “Roz” Brewer, CEO of Walgreens
Only African-American woman CEO of a Fortune 500 company

Venture Data on Diversity

- Black and Latinx women combined received just 0.64% of total venture capital investment between 2018 and 2019, for a total of \$3.1 billion
- 77% of all Seed and Series A rounds were raised by startups with zero ethnically diverse founders.
- More women became VC partners in 2019 than ever before but 65% of venture firms still have 0 female partners
- 80% of investment partners at venture capital firms are White, compared with only 3% Latinx and 3% Black.
- Only 3.8% of all U.S. private equity firms had minority ownership (holding >50% of the firm's equity).



VC Investment in climate tech grew **3750%** from 2013 to 2019



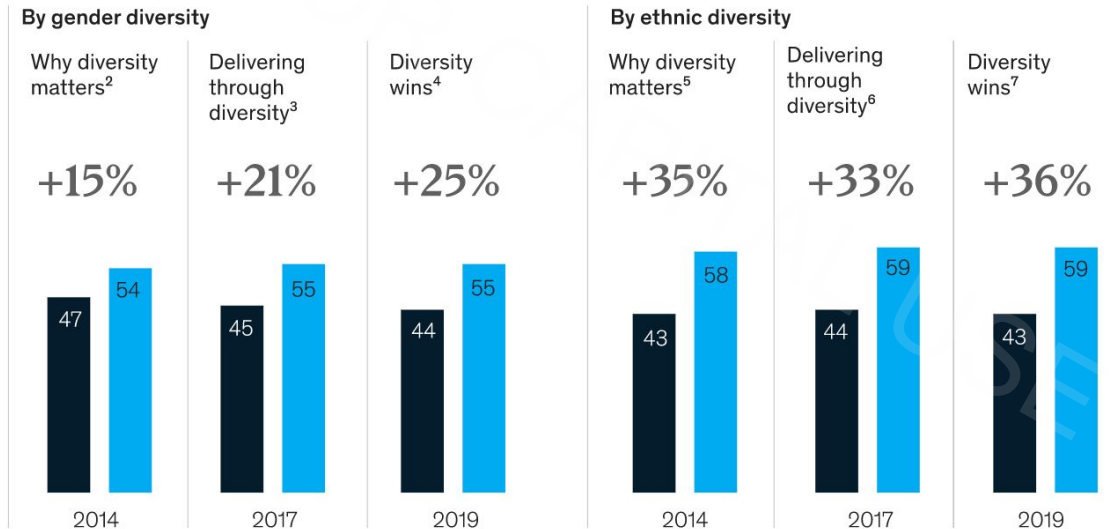
Source: PwC analysis on Dealroom data

VC funding raised by founders of color ***below 5%***.

Gender and racial/ethnic diversity amongst executive teams leads to 25% & 36% financial outperformance

Likelihood of financial outperformance,¹ %

■ Bottom quartile ■ Top quartile



DIFFERENCES OF OPINION ON FACTORS HINDERING DIVERSIFICATION



“

Climate action without equity
and justice will fail.
Barriers to equity are barriers to
growth and innovation.

”

Donnel Baird, CEO of BlocPower
Davida Herzl, CEO of Aclima

The Washington Post

Democracy Dies in Darkness

Climate Curious

Climate change is also a racial justice problem

The
Guardian

From Africa to the US to Haiti, climate change is a race issue

wbur

**'Racial Justice Is Climate Justice':
Why The Climate Movement
Needs To Be Anti-Racist**

The New York Times

Links Between
Racism and the
Environment

YaleEnvironment360

Published at the Yale School of the Environment

INTERVIEW

Unequal Impact: The Deep Links
Between Racism and Climate
Change

“

There is no path to addressing climate change without unlocking the talent, energy, and genius in underserved communities of color.

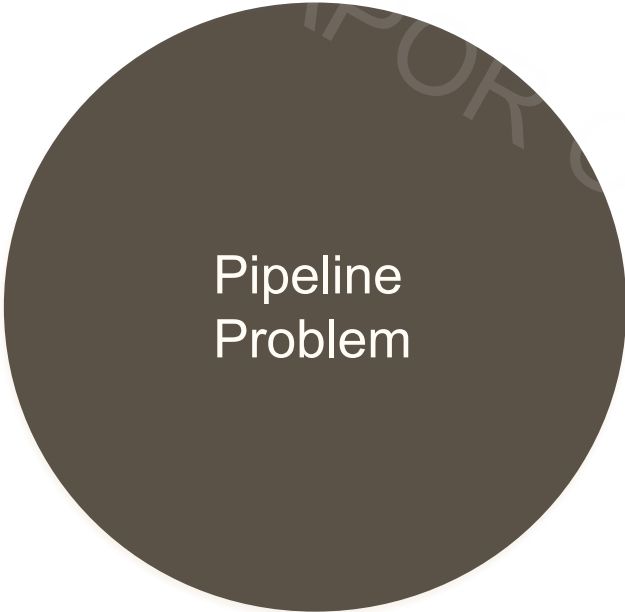
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Donnel Baird, CEO of BlocPower
Davida Herzl, CEO of Aclima




How Bias Shows Up

The “Either-Or” View of Diversity & Inclusion

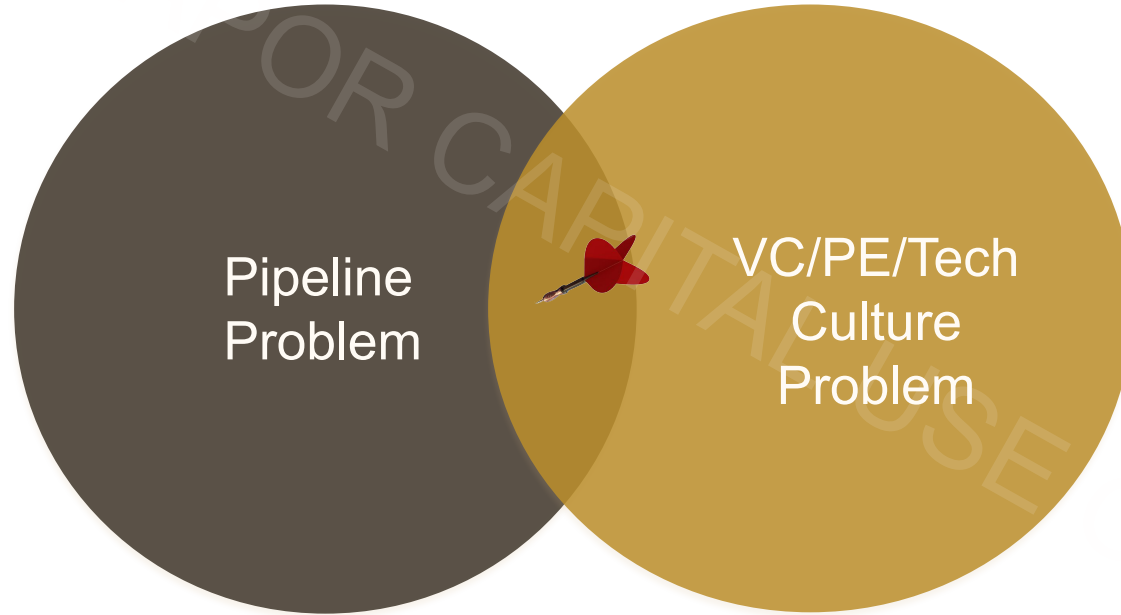


Pipeline
Problem



VC/PE/Tech
Culture
Problem

The Alternative: Bias underlies **BOTH** the tech pipeline problem **AND** the VC/PE/tech culture problem



THE LEAKY TECH PIPELINE

ABOUT THE PIPELINE >



PRE K-12



HIGHER EDUCATION

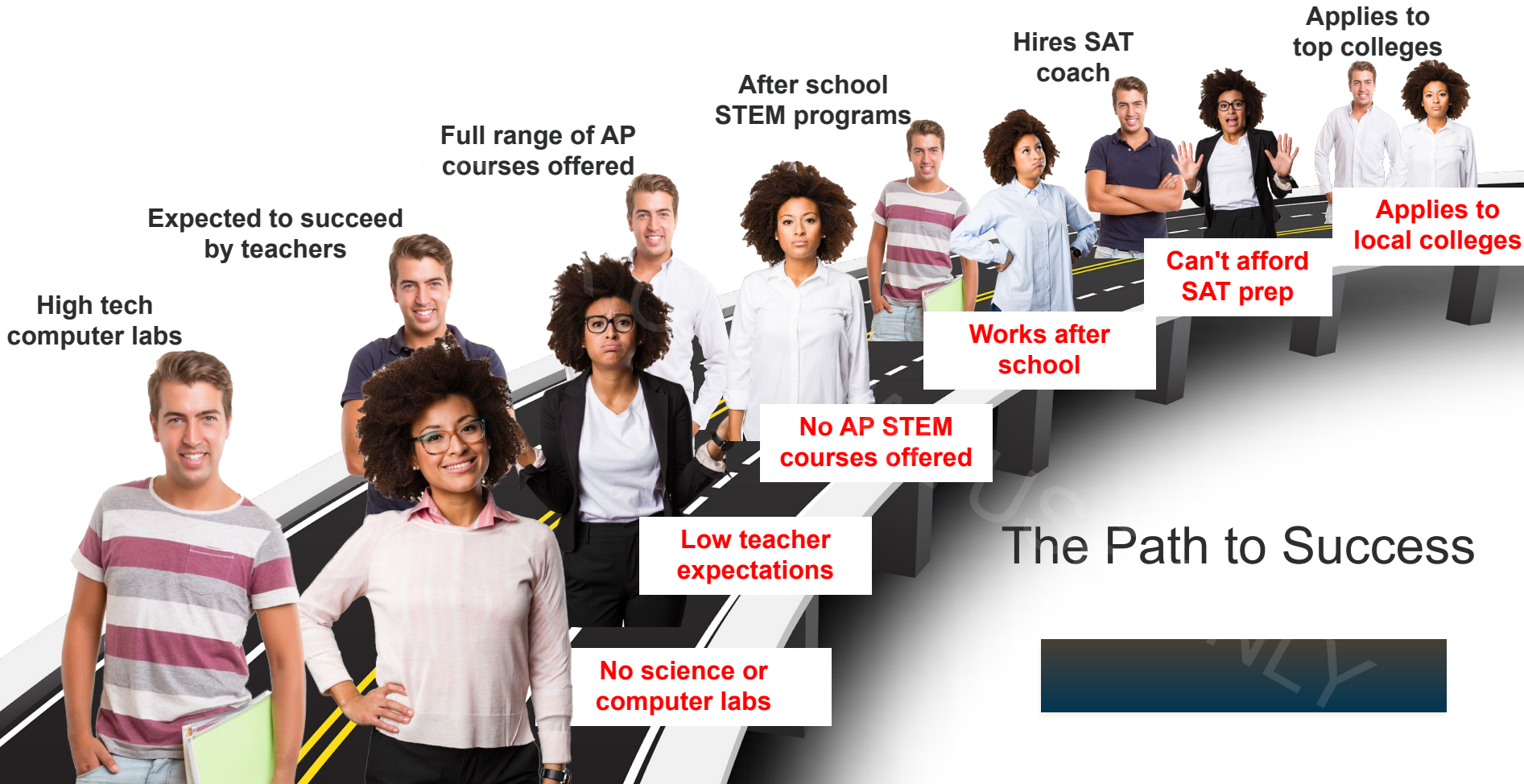


TECH WORKFORCE



ENTREPRENEURSHIP

Both graduate with HS diploma and 3.5 GPA



The Path to Success



Both earn Bachelor's degree in STEM

Top 10 school

Family pays for school

Unpaid internships

Professors look like him

Hires tutors

No college loans!

Graduates with debt

Study sessions compete w/ work

No WOC professors

Works PT

Pays for college with loans and work

Starts at community college (to save \$)

The Path to Success



Brandon is a “success.” Juanita is a “leaver.”

Recruiters
at college

Taps personal
networks

Comes in via
employee
referral

High salary offer

Enjoys workplace
culture

Promotion in
1st year



Few personal leads

Submits resumes cold

Resume bias
limits callbacks

Offered low
salary

Feels alone

Limited
growth opps

The Path to Success



How Bias Shows Up in VC Practices

- Requiring a warm intro
- Focusing on pedigrees rather than skills & distance traveled
- Asking familiar founders questions about potential while asking unfamiliar founders questions about mitigating risks
- Passing on companies led by unfamiliar founders for being 'too early'--i.e. unproven, at much greater rate



Diversify Your Team

- **Start** increasing diversity on your own team and create an inclusive culture.
- **Publicize** job openings and write descriptions with a focus on competencies not pedigrees.
- **Build** a diverse pipeline of future talent.
- **Add** diverse investors at your firm to bring more diverse deal flow and perspectives.
- **Create** safe channels to hear from employees, portfolio companies about inappropriate conduct and toxic culture.



Hold Your Firm Accountable

- **Educate** yourselves on how systemic racism--subtle and blatant--is infused in day-to-day practices, assumptions.
- **Identify** potential biases in decision making and take steps to mitigate them.
- **Set** diversity metrics for investment team, portfolio, board members.
- **Connect** underrepresented founders with other investors, ecosystem resources.
- **Fund** businesses that help disenfranchised communities.





Kapor Capital's Experience

Kapor Capital Overview



Kapor Capital is an early-stage venture fund investing in startups ***that address urgent social needs as they transform sectors.***

- 10 years of social impact investing
- 178 investments
- 59% of portfolio founders identify as women and/or UPOCs

Kapor Capital Investment Thesis



- Early stage tech startups
- Core business closes gaps of:
 - **Access** and/or
 - **Opportunity** and/or
 - **Outcomes**
- For low-income communities and/or communities of color within the United States

Founders' Commitment

- Implemented January 2016
- Requested by founders to help in recruiting talent
- To close investment, founders commit to building diverse team & inclusive culture
- Follow on funding & intros to investors contingent on progress



Founders' Commitment



Goals

Establish diversity and inclusion goals that are appropriate for your company's funding stage, employee size, customer base, and core business. Share progress quarterly.

Invest

Invest in people ops technology (POT), training programs, and/or resources that assist with mitigating bias in the employment life cycle.

Volunteer

Organize volunteer opportunities for your employees to engage with underrepresented communities, especially those that reflect the company's customer base.

Educate

Participate in Kapor Capital hosted diversity and inclusion sessions to learn best practices.

Summer Associates

In 2011, Kapor Capital created the Summer Associates program to demystify the venture capital process and provide a pathway for individuals typically underrepresented in venture to enter investing.



Gerald Pambo-Awich

INVESTMENTS OFFICER, MISSION
INVESTMENTS, FORD FOUNDATION



Mario Ruiz

INVESTOR,
PAYPAL VENTURES



Elena Castañeda

HEAD OF PRACTICE
OPERATIONS, CHENMED



Andrea French

INNOVATION AND ENTREPRENEURSHIP,
UNIVERSITY OF CALIFORNIA OFFICE
OF THE PRESIDENT



Sidney McLaurin

GENERAL PARTNER, MATERIAL
IMPACT FUND



Veronica Parks

ASSOCIATE, MAVERON

Our Portfolio

Energy & Infrastructure

Aclima
BlocPower
Uncharted Power
Compology
Revvn
Blokable
Via



blokable™

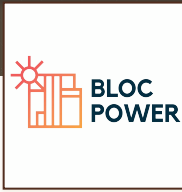


Our Portfolio

Food & Agriculture

Good Eggs
Group Raise
Mercaris
Planet FWD
Red Rabbit
Thrive Market
Zero Grocery
ZeroStorefront
Kiverdi





BlocPower leverages Artificial Intelligence to help efficiently determine what building retrofits are required to produce energy savings at scale.

More than 800 buildings have been upgraded, and 1200 projects initiated, with a focus on buildings in the urban core, including churches, schools and community centers. These retrofits have ***saved over 358 tons of Co2.***



Donnel Baird, CEO BlocPower



Aclima is addressing the urgent global need for hyperlocal and actionable data about air pollution and climate emissions to protect public health and the environment.

Aclima's mapping in California will be measuring air breathed by more than **10 million people** and they are on track to reach over **1 billion people** around the world within five years.



Davida Herzl, CEO Aclima



KAPOR CENTER

SMASH

Kapor
CAPITAL





Case Study

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Meeting New Diversity Requirements



Nasdaq to Advance Diversity
through New Proposed
Listing Requirements

New California Law on Board Diversity

Number of Directors on Board	Minimum Number of Directors from Underrepresented Communities
Nine or more	Three
Five to Eight	Two
Four or fewer	One

“an individual who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, or Alaska Native, or who self-identifies as gay, lesbian, bisexual, or transgender.”

Create a Plan to Build an Ecosystem



- Long-term goal: flywheel that brings top diverse talent to your firm, as entrepreneurs, as board members
- Consider how all partners own this
- What programs/initiatives do you launch?
- Outreach to those with diverse members & credibility in communities of color:
 - Non-profits
 - HBCUs, HSIs
 - Accelerators
 - Impact funds



Stepping Up

What is an Ally?

“The use of power and privilege to achieve equity and inclusion while holding oneself accountable to the needs of others without those advantages”

Becoming an Ally

- Understand your own advantages
 - Accidents of birth, having a safety net
 - Benefit of the doubt
- Take time to listen and learn
- Recognize that you are responsible for the impact of your actions and inactions; impact is far more important than intent
- Ask how to be helpful
- Interrupt inappropriate comments, jokes, stereotypes, exclusion
- Model inclusive behavior
 - In your language
 - Give up your seat at the table
 - Put yourself in the position of being an 'only'



What is an Active Bystander?



A Bystander is a person who observes a conflict or unacceptable behavior. It might be something serious or minor, one-time or repeated, but the Bystander knows that the behavior is destructive or likely to make a bad situation worse.

Everybody is a Bystander at some time.

An **active bystander** takes steps that can make a difference--e.g. Interrupt the behavior, name the situation, help people find support/resources

White Privilege

- The inherent advantages that come with white skin
- Things you never worry about and can afford to be unaware of
- “invisible package of unearned assets”





FOR KAP

SECRET ONLY

The Power of Acknowledging Privilege

Bryce Roberts

Story: It starts with no one ever handing me anything and ends with me in the position I am today.



- Family was not notable
- I never asked my parents for anything after age 22
- Lived on \$1,000/mo when started company
- Success came from hustle

The Power of Acknowledging Privilege



Holes:

- Upper middle class family
- Well-paying summer jobs from friends and family
- No student debt because parents helped with tuition
- Got free used cars from parents
- Parents offered to pay rent
- Success came from family's financial support

The Power of Acknowledging Privilege

For those of us who firmly believe that anyone can do anything with hard work and pulling themselves up by the bootstraps, we need to recognize that there were other hands



Becoming Anti-Racist

“The beauty of anti-racism is that you don't have to pretend to be free of racism to be an anti-racist. Anti-racism is the commitment to fight racism wherever you find it, including in yourself. And it's the only way forward.”

Hopeful Trends:

- Apprenticeship Programs
- SMASH
- Gap-closing startups



Summary

- Commit to the marathon
- Examine all practices for bias
- Build a diverse ecosystem--non-profits, accelerators, co-investors--that will become a virtuous circle for hiring, sourcing deals, board candidates
- Sponsor ecosystem-building activities--pitch competitions, summer internships
- Be open to uncomfortable conversations





Q&A



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THANK YOU!

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 @KaporCapital