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VENTURE CAPITAL, TECHNOLOGY STARTUPS, AND HUMAN RIGHTS:

A Primer for General Partners and Limited Partners

B-Tech

UNITED NATIONS HUMAN RIGHTS
OFFICE OF THE HIGH COMMISSIONER

KEY MESSAGES

This Primer from the UN B-Tech Project ("B-Tech") provides human rights guidance for venture capital (VC) investors—both general partners (GPs) who deploy capital and limited partners (LPs) who provide it. This guidance aims to help GPs and LPs understand how to assess human rights risks linked to technology startups' business activities and how to encourage portfolio companies to address these risks. Doing so can benefit investors materially and is critical to avoid investments facilitating adverse human rights impacts. Key takeaways from the Primer include:

- Startups' business activities can create risks that people will be harmed. The focus here is on risks to people that qualify as "human rights risks."
- Startups of all kinds can inadvertently create human rights risks, even through products or services that investors may not think of as especially risky.
- Human rights risks can translate to material risk to investors in various ways, including via costly litigation, reputational damage, lost partnerships, and failed regulatory compliance.
- To prevent startups' human rights risks from causing material harm to investors, GPs and LPs can leverage their respective positions to take different actions:

GPs can

- Assess startups' human rights risks before investing and incorporate information gathered into investment decisions.
- Use investor leverage to encourage portfolio startups to identify human rights risks and implement necessary prevention and mitigation measures.

LPs can

- Assess GPs' approaches to startups' human rights risks before investing and incorporate information gathered into investment decisions.
- Use investor leverage to encourage GPs to consider human rights risks

- Taking these actions is smart business for investors—the long-term material benefits to both investors and startups justify the short-term costs associated with doing this work.

About B-Tech

The B-Tech Project is an initiative of the United Nations Office of the High Commissioner for Human Rights (OHCHR) that provides authoritative guidance and resources for implementing the United Nations Guiding Principles on Business and Human Rights in the technology space.

INTRODUCTION

Startups are young companies creating the technology that much of the world will be using in our everyday lives in the years to come. While these companies are critical sources of technological innovation, their business activities can also create risks to people. This Primer is focused on those risks that are described below as "human rights risks," which can translate to significant material risk for startups' VC backers.

By taking action to help technology startups avoid negatively impacting human rights, VC investors can both protect themselves from loss of capital and contribute meaningfully to the respect of human rights. For startups to avoid these negative human rights impacts, it is imperative for human rights issues to be considered from the very beginning of a startup's journey—rather than trying to retrofit later. VC investors—both GPs and LPs—can play an indispensable role in helping startups consider human rights early in their life cycles. Taking these actions is also consistent with the investor responsibilities described by the UN Guiding Principles on Business and Human Rights (UNGPs), the authoritative global framework delineating the human rights responsibilities of businesses.

This Primer aims to help investors understand their role in this process. It discusses (1) what is meant by startups' human rights risks; (2) how taking steps to understand these risks and help startups manage their impacts benefits GPs and LPs materially; and (3) different actions GPs and LPs can take to respect human rights.

After reading this Primer, investors interested in learning how to design and implement simple processes for identifying startups' human rights risks and helping portfolio startups address them can find blueprints in two related B-Tech resources:

The Human Rights Toolkit for Venture Capital General Partners: A Six-Step Approach to Technology-Related Human Rights Risks ("*B-Tech GP Toolkit*")

The Human Rights Toolkit for Venture Capital Limited Partners: A Six-Step Approach to Technology-Related Human Rights Risks ("*B-Tech LP Toolkit*")

B-Tech's VC resources are part of a small but growing body of human rights guidance for private capital investors. The annex to this document contains a recommended reading list for those interested, including links to human rights guidance for investors from other organizations as well as relevant reporting on technology-related human rights risks and associated material risks to investors. Interested readers can also review B-Tech's previous human rights materials for investors, which include an overview of rights-respecting investment in technology companies and human rights guidance for institutional technology investors.

ONE HOW CAN STARTUPS POSE RISKS TO HUMAN RIGHTS?

What are human rights risks?

In various ways, startups' business activities can create risks that a person or a group—an end user, a worker, a community or others—may be harmed. We can also call these "risks to people." Where these risks could lead to a level of harm that amounts to an infringement of a person's rights, we can say that the startup poses a "human rights risk." It is these human rights risks that are the focus of this Primer

Simply put, human rights are entitlements inherent to all human beings, irrespective of who they are. Human rights cover various issues, including the most fundamental rights whose violation is the most severe, such as the right to life or the right to be free from torture, and other rights such as privacy, freedom of expression, or the right to own property. These rights are articulated in a number of treaties and declarations adopted by States from all over the world, known collectively as the "international human rights framework." The foundational document in this framework is known as the Universal Declaration of Human Rights.

Startups may inadvertently create risks to human rights through various features of both their business models (companies' overall strategies for creating and delivering value) and operating models (how companies execute those strategies), which are collectively referred to here as companies' "business activities." Data collection and storage practices, research and development processes, the structure of supply chains, labor arrangements, the design of sales models, the markets in which startups operate—these and many other elements of business activities can create risks to human rights. And while resulting impacts to human rights often arise in connection with the end use of a technology product or service, these impacts usually originate at earlier points in a company's value chain.

Investors may also be surprised by the variety of technology startups that can pose risks to human rights. Investors may expect, for example, that human rights risks are primarily associated with startups developing technologies whose use may entail physical harm to people, such as weapons or policing products. While these scenarios involve heightened human rights risks, many different features of technology startups' business activities can pose risks to various human rights. Some common human rights risks that may be linked to technology startups include:

→ **Risks to the right to privacy linked to the collection, storage, and sale of personal data**

→ **Risks to various rights, including freedom of expression, security of person, and property ownership, linked to the development, deployment, and use of generative artificial intelligence (AI) platforms**

↳ *Generative AI platforms with the capacity to generate novel image, text, video, and audio content can risk causing harm to people. For example, this may involve the risk of damage to people's reputations or bodily security via generative AI-created misinformation; the creation of "deepfake" pornography featuring sexualized depictions of non-consenting individuals; the unlicensed use of copyrighted data for model training purposes; and various other potential harms. Many of these harms can rise to the level of adversely impacting specific human rights, including the right to security of person; the right to be free from cruel, inhuman or degrading treatment; and the right to own property. These risks to people are already leading to lawsuits against some generative AI developers.*

→ **Risks to the right to life linked to technologies with applications in armed conflict**

→ **Risks to the right to privacy linked to the use of surveillance technologies in both public and private spaces**

↳ *Technologies with surveillance or monitoring capabilities raise a number of human rights concerns, irrespective of the end user. The use of these technologies by law enforcement agencies may result in disproportionate or unnecessarily invasive surveillance, as well as further rights violations against surveilled individuals. These risks may lead to lawsuits against startups; states are also increasingly banning their own agencies from procuring these technologies. Workplace or educational surveillance and monitoring technologies used by private companies can also pose risks to human rights, including to individuals' rights to privacy and to just working conditions. Here, too, lawsuits against startups developing this technology and end users deploying it are proliferating. Case law decided in the coming years may curtail the market for these products.*

→ **Risks to the right to be free from discrimination linked to biased outputs from machine learning algorithms, especially when used in financial services, medical, housing, criminal justice, or hiring contexts**

→ **Risks to the right to work linked to technology platforms that rely on gig economy workers**

↳ *Technology platforms that depend on working arrangements at high risk for labor exploitation can adversely impact labor rights. Human rights experts have raised concerns that some technology companies' reliance on classifying workers as contractors rather than employees undermines the right to an adequate standard of living and poses a risk to the right to join unions. Companies may also face difficulty in verifying contract workers and ensuring that violations such as child labor are excluded from value chains. The lack of basic labor protections for gig economy workers has received frequent media coverage around the world and has led to damaging results for companies and investors in the form of worker strikes, large fines, and shareholder backlash.*

→ **Risks to the right to security of person linked to the spread of violent speech on social media platforms, including technology-facilitated gender-based violence**

→ **Risks to the right to just working conditions linked to content moderation and data labelling**

↳ *Technologies that provide or rely on human content moderation or data labelling have been linked to human rights risks, especially in global majority countries. Notably, these risks can be linked to startups that provide content moderation services and to companies that use these services. For example, US-based startups providing content moderation services based both on AI and human labor have been the focus of heightened media and legal scrutiny in connection with allegations of exploitative conditions and low pay for workers employed in Africa and South America. This has led to reputational damage and financial penalties to startups and their clients.*

Where startups' human rights risks do lead to real world adverse impacts to human rights, these impacts are not all equally serious; some impacts to human rights are more severe than others. This severity is generally judged based on an impact's scale (the gravity of the impact on human rights); scope (the number of individuals who would be affected); and irremediability (the ease with which those impacted could be restored to their prior enjoyment of the right).[1] As discussed in the final section of this Primer, because it may not always be possible to address all human rights impacts simultaneously, both investors and startups should prioritize the order in which human rights risks are addressed based on which risks would have the most severe impacts.

B-Tech's VC resources reference the importance of startups "addressing" their human rights risks. This includes taking steps to ***prevent*** *human rights risks from materializing into real negative human rights impacts wherever possible and to* ***mitigate*** *those impacts where they do occur.*

Why should investors think about startups' risks to people specifically in terms of human rights?

Although risks to people are distinct from material risks to companies and their investors, the two often overlap; as discussed below in section 2, a startup's risks to people can create material risk to both the startup and its investors—the more severe the risks to people, the more severe the associated material risk. For GPs and LPs, understanding a startup's risks to people is essential to assessing where these risks may make an investment too financially uncertain. This Primer recommends that GPs and LPs examine startups' risks to people through the lens of human rights. Doing so adds value for investors in three key ways.

First, the idea of businesses creating "risks to people" can be vague; businesses may create many risks that people will suffer harm in minor ways that are not especially consequential. However, where a "risk to people" posed by a startup rises to the level of a "risk to human rights," this is an easily understood threshold at which investors should begin to pay close attention. The list of rights owed to all people provided by the international human rights framework offers investors a convenient rubric for judging when a startup's risks to people reach concerning levels.

Second, using a human rights lens makes it intuitive for investors to understand which of a startup's risks to people are the most severe and, therefore, the most concerning from a material perspective. While all rights are important, adverse human rights impacts that involve the potential for death or serious physical or psychological harm to an individual take on an elevated level of severity. Where investors see a risk that a startup could contribute to negative impacts to the right to life or the right to be free from torture, for example, these are clearly more severe than impacts to some other rights.

Finally, a human rights-based approach to identifying risks to people and associated material risks to business can help reveal risks that traditional risk management and ESG approaches may miss. Human rights comprise a comprehensive catalogue of the rights that all actors, including businesses, should avoid placing at risk. This list—covering about 30 issues—is well established and has been explained and interpreted over many decades by courts and human rights bodies. It is not an endless universe (as some people may believe) but a specific body of norms that can help set boundaries for how startups and their investors examine risks to people. Using this list of human rights as a checklist to examine startups' business activities allows investors to ensure that their understanding of startups' risks to people is comprehensive, and that key risks have not been overlooked. GPs and LPs may already be aware of some risks to people prevalent in their areas of investment, but they may miss other risks unless looking for them in a systematic way, especially in the case of emergent risks and frontier technologies.

Further discussion of specific actions investors can take to examine startups' business activities through a human rights lens is provided in the final section of this Primer, and then in more detail in the *B-Tech GP Toolkit* and *B-Tech LP Toolkit*.

TWO WHY ARE STARTUPS' HUMAN RIGHTS RISKS MATERIAL FOR GPS AND LPS?

Startups' human rights risks can become material for companies and investors where there is misalignment between corporate behavior and societal expectations.[2] This misalignment can arise in various ways, and "societal expectations" may be those expressed by the public, the media, civil society organizations (CSOs), legislators, regulators, or other businesses. Notably, many human rights-related risks to investors can exist from a startup's earliest stages, causing negative financial impacts long before GPs and LPs have exited an investment.

It follows that there can be a strong business case in favor of investors assessing startups' human rights risks before investing and then encouraging and aiding portfolio companies to address their human rights risks after investment. This is especially relevant in a context where LPs are investing in the VC space at a far lower rate than they once were. Now more than ever, finding creative ways to reduce material risk is critical both for LPs' return on capital and for GPs' competitiveness in a market where LP capital is increasingly difficult to come by.

Litigation risk

Technology startups' human rights risks can open companies and investors to litigation that may damage both parties materially. In some cases, this may involve direct litigation against startups. For example, startups developing generative AI products have faced numerous copyright, privacy, and defamation lawsuits in recent years, with plaintiffs seeking billions of dollars in damages.

In other cases, customers or end users of startups' products or services may themselves face litigation for negative human rights impacts connected to their use of those technologies—for example, in relation to algorithmic bias in the healthcare, recruiting, and housing sectors. While this litigation may not expose startups and investors to material risk immediately, key customers facing legal action in connection with startups' technology products will negatively impact the market for those products over time.

Close attention to startups' human rights risks may also act as a bulwark against costly litigation by LPs toward GPs. In 2023, the US Securities and Exchange Commission (SEC) enacted rule changes "aimed at increasing transparency, fairness and accountability of private capital."[3] The SEC did not ultimately adopt a proposed element of these rules that would have specifically curtailed GPs' ability to include indemnification clauses related to simple negligence in their contracts with LPs. However, it did so stating that federal fiduciary duty already prohibits some negligent conduct by advisers, and that advisers may not seek indemnification for breaches of this duty.[4]

This rule, or other future rule changes from the SEC or its counterparts in other countries, may open the door for venture LPs to sue GPs for negligence in connection with human rights-related failures at startups. Considering startups' human rights risks prior to investment and encouraging portfolio startups to address those risks will be an important defense for GPs against negligence lawsuits where human rights issues contribute to startups' poor financial performance. Likewise, where the possibility of future litigation causes GPs to engage more deeply with startups on their human rights issues and avoid investing in startups with more serious human rights risk profiles, LPs will also benefit as human rights-related startup failures become less prevalent.

Reputational risk

Startups' human rights risks can also cause reputational damage to companies and their investors. Links between startups and negative human rights impacts often receive attention from media outlets and human rights groups, which are increasingly focusing on private capital and human rights abuses. This negative attention can damage revenue streams and valuations for startups. For example, in 2021, several large institutional investors stated their intent not to invest in the initial public offering (IPO) for food delivery startup Deliveroo, citing concerns about labor relationships in the company's business model.[5] Deliveroo's valuation target was later decreased by nearly £1 billion.[6]

Online fashion platform Shein—which has received media and advocacy attention to human rights risks in its business model—faced calls from US lawmakers to halt a planned US IPO based on concerns about the use of forced labor in China's Xinjiang region.[7] The online retailer Temu has received similar negative attention from media and lawmakers.[8]

Venture LPs may also face direct reputational risk in connection with their investments. Private equity LPs have long been under pressure from CSOs to divest from fossil fuel companies; as civil society and media focus on human rights and private capital intensifies, similar reputational damage may materialize for LPs who invest in companies that place human rights at risk.

Regulatory risk

Where startups do not act early to address human rights risks linked to core elements of their business activities, these risks can become structurally ingrained in companies. If this occurs, compliance with various forms of regulation can become highly complex, and investors can be placed at financial risk.

For example, a 2023 New York City law requires that app-based delivery workers be paid in accordance with the state's minimum wage. A pending legal challenge by Uber, Grubhub, and DoorDash failed to block the law from taking effect.[9] The law may cut into profits for startups whose use of app-based workers is inseparable from their business models. Similarly, following scrutiny from regulators, the Brazilian food delivery startup iFood faced significant financial penalty in 2023 for labor violations related to its use of app-based contract workers.[10]

In other cases, attention from regulators to human rights issues can negatively impact startups even if regulation is not yet in place. Where regulators indicate that regulation pertaining to a sector or a type of technology may be forthcoming, demand for that technology may be affected.

Startups that do not take human rights risks seriously may also struggle to comply with legal and regulatory frameworks that require companies to engage in sustainability reporting and disclosure or human rights due diligence. While some such legal frameworks are relevant primarily for enterprises with large numbers of employees, others—like the EU Corporate Sustainability Reporting Directive (CSRD) and Sustainability Reporting Standards (ESRS)—apply based on maximum net turnover and asset thresholds for companies based both in the EU and elsewhere. This will include some larger startups now, and smaller startups that succeed and grow may find themselves subject to these laws in the future. Alignment with emerging human rights legislation and regulation will be especially critical for the pre- and post-IPO stages.

Compliance with sustainability and human rights regulations can be difficult to achieve if startups have neglected human rights considerations and may require drastic changes that would have been far less onerous and expensive had they been addressed early in a startup's life. Inability to comply with these regulations may result in serious financial damage to companies, including substantial fines and possible bans from public procurement. For example, individual EU member states will define penalties for non-compliance when transposing the CSRD into national law; reporting indicates that some states may impose serious financial penalties and potentially even jail time for company directors.[11]

Other forms of regulation, including legislation pertaining specifically to the technology sector, also require companies to assess and address human rights impacts. The EU Digital Services Act and EU Artificial Intelligence Act, for example, include such provisions and foresee significant fines for non-compliance.

Finally, attention to human rights risks can also help investors and startups ensure more effective and comprehensive adherence to mandatory financial disclosure regimes and voluntary sustainability frameworks. Many such regimes and frameworks either include specific reference to human rights or more broadly call for actions from investors or companies that are highly consonant with respect for human rights. For example, the EU Sustainable Finance Disclosure Regulation makes specific reference to human rights commitments in the form of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The investor actions called for by voluntary investment frameworks such as the UN Principles for Responsible Investment or the Responsible Innovation Labs Responsible AI Commitments are also in line with the protection of human rights.

Partnership risk

Startups may also risk being blocked from sales and partnership agreements with larger companies that are subject to mandatory human rights due diligence regulations, or which maintain supplier or partner codes of conduct. Even where startups themselves are not required to comply with disclosure and reporting frameworks, mandatory human rights due diligence laws, modern slavery acts, etc., these regulations will often apply to larger companies with which startups wish to do business. In these cases, startups that fail to consider human rights may be supplanted by others that demonstrate to business partners that they do not pose a compliance risk.

Risk of failure to meet LPs' sustainability, ESG, or human rights standards

As part of their due diligence before joining GPs' funds, LPs are increasingly examining risks to people in GPs' portfolios. In some cases, this means excluding investments in specific technology subsectors or geographies that LPs consider to pose elevated risks to human rights. It also often means LPs asking GPs questions about their approaches to ESG and human rights risks during due diligence calls. GPs who do not take action to understand startups' human rights risks before investment and help portfolio startups address these risks may find themselves excluded from consideration by LPs or unprepared to provide sufficient answers to LPs' questions about their approaches to such risks.

Differentiation by doing good

Finally, comprehensively addressing human rights risks offers VC investors a valuable opportunity to differentiate themselves from their competitors as leaders in human rights-based investing.

According to the UNGPs, investors have a responsibility to understand how portfolio companies' business activities could adversely impact people's rights and to use their leverage to encourage companies to take steps to ensure that they do not negatively impact human rights. However, very few VC investors are currently meeting this responsibility in the manner described by the UNGPs.

Accordingly, VC investors who do take these actions vis-à-vis portfolio technology startups—GPs through their engagement with startups and LPs through their engagement with GPs—can credibly describe themselves as being on the cutting edge of human rights in the VC space. As links between private capital and human rights risks come under greater scrutiny from the public, the media, regulators and lawmakers, B-Tech believes this distinction will benefit GPs, LPs, and startups alike.

THREE WHAT ACTIONS SHOULD INVESTORS TAKE?

The presence of human rights risks linked to a startup's business activities does not necessarily mean that investors should avoid that startup (though this can be the case if human rights risks are especially severe). More often, what is needed is for investors to take four main steps:

Assess startups' human rights risks before investment and incorporate that information into investment decisions;

Ask and support portfolio companies to establish processes to identify human rights risks and related prevention and mitigation measures;

Continue assessing startups' human rights risks and possible measures to prevent or mitigate resulting impacts throughout the life of an investment;

Ask and support portfolio companies to implement prevention and mitigation measures where necessary to address serious human rights risks.

These actions pertain specifically to investors' approaches to human rights impacts before and throughout the life of discrete investments. This corresponds broadly to investors' human rights due diligence responsibilities as described by the UNGPs. Other elements of investors' human rights responsibilities, including communicating publicly about human rights approaches and providing access to remedy where portfolio companies have caused harm, are also important and may be the subject of future B-Tech guidance.

Summaries of what these actions mean for GPs and LPs are provided below; full step-by-step guides for implementing these actions can then be found in the *B-Tech GP Toolkit* and *B-Tech LP Toolkit*.

Assess human rights risks before and after investment

Before making a funding offer, investors should research potential human rights risks associated with the investment, as well as how negative human rights impacts linked to these risks could be prevented or mitigated. While this human rights-related due diligence has a precise focus that is distinct from other investor due diligence processes, such as environmental impact analysis or risk analysis, it can be integrated into investors' existing due diligence practices. Human rights-related due diligence will often involve both desk research and engagement with relevant external stakeholders (e.g., human rights experts and constituencies likely to be affected by negative human rights impacts that may occur).

The findings from this process should then be factored into investment decisions. This allows investment committees to take into consideration how human rights risks could expose investors to material risk, what changes might be needed to address these risks, and whether implementing these changes is feasible. After investment, investors should continue assessing human rights risks on an ongoing basis

For GPs, this means:

- Assessing startups' human rights risks and possible prevention and mitigation measures before investment;
- Factoring information about startups' human rights risks and their approaches to those risks into investment decisions;
- Continuing to assess startups' human rights risks and possible prevention and mitigation measures on an ongoing basis throughout the life of the investment.

For LPs, this means:

- Assessing human rights risks in GPs' portfolios and GPs' approaches to portfolio startups' human rights risks before investment;
- Factoring information about human rights risks in GPs' portfolios and GPs' approaches to those risks into investment decisions;
- Continuing to assess GPs' human rights risks and possible prevention and mitigation measures on an ongoing basis throughout the life of the investment.

Ask and support portfolio companies to establish processes to identify human rights risks and related prevention and mitigation measures

After investing, investors should use their leverage to encourage the recipients of their capital to establish their own recurring processes to identify human rights risks and measures that could address those risks.

For GPs, this means:

- Asking startups directly to establish a process to identify human rights risks and related prevention and mitigation measures;
- Providing startups with a basic blueprint outlining this process.

For LPs, this means:

- Asking GPs directly to establish a process to identify their portfolio startups' human rights risks and related prevention and mitigation measures;
- Asking GPs to encourage portfolio startups to establish their own processes to identify human rights risks and related prevention and mitigation measures.

Use leverage to encourage portfolio companies to implement necessary measures to address human rights risks

Where investors identify measures that should be implemented to prevent or mitigate serious negative human rights impacts, they should use their leverage to encourage their investees to do so. For GPs, this means asking startups to implement such measures; for LPs, it means asking GPs to encourage startups to implement them.

For investors wondering what is meant by "measures to prevent and mitigate serious negative human rights impacts" and what it looks like for startups to implement these measures in practice, there are three things to know:

Ensuring that a startup's business activities never pose any risk to a person is unlikely; business often involves a baseline level of risk to people that cannot be fully eliminated. Instead, startups addressing human rights risks means taking all reasonable measures to reduce the likelihood that a human rights risk will lead to real world negative human rights impacts ("impact prevention"); and to reduce the severity of impacts that will occur ("impact mitigation"). It also means prioritizing which risks to focus on first based on which have the most severe potential impacts. As discussed earlier, assessing and prioritizing human rights risks is an ongoing exercise given the dynamic nature of these risks.

The actions necessary from startups to address human rights risks may require changes to business practices, but these changes often will not be major ones. They could involve, for example, switching to a supplier with stronger human rights practices or tweaking sales channels to introduce greater end user transparency. Which specific actions are called for will vary depending on the investment scenario. A number of concrete examples of such actions are provided in the annexes to the *B-Tech GP Toolkit* and *B-Tech LP Toolkit*.

On some occasions, however, human rights risks may be so severe and/or so ingrained into a startup's business model that they cannot be effectively addressed. This may occur where the resource cost of implementing the necessary prevention and mitigation measures would imperil a startup's financial viability or where startups and investors cannot come to an agreement about the importance of addressing human rights risks. Where this is the case, investors should strongly consider whether their continued investment is consistent with respect for human rights. This, too, is discussed in more detail in the *B-Tech GP Toolkit* and *B-Tech LP Toolkit*.

Tailor actions according to in-house resources and capacity

Finally, investors should know that implementing these processes **does not need to be overly onerous for investors or startups**, nor does it require deep in-house human rights law capacity. Investors should feel confident that the **short-term resource costs to GPs, LPs, and startups will be outweighed by the longer-term material benefits**.

For investors, establishing a focus on startups' human rights risks does require some investment into research and capacity building, but these actions slot neatly into many standard due diligence and startup guidance practices already maintained by investors in the VC space:

- GPs and LPs already carry out extensive due diligence to determine where to invest their capital. It will not be a major stretch for GPs to include in these processes basic assessments of startups' human rights risks, or for LPs to include evaluations of GPs' approaches to these risks.

- GPs already communicate various requests and expectations of startups related to their business operations; LPs do the same vis-à-vis GPs. Each investor category can communicate some simple requests related to human rights, such as that startups will act in good faith to examine and address their human rights risks, and that GPs will support startups in doing so.
- Many GPs already provide support for founder capacity building and development. Widening the scope to include support for establishing a process to identify human rights risks should be possible without too many additional resources.
- Investors already use their influence to advocate for various changes to investees' business activities where such changes are financially prudent. This paradigm can be extended to changes that are necessary to address human rights risks.

For startups, while identifying human rights risks and implementing measures to address them will require some company resources, these resources will be commensurate with the size and maturity of the company.

For example, early-stage startups may lack operational infrastructure (e.g., human resources and other personnel, relevant policies and procedures, etc.) or their products/services may still be at the ideation stage. At such an early stage, it may be difficult to unpack downstream risks and impacts. Investors entering at these stages may wish to focus on ensuring that startups are supported in embedding human rights into their operations and value chains, so they are ready to identify and act on human rights risks when they become apparent.

Conversely, more mature startups with more solidified business models may invest more resources in their human rights processes, but these companies' more advanced operational infrastructure will be better suited to meet these resource costs.

B-Tech's VC resources are based on consultations with investors, startup founders, civil society organizations, and other experts focused on the nexus of technology, investing and human rights. B-Tech is grateful to all those who engaged with us on this project.

ANNEX: FURTHER READING

This annex contains suggestions for further reading that may interest readers of this Primer.

General information about human rights

'What Are Human Rights?'
OHCHR

'Human Rights Translated 2.0: A Business Reference Guide'
OHCHR

Additional human rights guidance for investors

'Human Rights Due Diligence for Private Markets Investors: A Technical Guide'
UN Principles for Responsible Investment

'Responsible Investment Due Diligence Questionnaire for Venture Capital Limited Partners'
UN Principles for Responsible Investment

'Due Diligence Questionnaire'
Institutional Limited Partners Association

'Human Rights in Private Markets: Tracking and Communicating Performance'
UN Principles for Responsible Investment

'How to Identify Human Rights Risks: A Practical Guide in Due Diligence'
UN Principles for Responsible Investment

'Investors, Environmental, Social and Governance Approaches and Human Rights'
UN Working Group on Business and Human Rights

'Human Rights and Venture Capital: Towards a Pragmatic Tool'
VentureESG

'Taking CTRL: Pathways to Effective Tech Investor Engagement'
Business & Human Rights Resource Centre

'Technology & Human Rights: Salient Risk Briefings'
Investor Alliance for Human Rights

'Navigating the Surveillance Technology Ecosystem: A Human Rights Due Diligence Guide for Investors'
Heartland Initiative, Access Now, and Business & Human Rights Resource Centre

'Human Rights Risks in Tech: Engaging and Assessing Human Rights Risks Arising from Technology Company Business Models: A Tool for Institutional Investor Engagement with Technology Companies'
UN B-Tech Project

'Rights-Respecting Investment in Technology Companies'
UN B-Tech Project

'Investor Toolkit on Human Rights'
Investor Alliance for Human Rights

'Investor Human Rights Policy Commitments: An Overview'
UN Principles for Responsible Investment

'Investing in Stakeholder Engagement for Improved Digital Technologies: A Fact Sheet for Tech Investors'
Business & Human Rights Resource Centre

Reporting on venture capital and human rights

'Silicon Shadows: Venture Capital, Human Rights, and the Lack of Due Diligence'
Amnesty International and Business & Human Rights Resource Centre

[‘Risky Business: How Leading Venture Capital Firms Ignore Human Rights when Investing in Technology’]
Amnesty International

Reporting on specific technology-related human rights risks

Artificial Intelligence

‘Taxonomy of Human Rights Risks Connected to Generative AI’
UN B-Tech Project

‘AI and Human Rights in Financial Services’
BSR

Surveillance

‘Florida Firm’s Webcam Surveillance Violates Human Rights, Dutch Court Says’
Ars Technica

‘Amnesty International Calls for Ban on the Use of Facial Recognition Technology for Mass Surveillance’
Amnesty International

‘Highly Intrusive Spyware Threatens the Essence of Human Rights’
Council of Europe Commissioner for Human Rights

Gig Economy

Letter to Amazon CEO Andy Jassy
Mandate of the UN Special Rapporteur on extreme poverty and human rights

‘Underage Gig Workers Keep Outsmarting Facial Recognition’
Rest of World

‘California: Proposition 22 Threatens Gig Workers’ Rights’
Human Rights Watch

‘Domestic Workers in South Africa Say They’re Forced to Work Extra Hours for Free’
Rest of World

‘Vietnam: Alleged Difficult Complaints Procedure at Shopeefood, Be and Grab Means Gig Workers Lose Money Following Cash-on-Delivery Fraud’
Business & Human Rights Resource Centre

Content Moderation and Data Labelling

‘The Venezuelan Ghost Workers Who Are Feeding Artificial Intelligence’
El Pais

‘Content Moderators Who Worked on ChatGPT Say They Were Traumatized by Reviewing Graphic Content: ‘It Has Destroyed Me Completely’’
Business Insider

‘Mental Trauma: African Content Moderators Push Big Tech on Rights’
Context

Software as a Service

‘Human Rights Assessment of the Software-as-a-Service Sector’
BSR

Financial Services

‘AI and Human Rights in Financial Services’
BSR

Reporting on links between tech companies’ human rights risks and material risk to investors

Reputational Risk

‘Fim de Semana Sem iFood: Motoboys Farão Greve Nacional a Partir de 6ª’
Metropoles

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