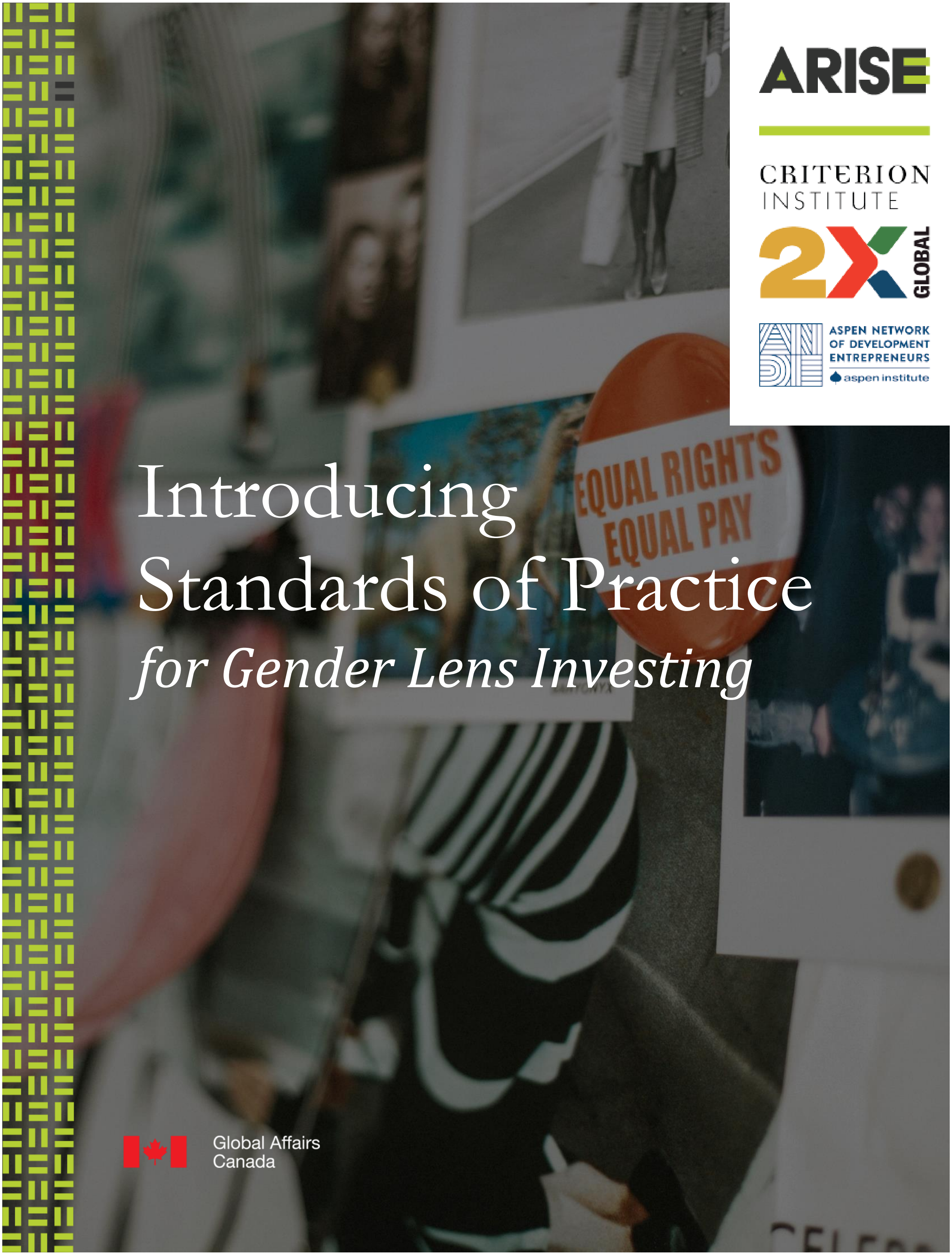

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Introducing Standards of Practice *for Gender Lens Investing*

Global Affairs Canada

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This work has been a collective effort, built over years in collaboration with fund managers, activist organizations, and governments, drawing on important work from leaders across the gender lens investing field. The work is part of the ARISE project, funded by Global Affairs Canada.

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Summary

Over the last two decades the field of gender lens investing has emerged as a systems-change effort to drive progress towards gender equality, and to specifically have gender matter in the decision-making of financial markets. Its aims are broad, ranging from improving corporate governance, to increasing workplace equity and financial inclusion. However, it has not yet reached its potential due to challenges with the quality of implementation. Efforts to improve this to date have focused on naming targets and measuring against them: an important, but incomplete, approach. To determine how finance can actually create those outcomes, we need to look at its practices.

To create transformative impact, we must be creative and diligent in reimagining how finance operates. We need to uncover how power, privilege, and bias operate in finance, and identify specific practices that disrupt those power dynamics and are therefore more likely to lead to better outcomes. We must also uncover, leverage, and create cases where there are equitable power dynamics. To do this, we must begin with the recognition that finance is simply a tool. It is a set of assumptions, structures, and processes made by people, and so it can also be changed by people. We can wield it differently – we just have to be willing to use our power.

This approach of analyzing and disrupting power dynamics stands on years of feminist thought that critically examines the underlying structures and systems of society to understand how they contribute to the perpetuation of the patriarchy. Feminist analysis uncovers the ways in which power imbalances are reinforced through various social, cultural, and institutional mechanisms and identifies ways to disrupt those power imbalances for a more just and equitable society for all genders. Criterion Institute has worked within these feminist principles and collaboratively engaged with actors across the gender lens investing ecosystem to promote and integrate an approach to investment practice that accounts for power, privilege, and bias. The systemization of this approach has resulted in Standards of Practice.

These Standards of Practice aim to activate three leverage points within the financial system: investment analyses, structures, and processes. They are activated by first conducting a rigorous power analysis to identify how power dynamics in current approaches toward analysis, structures, and processes may be getting in the way of social change goals. Then, specific changes in investment practices are identified as Standards of Practice to address those dynamics. The operationalization of these Standards is anchored on the principles of Will to Act, Integrity, Accountability, and Inclusion. Each Standard must address these four principles and each standard setter should adhere to them.

These Standards of Practice were developed for and will be implemented by standard setters - asset owners, foundations, and governments - who want to ask for more to be more effective in creating the change they seek. While this is not all asset owners, many are seeking to use their power to advance gender equality. These standard setters assess fund managers to determine if their investments will achieve these goals. But they often don’t know how to determine if the managers will achieve those outcomes and, as a result, they don’t know what changes in behavior to ask for.

There are early adopters who have integrated aspects of these approaches already. As the pool of standard setters grows, together we are changing how finance operates. Once seeing where power, privilege, and bias hold back social change progress within investment practice – and shifting these practices accordingly – becomes normalized within gender finance (and innovative finance broadly), the entire field will benefit.

The Problem

Over the last two decades the field of gender lens investing has emerged as a systems-change effort to drive progress towards gender equality, and to specifically have gender matter in the decision-making of financial markets. Its aims are broad, ranging from improving corporate governance, to increasing workplace equity and financial inclusion: from sustainably and equitably alleviating poverty, to directly transforming the health and education provided to women, girls, and their families. Gender lens investing holds enormous potential to drive impact across these outcomes; however, challenges with the quality of implementation continue to hold the field back.

To reach its true potential, the field needs to do more to support action and hold investors accountable for whether impact is achieved.

- Progress is already being made to support investors to articulate and track impact metrics. Naming outcomes and measuring against those outcomes is a positive step towards improved implementation of gender lens investing.
- However, more is needed to identify new ways to improve the ability of investors to ensure that they are making the right changes necessary to achieve their social change outcomes.
- In addition to impact metrics that help investors to identify *what* social change outcomes they intend to achieve; investors need guidance on *how* to achieve those goals. Investors need to be able to name how they will change practices to get to the different social change outcomes they seek.

This is the fundamental shift needed for transformative change in the field of gender lens investing – an understanding about which changes in practices are most likely to achieve social change outcomes. There is a strong relationship between the practices an investor implements and how they recognize and use their power in relation to others within those practices, and the likelihood of achieving transformative impact. There is also a strong evidence base, grounded in feminist theory, that points to the importance of integrating a power analysis in investment process to achieve better gender outcomes.

Once power dynamics in practices are revealed, it takes a Will to act to create a change to address power, privilege, and bias; it takes Integrity to ensure that actions align with stated goals; it requires openness to Accountability; and it means taking intentional steps to foster Inclusion – where diverse voices are honored and included in decision-making. These four principles are explored more below.

Understanding power dynamics at play is central for evolving implementation in the field because current finance practices are often embedded with power dynamics—many of them inequitable. These practices become an obstacle to the social change being sought, yet because they usually go unexamined, their effects aren't visible.

Many investment firms declare gender equality as a goal, but they do not address power dynamics in their practices. We need new Standards of Practice that disrupt finance practices, and the inherent power, privilege, and bias within them.

Current Approaches

At its core, gender lens investing offers the potential to advance positive change around a wide range of issues tied to gender equality and justice. This is why it has long sought to capture impact beyond the representation of women on boards or a simple count of women-led businesses. Naming specific gender-transformative outcomes has convened a robust community around a shared agenda. In recent years, increasing discourse among those in the field of gender lens investing has shifted from ***why*** gender lens investing matters, to ***what*** ‘good’ gender lens investing looks like.

Leaders in the field have since taken steps to improve the quality of implementation through efforts targeting what ‘good’ looks like. These efforts have generally fallen across three main approaches: developing frameworks to allow investors to mainstream gender in their investments; screening which funds “count” by requiring that the funds are explicit about having an intentional gender screen for their investments; and focusing on impact metrics.

- In efforts focused on building and implementing frameworks, many tools (e.g., EWB, GEM, SEAF Gender Equity Scorecard Support) provide a framework to support investors to mainstream gender in their operations. Across the frameworks, they generally aim to assess commitment to diversity, gender equality, and women’s economic empowerment, and identify and measure gender equality mainstreaming strategies within portfolio companies. These tools share the belief that mainstreaming gender in the operations will result in improved decision-making and improved profitability, and therefore, gender mainstreaming is considered a value creation activity.
- Other tools, including Veris’s yearly report on gender lens in public equities and Project Sage from the Wharton Social Impact initiative provide overviews of funds that “count” as gender lens investing funds. Both reports require funds to identify whether and how they apply a screen for their investments.
- Efforts to create new impact metrics – including IRIS+ from the Global Impact Investing Network, Sustainable Development Goals, Impact Management Project, and the 2X Criteria, to name a few – are important steps for defining impact goals, measuring progress, and holding investors accountable for whether that impact is achieved. For example, an independent and universally available 2X Certification mechanism will take the previous standard setting work of the 2X Challenge and 2X Global to the next level, enabling investors to move beyond self-assessments through to third-party verification, assurance, and certification.

Taking a further step within these global efforts, over a decade of conversations have been taking place looking at opportunities within the processes, structures, and analysis of finance to deepen the impact of gender lens investing. Acknowledging that impact metrics tied to outcomes will take years to measure, these conversations have highlighted the value of the addition of short-term indicators that track how power, privilege and bias are being addressed within investment practices as a mechanism to increase the confidence that the longer-term gender equality outcomes will be achieved. Ultimately, without paying attention to identifying and tracking specific and measurable changes in practices, the efforts to advance the quality of gender lens investing implementation will be incomplete.

Introducing the Standards of Practice System

As leaders in gender lens investing, Criterion has spent decades working with partners across the field – including donor government agencies, private wealth holders, fund managers, philanthropic foundations, and feminist organizations – to promote and embed a field-level approach to investment practices that account for power, privilege, and bias. The systemization of these practices, an approach we are calling the "Standards of Practice," provides an opportunity to leverage our impact as a unified field.

Often, the goal of industry approaches to standards is to simplify standards – to find a set of common, harmonized requirements that is generally applicable. However, despite the value of simplicity, we have to recognize that investment processes are complex. While any individual process may not be complicated, the fact that there are many processes indicates just how many decisions and actions can be revised to improve gender and power inequities. It's also important to note that if a variable cannot be measured across different contexts, it is often unseen and unvalued by standards, despite the relative importance of its potential to advance gender equality in that context.

The Standards of Practice are not designed to create harmonization and/or a system for ranking and rating different investments or fund managers. Rather, they are designed to provide nuanced, context-specific guidance about finance practices so that these can become more equitable. Standards of Practice facilitate and enable reforming investment practices in very context-specific situations.

The standards are rooted in feminist principles, including a commitment to address intersectional and anticolonial systems of power and privilege for all people. This includes attentiveness to unequal dynamics of power, and to adjusting and improving practices to share power more equitably. There is power in finance beyond who controls capital that is often unseen and underutilized as an opportunity to enact change.

For example:

- Power lies in whose knowledge and lived experiences are validated, and who is or is not included in decision-making processes.
- Power is evident in the way capital holders typically have the most potent decision-making power across every stage of the investment process, which creates a power imbalance between investors and capital recipients.
- There is power in the determination of whose timescale serves as the basis for financial

Therefore, the framework for the Standards of Practice provides a detailed analysis of how power dynamics—both equitable and inequitable—affect how the analysis, structures, and processes in finance can contribute to or impede social impact goals.

The approach to Standards of Practice provides an opportunity to improve equality in finance across the field. While the research that led to the development of the framework for power analyses was conducted within the gender lens investing field, and while the early adopters for implementing these approaches have been gender lens investments, these Standards of Practice are rooted in an intersectional understanding of power dynamics that is not limited to gender. Power dynamics in finance are a barrier for all innovative finance fields seeking to achieve impact. Therefore, the standards are applicable to any of these fields.

How Standards are Structured

The scaffolding of the Standards of Practice approach consists of principles, leverage points, approaches, and then the standards themselves.

Principles

At the highest level, Standards of Practice are connected through four principles that each standard must address, and each standard setter should adhere to. Each standard is structured to incorporate all four Principles in context.

- Will to act: to create changes in their own organization, address bias in their processes and/or demand changes within investees through their investment.
- Integrity: to align their own organizational behavior with the goals they name, to make investment decisions grounded in broader data and analysis, and/or to address power dynamics in relationships, consistently.
- Accountability: to allow scrutiny of organizational practices, to be transparent in the assumptions that drive investment analysis, and/or to ensure investment partners can hold them to account.
- Inclusion: to develop an organization where diverse voices are honored, to incorporate a broader set of knowledge and data into investment analysis, and/or to expand who has decision-making power in investment structures.

Leverage points

At the first level, the approach to standards involves organizing them according to three leverage points for using finance to create social change: investment analysis, structure, and processes of finance.

- Analysis refers to the way investors assign value and what they consider as material (e.g., which factors are considered and their relative importance in calculating a risk score).
- Structures refer to how capital is moved through finance (e.g., different financing vehicles).
- Processes refer to the steps taken to manage the business of investing (e.g., how costs and revenue are accounted for).
- Each of these includes different parts of finance that are further broken down into approaches (below).

These leverage points reflect the different parts of the investment design, decision-making, and implementation cycle, and they are powerful places to create change. Building the approach to Standards of Practice on the workings of finance provides essential context for what standard setters can and should be requesting. In this approach, we also identify the power needed from the standard setters to ask for these Standards of Practice and recognize that exercising power takes willingness.

The approach to Standards of Practice ensures that the requested changes are within the scope of finance operations. This is one of the critical reframes needed in the implementation of gender lens investing – we need to shift from the perspective of asking for *more* to recognize that we have been asking for the *wrong* things.

For example, a “checkbox” approach to accounting for power might suggest including a women's rights organization in all due diligence process. This is a fine idea, but it may or may not reach the desired impact—it may be cost prohibitive, for instance, or fail to move beyond mere representation to full inclusion. In contrast, the Standards of Practice approach might analyze a fund and recommend implementing a standard to ensure that the data that's being used comes from the community being invested in, accounts for and recognizes their internal knowledge, and compensates that community for the contributions of their expertise.

Approaches

Within each leverage point there are several approaches for effecting change. Each approach focuses on a specific context and takes a stance on which power dynamics to address and how to address it. Below are some approaches that would fall under the Analysis leverage point:

- Value gender data in investment risk analysis.
- Assess the validity of data sources through feminist research principles.
- Evaluate risks in companies and markets informed by patterns of gender inequality.
- Integrate social analysis into the methodologies that inform calculations of return.
- Factor social analysis into the evaluation of timing for investments

These approaches cover a variety of focus about the analysis. Some focus on the materiality of gender data, while others are more about which data sets to include or how investors evaluate data validity. There would be many different approaches under the leverage point of “analysis”. We then take the relevant parts of finance and apply the chosen approach to create highly specific standards.

Individual Standards

Each standard examines power, privilege, and bias in different aspects of finance. In the example above, the power dynamics exist in the practices that value traditional data sources above gender data, and the perception that gender data is not relevant to the risk analysis. There is also little transparency on the data inputs or the methodology underlining their evaluation of operating risks.

Once power dynamics have been identified, we are able to suggest a change in practice to address the inequitable dynamics. In the example above – value gender data in investment risk analysis – we would break down different types of investment risk analysis (e.g., foreign exchange risk, credit risk, operating risk, etc.) and specify what gender data to use in the risk analysis. A recommended practice for evaluating operating risk would be:

> Investment analysts incorporate sex-aggregated turnover rate to strengthen their evaluation of operating risks in investment opportunities.

This revised practice can operate as a standard of practice for the field.

Each standard also includes an analysis of **implementation**, including the **cost** of the organizational changes required, analysis of the **power a standard setter** might need to implement the change (including carrots and sticks) and **indicators of change** aligned to the four Principles so you can tell if there is successful implementation in context.

To date, Criterion has identified over 300 specific finance practices that embed power dynamics and so can be disrupted to bring about better impact. A few other examples of these standards of practice are included in the Annex.

A note about operationalizing the standards of practice

We understand that context matters and implementation of the standard of practice will look different in each context but the system of Standards of Practice also includes some indicators of what change can look like when someone has adopted the Standard of Practice. For example, an indicator to know that change is happening in adopting the practice around evaluating operating risk would be:

> "Investment Analysts transparently disclose what gender data they have used and how they have applied this in their operating risk calculation."

This may look different depending on the context of implementation but it's an example of an indicator that incorporates the four principles.

One concern regarding the integration of gender analysis into financial decisions centers on the fear about potentially high implementation costs. The system of Standards of Practice includes an analysis of cost for each standard as this can provide vital information for a standard setter to decide what changes to request. For instance, under the approach of "valuing gender data in investment risk analysis", we can see the following costs to be considered:

- Short-term costs to build and integrate the analysis. Long-term costs should be minimal once the understanding of the risk is incorporated into standard analysis.
- Hidden costs of culture and behavior change to shift bias in the analysis.
- Upfront cost to purchase additional data to be used in a formal risk evaluation process.
- Upfront costs to create and manage feedback loops to ensure that analysis is changing.
- Upfront costs to build the translation function or hire the expertise to translate between an intersectional gender and power analysis and financial analysis.

The Standards of Practice then name the power that standard setters need to have to ask for these changes in practice. For this example, standard setters need to have enough insight into how an investment firm calculates their risk scores. To incent behaviour, standard setters can offer to pay for the additional data collection and incorporation.

These Standards of Practice operate alongside the existing metrics and serves a different function. It provides a nuanced way to evaluate power dynamics within each individualized case of organizational implementation and then to address cases where the power dynamics are inequitable. Recognizing that power operates uniquely in different contexts, choices need to be made about which dynamics to address first and what changes are within the organization or individual's power to make. Therefore, rather than a checkbox that marks how an individual or entity evaluates their processes, the Standards of Practice rely on situational analyses of power dynamics to determine the opportunities for change within a given fund or investment structure. Because the approach to Standards of Practice is nuanced, detailed, and contextual, they provide the scaffolding for an organization – the standard setter – to chart its own path toward improving its intended impact mission and goals.

Implementing Change

The proposed approach to Standards of Practice has been built over years in collaboration with fund managers, activist organizations, and governments, drawing on important work from leaders across the gender lens investing field. Implementing this shift will require a continued collective effort among actors in the field of gender lens investing.

Why are we creating "standards" rather than "better processes"?

In focusing on the development of "standards" we are directly responding to requests from actors in the field of gender lens investing. We have heard investors and standard setters saying that they are willing to ask for different practices but that they also want something that legitimizes what they are asking for within the capability of finance. This common request is what moves beyond individual practices to a field-level standard.

As leaders in the field continue to adapt and uphold them, these improved and more equitable practices will become standards. Standards are reinforced and validated by standard setters, asset owners, advocates, activist organizations, fund managers, and others who have the power to name what changes are necessary. After all, these are the actors who have the power to drive how finance operates.

The success of this approach relies on standard setters using their power to ask for changes in investing practices that disrupt inequitable power dynamics. These 'standard setters' are those who have the power to set a high bar and demand changes to traditional investment norms. In general, these are:

- Asset owners and managers who are deploying capital to investment funds, and
- Donor agencies and philanthropists who are funding technical assistance or other incentives for investment managers in blended finance.

Standard setters have different powers depending on where they operate in the system of finance. Some work at a systems level, others are direct investors. The Standards of Practice include standards addressing all of these different types of power, designed intentionally so that all standard setters can make the specific changes that work for them. While Criterion began our analysis with a focus on power, standard setters will begin with an analysis of the impact they hope to achieve with their investments, and an assessment of how willing they are to push for changes in finance processes that will increase the likelihood of achieving the desired impact.

Positioning standard setters as primary agents of change has an additional benefit in moving away from a reliance on building the business case to advocate for social impact goals. Rather, increased equality and social impact is embedded in the entire financial analysis, structure, and process.

Standard setters and those who control assets need to see themselves as agents of change who can ask for the implementation of practices that embed equitable power dynamics. By embedding the Standards of Practice within specific finance practices and processes, we are ensuring that standard setters are asking for changes that are consistent with what finance can change.

We are already seeing evidence that this evolution of the field is on the horizon. There are organizations who have already implemented aspects of this approach and are continuing to integrate attention to power and process in their investment design for goals of increased equality.

This is how we shift and improve our field. Together with our partners, we have built the scaffolding for standard setters to work with us to continue to analyze and adjust their practices. From here, we invite those of you who have the power to implement and advocate for this approach. Standard setters and asset owners – many of those who were influential in shaping the field's thinking about what is needed to move gender lens investing ahead – can now start to reflect on their own power, and how it might be used to redress imbalances within their own investment practices in service of better outcomes. You are the ones who can continue to refine this approach and demonstrate its feasibility.

As this nuanced and dynamic approach to Standards of Practices spreads, and its reach broadens, it will serve to lift the ability of the field to understand and account for unequal dynamics of power, privilege, and bias.

Annex 1: Example Standards of Practice

Standard

Investment Analysts incorporate patterns of gender inequalities to strengthen their evaluation of operating risks in investment opportunities.

Principle	Power Dynamics	Indicators
Inclusion	Investment Analysts lack diverse knowledge and experiences, so their understanding of operating risks are narrow and biased. Operating risk normally only assesses an organization's back-end operations like tech stack, financial systems, organization structure and work culture. It does not currently value analyzing gender (or other intersectional inclusion) specific dynamics in the organizational structure, process, and analysis.	Investment Firms engage relevant gender experts and organizations to systematize how to understand gender factors when evaluating operating risk Investment Analysts compile gender data from diverse sources (e.g., from companies, academia, civil society, research firms, industry bodies, and governments) to expand their understanding of how patterns of gender inequalities intersect with operating risks. Investment analysts incorporate sex-aggregated turnover rate, parental leave policies, wage discrepancy, career advancement patterns, to strengthen their evaluation of operating risks.
Accountability	Investment Analysts provide little transparency on the data inputs or the methodology underlining their evaluation of operating risks. They fail to connect how the investment decisions underpinning the applications of their data affect the lives of different people in different ways. There is little accountability in how investors assess operating risk until it materially affects the investment	Investment Analysts transparently disclose the gender data used and how it has been applied in their expanded operating risk evaluation Investment Analysts understand and use this expanded evaluation of operating risk factors feeds in their decision-making For the identified operating risk,

	decision. Investment performance is only evident in the long-term so there is little feedback loop on the risk analysis's impact on the investment performance.	investors require risk mitigation plans from potential investees.
Will to Act	Investment Analysts do not value gender inequality as material to operating risk, because it is outside of their traditional evaluation methods of known and real operating risks	Investment Firms empower their Investment Analysts to integrate gender inequalities into their assessments of operating risks. In doing so, they signal that the norms underpinning risk assessments need to be adjusted to reflect gender inequalities as a material risk factor
Integrity	Investment analysts are not incentivized to diversify their experience or expertise to broaden their assessment of operating risk; thus reinforcing existing methods as the norm. Investment analysts are not incentivized to diversify their experience or expertise to broaden their assessment of operating risk; thus reinforcing existing methods as the norm.	Investment firms incentivize their teams through training to diversify their experience and broaden their assessment of operating risk.

Standard

Investment firms challenge existing cost accounting norms and assumptions by valuing social inequity as an important cost factor in managing the complexity of transactions.

Principle	Power Dynamics	Indicators
Inclusion	Investment firms are sensitive to costs. The more complex something appears, the more a firm will charge investors for navigating this complexity. Complexities associated with social inequities are often discounted and passed on as externalities for others to manage, or, not seen as relevant to discuss or	In the firm's budgeting processes, diverse perspectives are valued, and social complexities are named and internalized. Firm commits to including relevant social inequity factors into their assessment of the true costs of managing a transaction.

	include in overall cost accounting. However, financial complexities are more often tolerated and seen as valid.	Investment firms are motivated to collect expanded data sets and how they are used to understand what (if any) costs may be associated with operationalizing and including different complexities
Accountability	Investment firm incentives are designed to manage for cost and risk. In an attempt to reduce risk, costs are often scrutinized for increased control, which can mean a lower tolerance for unfamiliar social inequity complexities as they don't have clarity on how to manage these complexities in a cost-efficient way	Investment firms build transparency and feedback loops into how all types of complexities are evaluated, budgeted, tracked, and reported. Investment firms build transparency and feedback loops into how all types of complexities are evaluated, budgeted, tracked, and reported.
Will to Act	Firms charge investors for the management of what they perceive to be "unmanageable" complexities beyond their control, willing to externalize the cost and pass it on. For certain complexities, firms are willing to internalize and account for it as the cost of doing business. Bias in investment firms' transactions is expressed through their unwillingness to navigate certain complexities and the fact that there are embedded social inequities in how and where they collect and utilize data for cost planning.	Investment firm leadership commits to expand the types of complexities included in cost analysis and planning. Investment managers know how and where to address social complexities in their work Investment firms commit to understanding how social inequity and investing relate, and commit to changing the way they think about and account for costs.
Integrity	Investment firms have revenue tied to investment performance and pay close attention to whether the cost(s) of managing for complexity contributes or detracts from financial performance. The regulatory environment for financial accounting and budgeting is also a barrier to innovating what complex costs can be accounted for.	Investment firms develop incentives for Investment Managers to gather diverse perspectives to understand what true transaction costs are associated with different forms of complexities.

Standard

The Term Sheet reflects the interests of both the investor and the enterprise, and both parties incorporate the agreed terms in future transaction documents

Principle	Power Dynamics	Indicators
Inclusion	Typically, the entity or individual with more power, more experience, or less flexibility offers the initial term sheet. This often sets the tone for an eventual agreement and can also impact the tone of the relationship. In many cases, the lead, largest or first investor will offer a term sheet that becomes the foundation for other investors.	The voice and interest of who are receiving capital within the transaction are given weight in the development of the term sheet. Include more expertise beyond legal and compliance when developing a Term Sheet by inviting other key team members to review the document and participate in discussions. This may include team members responsible for due diligence, relationship management with portfolio companies or subject matter experts. In this way, those closes to the issues can provide input on the feasibility of certain conditions and provide alternatives that achieve the same accountability and are much more grounded in reality.
Accountability	Although the term sheet is "agreed", it is not legally binding. The term sheet is often a window into who has power, where, and how they intend (and are legally allowed) to use it. During and after the creation of the term sheet, until a final agreement is signed, is a great opportunity for the organization who seems or feels to have less "power" to evaluate the behavior of the lead or dominant firm. If there is no sense of mutual accountability and respect, with or after the Term Sheet is the ideal time to re-evaluate the relationship and longer term possibility for success for all stakeholders.	Those placing capital hold themselves accountable for executing future agreements aligned with the terms of the terms sheet. The terms of the document acknowledge potential imbalances in power and expectations, and address those in a way that promotes action and conversation---without legal consequences--to resolve imbalances or conflict. An open dialogue and collaborative dynamic exists so that when one party has concerns about a specific aspect of the document, they are able to discuss these concerns in an open, transparent and collaborative manner to resolve any issues.

Will to Act	Investors have the power to make demands and enterprises often have little power to walk away, "take it or leave it." The term sheet reinforces privilege of those with power and the structural inequities underlying their power, because they are able to set the terms of the agreement. How they name and frame the terms is a reflection of their context and experience and also how they see the relationship transcending. When one party has a concern, they reach out to the counterparty to discuss, in non-confrontational terms, to clarify perceptions, actions and perspectives. The power dynamic is perpetuated when one party perceives or feels they can justify a punitive action and they are not willing to entertain, discuss or collaborate on finding a mutually agreeable solution.	Investors don't use their leverage to demand onerous terms. Those placing capital use their power to ensure the interests of those receiving capital are protected in the agreement.
Integrity	Term sheets are standardized within areas or types of investment and therefore are often out of alignment with the particular context of the investment. This power dynamics plays out not when standard terms are imposed, but rather when the application of standards terms varies from investee to investee, seemingly arbitrarily. This is true when enforcement is not consistent or is based on personal factors. This application and enforcement of standard terms is often a function of bias.	The term sheet is reviewed and adapted to ensure it is in integrity with the context of the investment. Power dynamics between various stakeholders are minimized or reduced, through corporate governance, feedback loops, inclusion of expertise, and general satisfaction of multiple stakeholders including asset owners, asset allocators, and investees