



BUSINESS FOR GOOD

Understanding
the Motivations
for Business
to Create
Shared Value

November 2020

CONSULTING TEAM



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Executive Summary



ABOUT THIS RESEARCH

In 2019, a group of local and regional organizations (Hong Kong Social Entrepreneurship Forum, Ernst & Young and InnoFoco Limited) and the global Social Innovation Exchange (together, the “Consulting Team”) came together, with support of the Social Innovation and Entrepreneurship Development Fund (SIE Fund), to understand the motivations of businesses in creating shared value and making recommendations on wider promotion of the business for good concept.

The Consulting Team took a broad definition of “business for good” whereby companies have adopted different strategies and practices to create value for their shareholders and other stakeholders, including customers, employees, suppliers and the wider community.

We looked into the motivations and push and pull factors for companies to adopt a stakeholder-centric approach in doing business through 18 case studies. We also sought to understand whether the younger population will play an increasingly important role in influencing business behaviour. We conclude the study with concrete recommendations on how different stakeholder groups – particularly government, business, educators and the media – can help promote the wider applications of business for good in Hong Kong.

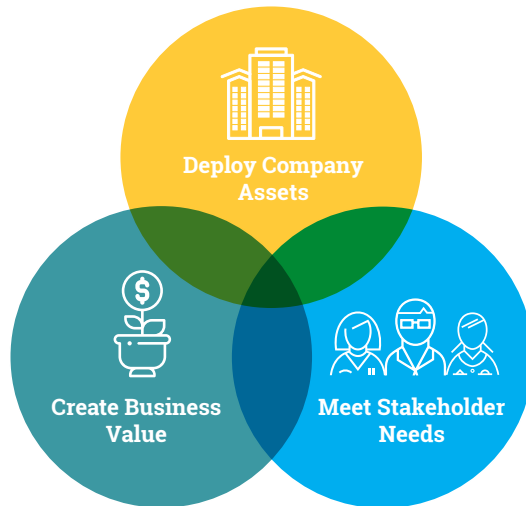
The Case of Business for Good in the 21st Century

In the first chapter, we set the scene and propose that “doing good” should be a core part of a sustainable business strategy instead of an additional agenda.

The coronavirus outbreak has triggered the biggest global economic, health care and social crisis in centuries. This is a time for all sectors to reflect on their approaches and develop new ways of doing things. And it includes the private sector. In the post-pandemic world, the new business landscape is complex and uncertain. Amongst technological advancements, the widening gap between the have and have-nots, the rise in populism, and an increasingly crowded marketplace, business will be under pressure to reinvent itself and identify new engines of growth for some time.

While it is still a mainstream belief of the local business community that profit generation is the sole purpose of a business and “doing good” remains to be one-way giving or corporate volunteering, the world has become increasingly interconnected. Businesses, big and small, are beginning to co-create value with their employees, customers, suppliers or other key stakeholders based on shared interests and values.

What is Business for Good? Progression of Business for Good over Time



Chapter 1.2 identified several drivers that doing good is connected to the company's strategic goals such as: customers are more conscious of the social and environmental impact of brands in a competitive and crowded marketplace; companies find it difficult to attract and retain talents; as well as increasing pressures of compliance and disclosure amongst a downward trend in the level of trust in business.

Chapter 1.3 and 1.4 demonstrated this shift back to the original purpose of business (to serve society) in the vast number of ways companies around the world are describing their public purpose. Many of these terms are used interchangeably, and their meaning may be the same or very similar to one another. Some terms are more popular, or relevant, in different parts of the world.

This is not an exhaustive list of business for good terms, but covers the most popular terms and gives a snapshot of the different ways businesses have gone beyond shareholder values to embrace stakeholder and social values.



* In Hong Kong and some other places, social enterprise is not yet a new legal form but is a recognized strategy to achieve both business and social mission

In this research, we have used the general term “business for good” to describe businesses that have created value for themselves and for society.



From Global to Local Business for Good in the Hong Kong context

We did a quick global scan and identified several commonly-adopted instruments by governments worldwide towards business for good:



ESG disclosure requirements – the most widely adopted government action



Recognition schemes - standards, certifications and awards



Governments changing their procurement policy



Economic incentives – channelling funding and investments



Capacity building – via knowledge exchange



Partnership and collaboration – joint force of government and business

There is a trend for governments to introduce policies and initiatives to drive business for good, and they usually adopt a mix of strategies to incentivize the business sector, leveraging public and private resources to collaborate on critical social issues. Chapter 2.1 shares examples from Germany, the Nordic countries, Mainland China, South Korea and Singapore.

In Chapter 2.3, we examined the push and pull factors in the Hong Kong context and note there is an inadequate reception for Hong Kong government's "carrot and stick". There exists a knowledge gap and lack of curiosity and need for the conventional business sector to understand and pursue business for good strategies. Although the government has relied on ESG regulations to require businesses to increase transparency on how they "do good", the majority of listed companies prepare their ESG reports as a "box-ticking" exercise.

Our research also suggests there is a lack of discussion of business for good in the city's agenda. A majority of businesses equates the concept with giving back to society, or more specifically helping the disadvantaged. The investment community sees business for good largely from the standpoint of "risk management" with initial emphasis on "climate-related risks" and "environmental aspects" only. Despite the current lack of motivation, regulators expressed a positive outlook for business for good in Hong Kong. The current social focus of ESG is on labour practices etc and not enough focus is placed on community investment and the shared value approach. Hence, **creating shared value could potentially be part of the social component under ESG.**

In Chapter 2.4 the Consulting Team identified local stakeholders based on their relevance with our interview objectives, and conducted 26 stakeholder interviews. A full list of the interviewees is in Appendix 1.

During the interviews, we found that there is a bit of confusion related to the concepts and applications of "business for good" in Hong Kong, for SMEs and corporates alike.

The overall consensus from the interviews is that there are different levels of business for good and it is not necessary to prioritise one over the other. Interviewees **highlight the importance of promoting business for good from the business perspective**, how doing good can help them tackle business challenges, identify new growth areas, attract and retain talents, manage risks, and attract customers as well as investors.

A key insight is the need to mainstream the imperative of doing good as an integral strategy for doing well. The interviews underline the paramount importance of the founder/top management of a company to drive the business for good agenda, and the government can play a more proactive role by formulating a strategic and holistic approach to promoting business for good.

Understanding the Motivations for Business to Create Shared Value through Case Studies

The Consulting Team conducted 18 case studies of companies from Hong Kong and around the world embracing business for good. This is a snapshot of different types of activities, not a comprehensive analysis. The write-ups are based on interviews conducted mainly in the third and fourth quarter of 2019.

Since we are interested in what motivates businesses to do good, the cases have been clustered around the primary driver to do good, and are organised around three broad motivation categories. In reality, there are a variety of drivers for these companies to embrace shared value, not just one. The categorisation should not be viewed in a strict sense - rather the motivations are interlinked and not mutually exclusive.

1

The motivation for doing good in developing new business opportunities

“ Making money is important, but we think this is the outcome of what we do, not why we do it. We emphasize impact. We truly care about the impact we have on people around us.”

- NiQ Lai, Co-Owner & CEO, Hong Kong Broadband Network

These case studies demonstrate that companies can be primarily motivated by finding a new business opportunity concurrently with tackling a societal challenge. We listed seven companies in this section - three from Hong Kong, as well as examples from Taiwan, Philippines, Japan and Canada.

Whilst they are very different companies, they all place societal needs alongside business needs. We can detect a strong correlation between a company's innovation capability and their ability to do good and do well. All of these companies value innovation, and are constantly developing new offerings to stay ahead of the curve.

2

Leadership and personal aspirations are driving the motivation to do good

“ I believe it is time for social value to become a 'key financial' and that it be reported on a regular basis. I would invite all our friends and our competitors to do the same.”

- CHEY Tae-Won, Chairman of SK Group, World Economic Forum

The case studies under this category have founders or executive leaders as the primary reason for the company's strategy in creating shared value and shifting towards doing business for good. The influence of the founder or leaders are embedded through each of these companies and their core values are directly reflected in the relationship with their employees and the companies' business goals.

3

External or stakeholder influence as the key in doing good

“ For a healthy company, we need to have a healthy society.”

- *Emre Zorlu, member of the Founding family*

The case studies in this section have enhanced their business for good commitment as a result of a catalyst. This could be an internal catalyst, such as recruitment and retention of talents. Seeing their workforce as an asset, companies embrace mutual value creation and have worked with employees to design a holistic do good and do well business strategy.





The motivation could also be an external catalyst or influence such as government regulations, new policies or a guiding framework such as the UN Sustainable Development Goals. There are four cases in this section - two from the UK, one from Mainland China and one from Turkey.

A summary table of the 18 case studies is attached below. To read these case studies, please refer to Chapter 3.

A Summary Table of the Companies in the 18 Case Studies

Company	Description	Doing Good and Doing Well
<p>Hong Kong Broadband Network: Purposeful Profits (HKSAR)</p> 	<p>Part of the HKBN Group, a leading integrated telecommunications and technology services provider headquartered in Hong Kong with operations in Singapore, Malaysia, Mainland China and Macau</p>	<p>#clear business purpose drives purposeful profits</p> <p>#progressive talent development and management strategies give staff a stake</p>
<p>Humansa: Turning a Social Problem into a Business Opportunity (HKSAR)</p> <p>H U M A N S A 仁 山 樓 社</p>	<p>A holistic health care service provider to address cross-generational caring needs (part of the New World Group)</p>	<p>#ageing society inspired business innovation with data and technology</p> <p>#vision and values to guide sustainable development</p>
<p>Stan Group: Sustainable Business via Purposeful Growth (HKSAR)</p> 	<p>Family owned conglomerate with property, hospitality, financial services and innovative businesses with social purposes</p>	<p>#invest in startup community to identify business growth opportunities</p> <p>#employee incentive programmes to cultivate learning and shared value</p>
<p>Ayala: Growth via Socially Relevant Business Strategies (Philippines)</p> 	<p>A family business with a 185 year history, and is also one of the oldest and largest conglomerates in the Philippines</p>	<p>#interlink social and economic progress to create value to the business</p> <p>#use a profitable business model to find innovative and socially-relevant solutions to respond to the country's challenges</p>

A Summary Table of the Companies in the 18 Case Studies

Company	Description	Doing Good and Doing Well
<p>O-Bank: Gain of Unique Market Positioning via Inclusive Product Innovation (Taiwan)</p> 	<p>Taiwan’s first bank “designed from the ground up as a digital native bank”</p>	<p>#engage customers in supporting philanthropic causes</p> <p>#unique market positioning via inclusive product innovation</p>
<p>Seven & i Holdings Co. : Building Customer Loyalty and Social Infrastructures for an Ageing Society (Japan)</p> 	<p>A Japanese retail group best-known as owner of the 7-Eleven chain of convenience stores in Japan and the USA with a portfolio including superstores, department and specialty stores, and financial services</p>	<p>#the company as “social infrastructure” as well as retail network</p> <p>#collaborate with local governments to provide social services while make the shops more popular to visit</p>
<p>Maple Leaf: Finding New Ways to Grow the Business Sustainably (Canada)</p> 	<p>A major Canadian consumer packaged meats and publicly traded company on the Toronto Stock Exchange expanded their product selection to include meat alternatives</p>	<p>#grow the business sustainably through foresight and needs of future generations</p> <p>#strong leadership to drive the strategy</p>
<p>Grandion Industrial Ltd: Co-creating Business Solutions with Stakeholders (HKSAR)</p> 	<p>An apparel supply chain solution provider with production facilities located in Mainland China and Hong Kong</p>	<p>#sustainable value chain empowering young people and senior technicians and providing personalised customer experience</p> <p>#invest in startups that seek to do good and do well</p>



A Summary Table of the Companies in the 18 Case Studies

Company	Description	Doing Good and Doing Well
<p>Esquel Group: Sustainability-Driven Leadership (Mainland China/HKSAR)</p> 	<p>A vertically integrated textile and apparel company known for its sustainability practices, employing over 55,000 people around the world</p>	<p>#resilient workforce based on shared values</p> <p>#progressive staff development and management policies to guide business decisions</p>
<p>China Light & Power: Creating Shared Value with Systems Level Vision (HKSAR)</p> 	<p>Wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange providing highly reliable power supply to over 80% of the city's population</p>	<p>#ensure good supply of talents for the entire industry</p> <p>#leverage expertise and resources of internal and external stakeholders</p>
<p>LAWSGROUP: Passion Drives Business Transformation (HKSAR)</p> 	<p>A leading apparel manufacturer, which has also expanded into retail and property development businesses</p>	<p>#nurture entrepreneurs</p> <p>#use a stakeholder-centric approach to identify opportunities creatively</p>
<p>SK Group: Embedding Social Value Internally and Building a Social Enterprise Ecosystem (South Korea)</p> 	<p>The third largest conglomerate in South Korea involved in the chemical, petroleum, energy industries, telecom, construction, shipping, high-speed internet and wireless broadband</p>	<p>#help to build social enterprise ecosystem</p> <p>#embed social value in internal decision-making and convert corporate assets into infrastructure for sharing</p>

A Summary Table of the Companies in the 18 Case Studies

Company	Description	Doing Good and Doing Well
<p>Outblaze: Purpose and Scalable Impact Through Technology (HKSAR)</p> 	<p>A digital media products and services company which pioneered in cloud computing services and multilingual communication services for online communities</p>	<p>#growth opportunities by understanding user needs</p> <p>#unique partnership with a social enterprise and youth for game testing</p>
<p>Jenston Technology: Building A Happy Workforce (HKSAR)</p> 	<p>A system integration consultancy and managed service provider for audio-visual solutions and collaboration technologies</p>	<p>#CSR activities aligned with staff development</p> <p>#co-create workplace culture with employees</p>
<p>Zorlu Holdings: A Sustainable and Smart Life for All Stakeholders (Turkey)</p> 	<p>One of the biggest corporate groups in Turkey, operating across a wide variety of industries including electronics, textile, energy, real estate development etc</p>	<p>#UNSDGs as guide to motivate internal change</p> <p>#employees committed to spreading values of the organisation</p>
<p>Ping An: Addressing Social Challenges in Rural Communities as a Strategy to Deepen Market Penetration (Mainland China)</p> 	<p>A Chinese holding conglomerate in the insurance, banking, asset management and internet finance businesses</p>	<p>#alleviate rural poverty by empowering people with technology</p> <p>#new rural investments to build strong multilateral collaborations</p>

A Summary Table of the Companies in the 18 Case Studies

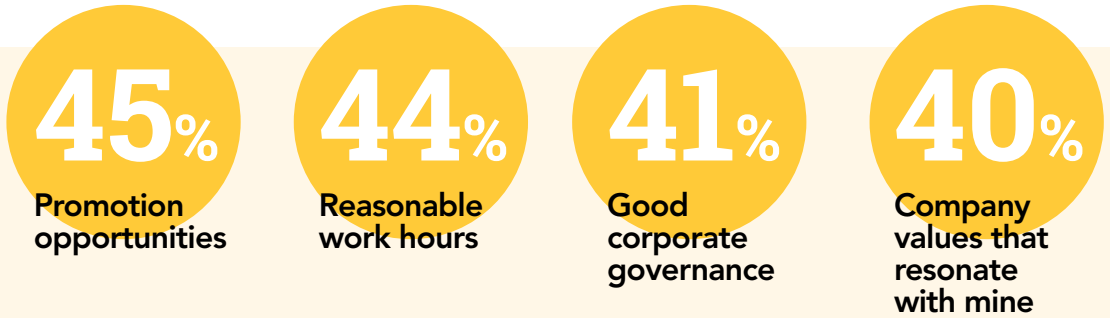
Company	Description	Doing Good and Doing Well
<p>Landsec: Creating Value for All Stakeholders (UK)</p>  <p>Landsec</p>	<p>One of UK's largest commercial property development and investment companies</p>	<p>#social value as a way to stay competitive</p> <p>#understanding supply chain deeply for social impact</p>
<p>Sodexo: Drive Change Across All Business Segments from Within (UK)</p>  <p>sodexo QUALITY OF LIFE SERVICES</p>	<p>A French-origin food services and facilities management company</p>	<p>#regulatory framework opportunity to strength</p> <p>#social value driven culture</p>

Understanding Gen Y and Gen Z in Hong Kong

Our survey with 1,000 Gen Y (aged 25-34) and Gen Z (aged 18-24) in Hong Kong shows that:

Business for good factors are very important in Gen Z's employer choice:

Top 4 most important factors:



7 in 10

Gen Y & Z believe business for good practices can address key business challenges

8 in 10

believe business for good will become more important in influencing consumption and employer choices

57%

of respondents think that Hong Kong is lagging behind international companies in adopting business for good practices

25%

of Gen Z see themselves as important change agents

From international experience, the community plays an important role in influencing business behavior. In particular, the Gen Y (aged 25-34) and Gen Z (aged 18-24) in Europe and North America have increasingly demonstrated their preferences for brands and employers with purposes and values that resonate with theirs. The Consulting Team conducted qualitative and quantitative research to understand if Gen Y and Z in Hong Kong share similar attitudes as their international counterparts.



Some of the key findings are:

1. Utilitarian factors are still the top considerations of the respondents in terms of consumption and employer choices. However, some business for good factors are also considered quite important, especially to Gen Z when it comes to their employer choice.
2. Business for good factors are ranked more important than CSR factors
3. Business for good factors are expected to become more important in future
4. Hong Kong is considered lagging behind in adoption of business for good practices vis-a-vis international practices
5. Business environment is the greatest hurdle for the adoption of business for good practices
6. Different views amongst Gen Y and Gen Z on the change drivers, with the media and government topping the list for Gen Y; and Stock Exchange/ investors and young people themselves for Gen Z.

Our qualitative and quantitative research have generated similar and consistent findings and insights. Gen Y and Gen Z in Hong Kong share appreciation of and welcome business for good practices. Although the concept is not a significant factor in their consumption choice, it is more influential in their employer choice and particularly in the case of Gen Z. Advertising means very little to the respondents in their choices, which begs the question of the value of advertising spending and the return of investment in influencing consumption choice or building brand loyalty. It also seems that CSR practices do not carry a lot of weight in influencing the youngsters' consumption and employer choices.

Please refer to Appendix 5 for the report on Quantitative Research Detailed Findings.

Recommendations

How to Motivate Change and Promote Business for Good

In the final chapter, we provided a series of recommendations that businesses can review and initiate themselves, ways to incorporate shared value in their business strategies. We also explored what the government and other stakeholders can do to encourage businesses to change in the pursuit of doing good.

Our recommendations are organised into 4 categories and explore what should be done, how it could be done, and who can support the changes to take place:



1. Linking business for good to the company's core business

Tackling social challenges should be seen as a new business opportunity, rather than as additional, loss making side projects or CSR/philanthropy.



2. Employees as a resource for doing good/Employees as assets

Internal influences are important drivers for companies to embrace business for good, and they have co-created their purposeful mission with employees, and paid special attention to employees' wellbeing.



3. Understanding and responding to the changing aspirations of young stakeholders

Businesses should understand the changing preferences of young stakeholders as consumers and global citizens. This is a significant factor to drive businesses to do good as strategic foresight and business development.



4. Enhancing the role of government as an enabler in recognizing and promoting business for good

Government should set up a high level task force to promote shared value, recognize the contributions of pioneering companies, and review procurement or other policies to encourage business to provide solutions to social issues, and raise community-wide understanding of the business for good imperative.

For recommendations specified within each category, please refer to the table on the next page:

Recommendation 1



Linking business for good to the company's core business

What should/ could be done?

- Incorporate the company's vision with purpose to align direction of activities, to stay responsive in a complex world, and to strengthen motivation for change internally
- Take an asset based approach which takes into consideration the business challenge and capability that matches the observable social challenge
- Take a stakeholder centric approach, nurturing them into assets for creating sustainable returns in the long-run

How could it be done?

- Establish a guiding framework of change management to kickstart the business for good journey
- Implement Strategic Foresight processes to prepare for the impact of mega trends
- Repurpose and redefine CSR teams as drivers of internal change to create shared value
- Use a design thinking approach

Who can drive the process?

- Bring the Directors on board and embed diversity at the board level
- Get investors and stakeholders informed and involved

Recommendation 2



Employees as a resource for doing good/ Employees as assets

What should/ could be done?

- Attract, engage and increase the productivity of employees, by aligning employees with a common purpose
- Go beyond volunteering and focus on social challenges that matter to employees
- See employees as assets for innovation and developing new business opportunities

How could it be done?

- Start small and find opportunities that can create both social and commercial value
- Establish dedicated internal systems and structures to catalyze change
- Develop a culture of innovation and encourage participation
- Adapt measurement systems to include social value

Who can drive the process?

- Engage a dedicated senior person to drive and support internal change

Recommendation 3



Understanding and responding to the changing aspirations of young stakeholders

What should/ could be done?

- View young stakeholders as an asset to stay relevant and find new business opportunities
- Be genuine - strengthen the business' emotional connections to young stakeholders

How could it be done?

- Cause marketing as a "Do Good" approach
- Support young entrepreneurs as part of a "do good" strategy
- Establish programmes that nurture and train young people to be future fit for the industry

Who can drive the process?

- Business schools to update and redesign curriculum to link doing good with doing well
- Educators to embrace values education and citizenship education to prepare responsible global citizens from a young age

Recommendation 4



Enhancing the role of government as an enabler in recognizing and promoting business for good

What should/ could be done?

- As convenor and facilitate cross-departmental and cross-sector partnership with high level steering
- Co-create a Manifesto and Action Plan on Developing Business for Good with all stakeholders
- Incorporate Business for Good as part of the Sustainable Development Goals for Hong Kong
- Hong Kong Exchange and regulators to be serious about enforcing ESG disclosure requirements

How could it be done?

- Review and create new Public Procurement Policies
- Conduct a SDG mapping exercise to identify which SDGs can provide motivations for businesses to create positive social impact
- Facilitate genuine Public-Private Sector Partnership for service innovation
- Recognize companies who do good and work with intermediaries to motivate and incentivize
- Raise awareness on business for good with various stakeholders, including the media

Who can drive the process?

- Identify an appropriate office in the government (such as The Policy Innovation and Coordination Office) to spearhead and coordinate the new agenda with various bureaux and departments
- Identify a few key champions to work on a couple of concrete and actionable programmes/projects as low hanging fruits in a couple of domains such as digital upskilling and community health

Conclusion

The Consulting Team thanks the SIE Fund and all the people, companies and entities who have given their valuable time to tell us more about their thoughts and actions to embrace business for good.


We believe the traditional dichotomy that business is for making profits and doing good is for nonprofits should no longer be valid. Indeed, we are convinced that companies are better placed to tackle social challenges in the most effective, innovative, agile and efficient way. The focus should be on how a purpose-driven and stakeholder centric strategy could help business in the following ways:

- Identify new growth opportunities by meeting the needs of customers
- Attract, engage and increase the productivity of employees, by aligning them with a common purpose and upskilling them continuously
- Attract, engage and retain customers (especially the Gen Z) by strengthening the brand's emotional connections with its target customers
- Manage supply chain risks by improving the quality, cost effectiveness, speed and reliability of delivery
- Manage reputation risks by making profits not at the expense of the interests of various stakeholder groups
- Improve the financial sustainability of the business by achieving top-line growth, reducing costs and attracting long term investors

Our research has highlighted specific strategies and approaches that can be taken, and there is a thread that links them all - the need for a new narrative, and companies have a key role in driving this transformation.

1

Setting the Scene
The Case of Business
for Good in the
21st Century



Setting the Scene

the Case of Business for Good in the 21st Century

1.1 Introduction

Hong Kong is at the cusp of a momentous transformation. There are widespread sentiments in various quarters of the society that this city has to reinvent itself for a more sustainable future - socially and economically. We are all operating in unprecedented times. This is a time for all sectors to reflect on their approaches and develop new ways of doing things. This includes the private sector.

Businesses must identify new engines of growth amidst an increasingly crowded market place, and the global economic downturn triggered by the coronavirus outbreak. The pandemic also highlights the gaps and the opportunities in the medical and health care system. Technological advancement has created vast and new opportunities but has further engulfed the gap between the haves and the have nots. The recent social unrests in Hong Kong accentuated rising demands for a fairer and kinder form of capitalism, especially amongst the younger segments of the society who feel they are disenfranchised. There is a strong feeling that the Hong Kong economy has to diversify for the sustainable development of the city and to create new and more diverse job opportunities. And this will require substantial upskilling of the workforce to cope with the new world order.

The Social Innovation and Entrepreneurship Development Fund (SIE Fund) commissioned FSG to do a study on Creating Shared Value in Hong Kong in 2017. The report highlighted the need for continued and targeted promotion of the shared value concept in Hong Kong, whereby businesses can create value for themselves and for the society. It also recommended the sharing of local and international best practices and identifying companies that have potential to co-create an agenda to drive changes.

In 2019, the Hong Kong Social Entrepreneurship Forum (HKSEF) successfully sought funding support from the SIE Fund to conduct a follow-up study to the FSG report with the Consulting Team, with a view to understanding the motivations of businesses in creating shared value and making recommendations on wider promotion of the business for good concept. The team members comprise:

- Hong Kong Social Entrepreneurship Forum (HKSEF)
- Ernst & Young (EY)
- InnoFoco Limited
- Social Innovation Exchange (SIX)

(together, “the Consulting Team”)

The Consulting Team is cognizant that there are different terminologies and approaches to business for good (see 1.4). For the purpose of this study, we have taken a broad definition of “business for good” whereby companies have adopted different strategies and practices to create value for the shareholders and other stakeholders, including customers, employees, suppliers and the wider community. We look into the push and pull factors for companies to adopt a stakeholder-centric approach in doing business through 18 case studies. The study also seeks to understand whether the young people in Hong Kong will play an increasingly important role in influencing business behaviors, as we have seen from the experience in Western economies. We conclude the study with concrete recommendations on how different stakeholder groups – particularly the government, business, media and educators – can help promote the wider applications of business for good in Hong Kong.

The study was conducted from July 2019 to Feb 2020, including:

- Background study of the global trends and the different approaches to business for good
- Interviews with 25 stakeholders in Hong Kong (see Appendix 1 for the list) from various sectors including businesses, NGOs, social enterprises, academia, regulators and professional bodies
- Case study interviews with 18 companies (9 Hong Kong companies, 5 Asian companies and 4 from other parts of the world)
- Qualitative research: Two focus groups with Gen Y and Gen Z (aged 18-34) in Hong Kong
- Quantitative research: An online survey with 1,000 Gen Y and Gen Z respondents

1.2 The 21st Century Landscape: Business Challenges Drive Change

It is still a mainstream belief of the business community of Hong Kong that profit generation is the sole purpose of a business. To many businesses in Hong Kong, “doing good” remains to be one-way giving or corporate volunteering. Investment in creating social value is limited, and the impact is seldom measured. Our research focuses on a review of the current business landscape today, drawing on local and global examples, and suggests why “doing good” should be part of a sustainable business’ core strategy instead of an additional agenda.

The New Business Landscape

Navigating a business is a lot more complex and uncertain today. In addition to the global economic challenges which are resulting from COVID-19 and the recent social unrest in Hong Kong, there are longer term trends which have created a new business landscape. The advent of technology has lowered the costs of setting up a business, dis-intermediated the middlemen in the supply chain and made it a lot easier to reach out to customers (as well as talents) in all corners of the world. Technology has also automated many jobs and hence taken away jobs from people who are less educated and digital savvy. The rise of the digital economy is therefore both a blessing and a curse.

In an EY survey in the US,¹ it is found that only 17% Gen Z shop in-store. In the same study, 63% of Gen Z considered shopping online is time-saving and half of them thought selection is better online as well as the prices are lower. Furthermore, the COVID-19 pandemic has forced customers to reduce purchasing from an actual store.²

A Crowded Marketplace

Today’s marketplace is more crowded and competitive than ever. It has become more difficult for businesses of all sizes to retain customers, as we can change our purchase decisions with the click of a mouse. Customers are also more demanding. When “quality” is almost taken for granted, it is becoming increasingly difficult

¹ “One tough customer - How Gen Z is challenging the competitive landscape and redefining omnichannel”, *Ernst & Young*, 2016

www.ejapan.jp/industries/consumer-products/knowledge/2016/pdf/ConsumerProducts-2016-02-01.pdf

² “How to capture the real e-commerce opportunity”, *Ernst & Young*, 22 October 2020

www.ey.com/en_gl/consumer-products-retail/future-consumer-index-how-to-capture-the-real-e-commerce-opportunity

for businesses to differentiate their offerings. Businesses are spending more time figuring out how to go above and beyond to attract and retain customers, without competing solely on price, which always ends up to be a race to the bottom.

Changing Customer Expectations

Consumers are increasingly conscious of social and environmental impact, and expect brands to share their values. Gen Z and millennials, in particular, are eager to be active participants in bettering our world. In a Nielsen study in 2015,³ 73% of global millennials and 72 % of Gen Z are willing to pay extra for products and services from companies dedicated to social responsibility and environmental stewardship, compared to just 51% of boomers. From our recent study (see Chapter 4), the young people in Hong Kong have begun to show preferences to brands with values that resonate with theirs. Reputation management is rising up in the boardroom agenda.

Chasing after Talents

If it is difficult to attract and retain customers, it is perhaps even more difficult to engage talents. In Nielsen's Global Generational LifeStyle Survey (2015),⁴ millennials are roughly two times more likely to leave a job after two years, 1.5 times more likely after five years and half as likely to stay after 10 years, compared to Gen X and boomers.

The young generations also have different expectations of their employers. Professor Lynda Gratton observes that the contract between an organisation and the individual is beginning to change.⁵ In the past, contracts were negotiated in terms of tangible assets, but the contract of the future will be defined more in terms of the meaning of work and job satisfaction. In our survey with young people in Hong Kong, these factors are becoming more influential in their choice of employers (Chapter 4).

Increasing Compliance and Disclosure Pressure

Edelman has conducted an annual trust and credibility survey (the Edelman Trust Barometer) for the last 19 years. The level of trust in business has been on the

³ "The Sustainability Imperative", *The Nielsen Company*, 10 December 2015
www.nielsen.com/us/en/insights/report/2015/the-sustainability-imperative-2/#

⁴ "Global Generational Lifestyles", *The Nielsen Company*, 17 November 2015
www.nielsen.com/hk/en/insights/report/2015/global-generational-lifestyles/

⁵ "Most millennials will only work for purpose-driven firms", *London Business School*, 29 March 2018
www.london.edu/news/most-millennials-will-only-work-for-purpose-driven-firms-1431

downward trend, with widely reported incidences of business malpractices from food safety, irresponsible damage to the environment, infringement of personal data to unfair employment practices. People demand regulations to protect them from bad business practices. Corporates and CEOs are increasingly being asked to exercise a high degree of moral and ethical leadership, by the regulators and by the society at large. These factors have forced companies to look more closely at their health and safety, environmental and wider human rights practices to ensure compliance not only with legislation, but also with developing moral and ethical expectations.

Locally and globally, the pressure for transparent disclosure is compounded by institutional investors, which have increasingly integrated environmental, social and governance (ESG) factors into their investment decision-making. According to recent global research by EY, 98% investors surveyed said they have conducted either an informal or structured evaluation of a target company's non-financial disclosures,⁶ and 70% responded that regulators are best suited to lead efforts to close the information gap between investors and corporations.⁷ Investors become one driver for regulators to continue tightening disclosure requirements, including the Stock Exchange of Hong Kong (HKEX) which announced a revision to the ESG Reporting Guide in December 2019 aiming to ensure the regulatory framework is up to date with investor and stakeholder expectations and international best practices.⁸

Backlash against Runaway Capitalism

The mistrust is directing not just against businesses, but people left, right and centre have questioned the sustainability of runaway capitalism. Capitalism, together with a decade of quantitative easing policy, has enabled the asset owners to become richer and richer. The gap between the haves and have-nots has become wider everywhere in the world, and upward social mobility has become more remote for most people. This has led to the rise of populism and become the breeding ground for social unrest in different parts of the world, so much so that businesses are now feeling an existential threat.

⁶ "How will ESG performance shape your future?", *Ernst & Young*, 22 July 2020

www.ey.com/en_gl/assurance/how-will-esg-performance-shape-your-future

⁷ "Does your nonfinancial reporting tell your value creation story?", *Ernst & Young*, 29 November 2018

www.ey.com/en_gl/assurance/does-nonfinancial-reporting-tell-value-creation-story

⁸ "Consultation Conclusion: Review of the Environmental, Social and Governance Reporting Guide and Related Listing Rules", *The Stock Exchange of Hong Kong Limited*, December 2019

[www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/May-2019-Review-of-ESG-Guide/Conclusions-\(December-2019\)/cp201905cc.pdf](http://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/May-2019-Review-of-ESG-Guide/Conclusions-(December-2019)/cp201905cc.pdf)

As a result, there has been a growing movement toward so-called stakeholder capitalism, which demands that companies – if they are to survive and thrive - should look after not just the interests of shareholders but also those of employees, customers and society. In August 2019, Business Roundtable,⁹ an association of 181 US chief executive officers, changed the official definition of “the purpose of a corporation” from making the most money possible for shareholders to “improving our society” by also looking out for employees, caring for the environment and dealing ethically. Similarly, the British Academy’s “Principles for Purposeful Business” report argues that “the purpose of business is to solve the problems of people and planet profitably, and not profit from causing problems.”¹⁰ In December 2019 the World Economic Forum issued its 2020 Davos Manifesto,¹¹ declaring that “the purpose of a company is to engage all its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but all its stakeholders – employees, customers, suppliers, local communities and society at large.”

Business Ecosystem Comes of Age

Managing a successful business in the 21st century is certainly not an easy task, amidst the challenges on all fronts and also new opportunities in the horizon. Powered by digital technologies, the world has become increasingly interconnected. The economy has been moving beyond narrowly defined industries built upon large and vertically integrated corporations. Businesses, big and small, can co-create value through working with interconnected systems of relationships and partnerships based on shared interests and values, be it with employees, customers, suppliers, other businesses or other key stakeholders in the society.

By working with one another, and the wider community, businesses can leverage wisdom and resources to create new offerings which fulfill the unmet needs of customers - after all, this is the very purpose of business. They will also be able to tackle the increasingly pressing social and environmental challenges that no single organization can address on its own. Companies can, and should, take comfort in the

9 “Statement on the Purpose of a Organisation”, *Business Roundtable*, 19 August 2019
s3.amazonaws.com/brt.org/BRT-StatementonthePurposeofaCorporationOctober2020.pdf

10 “Principles for Purposeful Business”, *The British Academy*, 2019
www.thebritishacademy.ac.uk/sites/default/files/future-of-the-corporation-principles-purposeful-business.pdf

11 “Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution”, *World Economic Forum*, 2 December 2019
www.weforum.org/agenda/2019/12/davos-manifesto-2020-the-universal-purpose-of-a-company-in-the-fourth-industrial-revolution/

fact that they are not alone fighting an increasingly difficult battle in the marketplace. Now is the time for business to find more allies whereby there are no losers but only winners. This will be the new paradigm of business.

1.3 Global Development of Business for Good Concepts over Time

It is only over the last 70 years that the drive to equate corporate purpose with increasing profit has become so acute. Throughout its 4,000-year history from the Code of Hammurabi in Babylonia, through the Roman Republic to the East India Company and the Industrial Revolution, businesses have been motivated by a strong element of public purpose.¹²

With freedom of incorporation in the 19th century came the private company, which was the backbone of the rise of manufacturing industry, service companies and transnational corporations. Families and founders were initially the owners of predominantly private companies. However, during the first half of the 20th century, ownership became increasingly dispersed in the hands of few individuals and then institutional shareholders, such as life insurance companies, pension funds and mutual funds. The changing nature of ownership, and therefore their changes in their governance, led to a shift from corporate purpose being equated with public purpose to a drive for profit maximisation.

This way of thinking was famously described in Milton Friedman's book *Capitalism and Freedom* in 1962: "the one and only social responsibility of business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game". Encapsulated in The Friedman Doctrine, it has defined business practice and government policies around the world for half a century and has been the basis of business education and practice.

As this paper sets out, we are seeing another shift which we believe will set a new direction for business in this century. Businesses are shifting back to their origins.

¹² "Reforming Business for the 21st Century: A Framework for the Future of the Corporation", *The British Academy*, 2018 www.thebritishacademy.ac.uk/documents/76/Reforming-Business-for-21st-Century-British-Academy.pdf

1.4 Glossary of Business for Good Terms

One demonstration of this shift back to business for good is the vast number of ways companies around the world are describing their public purpose. The following Glossary of Terms provides some of the definitions that fall under the umbrella term of “business for good”. Some of these terms are recently created legal structures, standards and criteria aiming at motivating companies to change, develop strategies to create shared value, and embrace business for good.

Many of these terms are used interchangeably, and their meaning may be the same or very similar to one another. Some terms are more popular, or relevant, in different parts of the world. Others incorporate a particular lens or legal structure associated with business for good. This is not an exhaustive list of business for good terms, but covers some of the most popular terms and gives a snapshot of the different ways businesses have gone beyond shareholder values to embrace stakeholder and social values.

This following Glossary section is organised in terms of A. Legal structures, B. Standards and criteria, C. Strategies and D. Intentions and mindsets.

A. Legal Structures

1. Benefit Corporations

A benefit corporation is a legal structure established mostly in North America that requires the directors of corporations to consider more than just profit. A benefit corporation is a traditional corporation with modified obligations committing it to higher standards of: 1. Purpose (commit to creating public benefit and sustainable value in addition to profit); 2. Accountability (consider the company’s impact on society and the environment), 3. Transparency (required to report their social and environmental impact to stakeholders and in most cases the wider public).

The trend has taken off since the first states passed Benefit Corporation legislation in 2010, and many states have since followed suit. The same principles inform Benefit Corporations and B Corps, but B Corps have passed B Lab’s B Impact Assessment. A B Corp is a designation similar to the Rainforest Alliance or Fair Trade label, while a benefit corporation is an incorporating structure, similar to a C-Corp or Limited Liability Company. Some companies are both B Corps and benefit corporations, and some are one or the other.

2. Community Interest Company

A type of company, as designated by UK law, Community Interest Companies (CICs) use their profits and assets for the public good. They are established as a normal company; either as a company limited by guarantee (CLG), or a company limited by shares (CLS), but they have additional features to safeguard their social mission. As with a normal company, CICs benefit from “limited liability”. CICs were introduced by the UK government in 2005.

CICs must carry out activities which fulfill a community purpose. They also have a “lock” on their assets, which prevents profits from being distributed to their members or shareholders. This ensures the assets are used for the community purpose.

They vary in size from very small organisations to multi-million pound enterprises - from small arts organisations to large public health partnerships. The two main differences between CICs and charities are 1. directors can be paid a salary (which is not possible for a charity in the UK), and so CIC founders can retain strategic control of the enterprise by sitting on the board as paid directors; 2. CICs are less heavily regulated than charities. This opens up CICs to be able to contract work like a commercial company, and attract the kind of grant funding traditionally restricted to charities. CICs do not benefit from the same tax advantages as charities.

3. Social Enterprise/Impact Ventures

Social enterprise¹³ is one way to describe businesses that aim to make a profit and then reinvest or donate these profits to create positive social change. They might be reinvested into their business or the local community, allowing them to tackle social problems.

Social enterprises have become increasingly popular and there are a growing number of legal structures to accommodate them, such as community interest companies. Well known examples in Hong Kong include Dialogue Experience and iBakery and in the UK include the Big Issue and Divine chocolate.

¹³ In Hong Kong and some other places, social enterprise is not yet a new legal form but is a recognized strategy to achieve both business and social mission

Recently, specific funds to help social enterprises have been set up. One example is Impact Ventures in the UK - a growth capital impact fund - which invests in enterprises to generate long-term social impact for disadvantaged communities.

B. Standards/ Criteria

4. B Corporation (B Corps)

Certified B Corporations (B Corps) are businesses that meet the highest standards of verified (by the B Lab assessment criteria) social and environmental performance, public transparency, and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy.

In 2006, three friends left careers in business and private equity and created an organisation dedicated to make it easier for mission-driven companies to protect and improve their positive impact over time. The first 82 B Corps were certified in 2007. Some of the most well-known B Corps include Unilever, Ben & Jerry's, and the Guardian Media Group. Although B Corps started in the USA, there are now B Corps all over the world, including Mainland China, Hong Kong and Taiwan.

5. Environmental, Social and Corporate Governance (ESG)

Environmental, social and corporate governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

The story of ESG investing began in January 2004 when former UN Secretary General Kofi Annan wrote to over 50 CEOs of major financial institutions, inviting them to participate in a joint initiative under the auspices of the UN Global Compact and with the support of the International Finance Corporation (IFC) and the Swiss Government. The goal of the initiative was to find ways to integrate ESG into capital markets. A year later this initiative produced a report entitled "Who Cares Wins," with Ivo Knoepfel as the author. The report made the case that embedding environmental, social and governance factors in capital markets makes good business sense and leads to more sustainable markets and better outcomes for societies.

Its rapid growth builds on the Socially Responsible Investment (SRI) movement. Unlike SRI, which is based on ethical and moral criteria and uses mostly negative screens, such as not investing in alcohol, tobacco or firearms, ESG investing is based on the assumption that ESG factors have financial relevance. In Hong Kong, HKEX has announced a revision to its ESG Reporting Guide to respond to heightened investor and stakeholder expectations.

6. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is an evolving business practice that incorporates sustainable development into a company's business model. It has a positive impact on social, economic and environmental factors. Some use the terminology CSR interchangeably with "corporate citizenship".

CSR is by no means a new idea. Some corporations have always incorporated social or environmental responsibility into their business, although the language of "corporate social responsibility" is somewhat newer. The concept began to take hold in the US in the 1970s, when the idea of a "social contract" between business and society was declared by the Committee for Economic Development in 1971.

Like corporate citizenship, CSR can take various forms, and can cut across almost everything a business does. It can involve a range of CSR activities, such as: environmental management, e.g. waste reduction and sustainability; responsible sourcing, e.g. using only fair trade ingredients; improvement of working standards and conditions; contributing to educational and social programmes; employee volunteering; socially responsible investment or philanthropy; development of employee and community relations. ISO26000 Guidance on social responsibility suggests a long list of social responsibility topics which are relevant to a wide range of businesses.

In the Hong Kong context, most companies see CSR from a narrower perspective - CSR is about giving back to the community and CSR activities include supporting charitable events and engaging employees in community visits.

C. Strategies

7. Creating Shared Value (CSV)

Shared value is a management strategy in which companies find business opportunities in social problems. While philanthropy and CSR focus efforts on

“giving back” or minimizing the harm business has on society, shared value focuses company leaders on maximizing the competitive value of solving social problems in new customers and markets, cost savings, talent retention, and more.

Creating Shared Value originates from an article penned by Harvard Professor Michael Porter and Harvard Kennedy School of Government Senior Fellow Mark Kramer. The authors presented the concept of CSV in a 2006 Harvard Business Review article, and detailed it further in a January 2011 follow-up article. According to Porter and Kramer, businesses can create shared value in three ways:

- Reconceiving products and markets – Companies can identify new growth areas whilst meeting social needs
- Redefining productivity in the value chain – Companies can improve the quality, quantity, cost, and reliability of the value chain whilst acting as a steward for essential natural resources and driving economic and social development
- Enabling local cluster development – Companies can thrive and compete better by building the capacity of local suppliers and improving the infrastructure support (e.g. roads and telecommunications)

8. Creating Shared Value (CSV)

Social value, not related to CSV described, is an umbrella term for the broader effects of an organisation, which takes into account the wider economic, social and environmental effects of their actions.

Social value is becoming increasingly standardised through the use of frameworks and measurement standards, like the Social Value Portal. The Social Value Portal’s “TOMs-based social value measurement system” comprises: 1) Themes - the components of an organisation’s “vision” for social value, 2) Outcomes - the positive changes that the organisation wants to see, 3) Measures - what objective indicators will be used to measure whether these outcomes are being met.

It is possible to see the United Nations Sustainable Development Goals (UNSDGs) as a social value charter for the planet. In the UK, the Public Services (Social Value) Act came into force in 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Examples of companies in the case studies (Chapter 3) engaged closely with social value include Landsec (UK) and SK (South Korea).

9. Corporate Social Innovation (CSI)

Corporate social innovation (CSI) - or innovating to have more social impact in the corporate sector - can be described as a way in which the private sector can move beyond CSR (described above) to embracing an entire corporate social strategy. CSI has a focus on innovation - this means new ways of operating and organising, utilizing new technologies and models and partnering with other sectors. CSI can be seen as a pathway to long-term business growth and resilience, and is opposed to socially driven corporate initiatives as branding exercises.

D. Intentions and Mindsets

There are also a set of terms which describe a businesses' intention and value set which are coming into common language in business schools and amongst forums of business leaders. These include:

Corporate Citizenship

- Refers to a company's responsibility toward society through the lens of considering the corporation as another citizen. Different companies will think about their corporate citizenship in different ways. You can think about different stages of corporate citizenship - that range from episodic engagement with social activities - to the entire transformation of a corporation by fully integrating social purpose.

Mutuality (the basis of the cooperative movement)

- A principle that emphasises the fair distribution of the burdens and benefits of a firm's activities.
- Is seen as a promising new business management and organising value with the potential to strengthen stakeholder relationships and to improve sustainability.

Purposeful Business (Purpose Driven)

- Decisions are based on social purpose, and profit is seen as an outcome rather than a driver. The use of "purposeful" or "purpose-driven" moves beyond talking about the purpose of any business, to include only those corporations that exist primarily to tackle a problem in the world, using the business as a vehicle for change.

Regenerative Business

- Focuses on being first people-centred, then mission driven. Regenerative businesses strive to develop the capacity and imagination of purposeful

employees. They reposition themselves almost as living human development labs, which focus on the journey or process of using teamwork and creativity to regenerate the systems within which they operate. This might include radically questioning the habits of the business, or reimagining the business's hierarchy.

- The notion of regenerative business has existed for several decades, as many looked for ways to talk about new forms of business that went beyond thinking just about sustainability and resilience. Since then, the concept has spread in part thanks to the work of Carol Sanford. Sanford cites Procter & Gamble as an early leading example of a business producing return on investment with people and assets.

Responsible Business

- This term is used in the UK by the Prince's Business in the Community network and defines responsible business as one that 'puts creating healthy communities and a healthy environment at the centre of its strategy to achieve long-term financial value'.

Sustainable/ Environmental Business

- Used to describe business that is considering the impact of its activities on society in general, but it is more specifically used to refer to the environmental impact of a corporation. A sustainable business is one that is environmentally friendly. This might include not consuming unsustainable resources; producing minimal waste; investing their money or developing environmentally friendly technologies; or trying to reduce global warming.

Business has always both depended, and had an impact on the natural world. This relationship between business and the environment is increasingly being scrutinised, and there are more sustainable or environmentally conscious businesses gaining popularity.

For the purpose of this paper, the general term "business for good" is used to describe businesses that have created value for themselves and for the society.

2

From Global to Local Business For Good in the Hong Kong Context

From Global to Local

Business for Good in the Hong Kong Context

In this chapter, we look more closely at the Hong Kong context. We start from the global and Asian perspective, looking specifically at the role of governments in promoting, driving and supporting Businesses for Good approaches, whether that be through policies, plans, or commonly adopted instruments. We then drill down and look at how these global approaches are reflected in the Hong Kong context. We examine push and pull factors in Hong Kong, and we share insights from 25 interviews with local stakeholders on their diverse views on the understanding and adoption of business for good.

2.1 Role of Government to Drive Business for Good: A Quick Global Scan

Globally, governments are introducing more initiatives to drive business for good, and those which take a more proactive role usually adopt a mix of strategies to incentivize and support the business sector.

Integration of Business Creating Shared Value in National Plans and Strategic Frameworks

Some jurisdictions have actively discussed business for good as part of their national strategies for long-term socio-economic prosperity and international competitiveness. It is often associated with the countries' agenda in achieving the Sustainable Development Goals (SDGs) of the United Nations. Some governments are proactive in leveraging public and private resources for collaborative actions on critical social issues and focus on shaping an enabling environment.

- In Germany, the government promotes business for good with an action plan¹⁴ to encourage joint solutions between the public sector, business, unions and civil society. Proposed measures include a national business for good engagement

¹⁴ In Hong Kong and some other places, social enterprise is not yet a new legal form but is a recognized strategy to achieve both business and social mission

website,¹⁵ CSR awards to endorse companies' effort in doing good, and a partnership programme to support business expansion in developing countries with positive social impact.¹⁶

- Acknowledging the international attention on Nordic's health and welfare solutions, the Nordic Council of Ministers formed an official intergovernmental body to fund and nurture marketable solutions that support the region-wide development priorities by a series of lighthouse projects^{17 18} stimulating new business solutions.
- In Mainland China, given the significance of state-owned enterprises, government mandates are strong. In supporting "Targeted Poverty Alleviation" strategy,¹⁹ China issued highly instructive guidelines on aspects such as rural financial inclusion²⁰ and e-commerce empowerment,²¹ specifying reforms that enterprises need to initiate, to tap into the low-income²² and silver age markets emerging from rural poverty and an ageing population.
- In Korea, the Seoul Metropolitan Government incorporates social innovation as one of its four pillars of their city initiatives.²³ Intending to make Seoul a world-class socially-innovative capital, it seeks to build partnerships with the business sector to resolve urban planning and social problems. It establishes agenda, policies coaching of innovators through incubators²⁴ such as the Seoul Innovation Center²⁵ and Seoul Social Economic Center.²⁶
- The Singapore government's National Tripartite Initiative on CSR was established in May 2004, involving a top-down tripartite approach between business, unions, and government, aiming to develop effective strategies and approaches to promote doing good and create social impacts.

15 *National CSR engagement website*, Federal Ministry of Labour and Social Affairs

www.csr-in-deutschland.de/EN/Home/home.html

16 "Criteria for your participation in the developPPP.de-programme", *Federal Ministry for Economic Cooperation and Development*, www.developppp.de/en/the-criteria-for-participating-in-the-developpppde-programme/

17 "Innovative Nordic Welfare Solutions", *Nordic Innovation*

www.nordicinnovation.org/programs/innovative-nordic-welfare-solutions

18 "Digital Health & Care 4.0", *Nordic Innovation*, www.nordicinnovation.org/programs/digital-health-care-4o

19 "國務院辦公廳關於深入開展消費扶貧助力打贏脫貧攻堅戰的指導意見", 國辦發〔2018〕129號, 中華人民共和國中央人民政府, 2019年01月14日, www.gov.cn/zhengce/content/2019-01/14/content_5357723.htm

20 "創新金融扶貧機制的兩個要點", 國務院扶貧開發領導小組辦公室, 2016年12月29日,

www.cpad.gov.cn/art/2016/12/29/art_22_57901.html

21 Xubei, Luo, "E-commerce for poverty alleviation in rural China: from grassroots development to public-private partnerships", *World Bank Blogs*, 19 March 2019, blogs.worldbank.org/eastasiapacific/e-commerce-poverty-alleviation-rural-china-grassroots-development-public-private-partnerships

22 "中國保監會、國務院扶貧辦關於做好保險業助推脫貧攻堅工作的意見", 國務院扶貧開發領導小組辦公室, 2016年5月26日, www.cpad.gov.cn/art/2016/5/26/art_1744_36.html

23 City Initiatives - Social innovation, *Seoul Metropolitan Government*

english.seoul.go.kr/policy-information/key-policies/city-initiatives/4-social-innovation/

24 Wonjae, Lee, "Innovating Local Government, Under Mayor Park Won-Soon, the City of Seoul has become a leader in fostering social innovation", *Seoul Solution*, 16 February 2017,

seoulsolution.kr/en/content/usstanford-social-innovation-review-innovating-local-government

25 *Seoul Innovation Park Website*, en.innovationpark.kr/about-seoul-innovation-park/

26 *Seoul Social Economy Center Website*, en.innovationpark.kr/about-seoul-innovation-park/

2.2 Commonly-adopted Instruments towards Business for Good

ESG Disclosure Requirements – the Most Widely Adopted Government Action

In Hong Kong, Mainland China, Taiwan, Japan, Singapore, Malaysia, the United States, the United Kingdom, France, Denmark, Australia,²⁷ governments or stock market regulators introduce ESG reporting requirements applicable to, mainly, listed/ traded companies, to disclose social policies and performance metrics. While in 2019 social disclosure is still a voluntary “recommended” practice in Hong Kong, it has been either mandatory (Mainland China, Taiwan, Singapore, Malaysia, the United States, the United Kingdom, France, Denmark) disclosure, or on a “comply or explain” principle (Japan, Australia) in most developed countries or regions.

Recognition Schemes - Standards, Certifications and Awards

A recognition scheme combines informational features for the public with economic or marketing values for companies²⁸ and often involves highly regulated evaluation processes. In Japan, government introduces schemes^{30 31} to assess and certify quality houses with longer life-span that respond to social needs in their design, such as considerations for the aged, accessibility and maintenance. Citizens who buy these homes with certification can enjoy lower mortgage interest rates.

Governments Changing Their Procurement Policy

Some governments demonstrate leadership to promote business for good by engaging the private sector in their public procurement. In the United Kingdom and Netherlands, governments consider social impact during public procurement processes by introducing sustainable public procurement policy and amending related legal framework, that companies must attain minimum scores to become eligible suppliers.^{32 33}

27 ESG Disclosure Guidance Database, *Sustainable Stock Exchanges Initiative*, sseinitiative.org/esg-guidance-database/

28 Explanation is needed if the company fails to disclose.

29 Reinhard, Steurer, “The Role of Governments in Corporate Social Responsibility: Characterising Public Policies on CSR in Europe”, *Policy Sciences* 43: 49-72 (2010), link.springer.com/article/10.1007/s11077-009-9084-4

30 “Creating a Comfortable Living Space”, In *White Paper on Land, Infrastructure, Transport and Tourism in Japan 2018*, Ministry of Land, Infrastructure, Transport and Tourism, www.mlit.go.jp/common/001269903.pdf

31 Kazutoshi, Fujihira, “Background: Existing Japanese Systems Related to Sustainable Housing”, 2017, *IntechOpen*, cdn.intechopen.com/pdfs/57403.pdf

32 “Social Value in Government Procurement”, Cabinet Office and Department for Digital, Culture, Media & Sport, The UK Government, 11 March 2019, www.gov.uk/government/consultations/social-value-in-government-procurement?dm_i=2OYA,UVFP,1F73R,3796A,1

33 “Sustainable Public Procurement (SPP)”, *Dutch Public Procurement Expertise Centre*, www.pianoo.nl/en/public-procurement-in-the-netherlands/sustainable-public-procurement-spp

Economic Incentives – Channelling Funding and Investments

Apart from public funding schemes, some governments make efforts to channel private social investment to the right projects. The Singapore government offers grants for SMEs to support the third-party review and certification for green, social and sustainability bond status.³⁴ In Japan, the government issues social impact bonds as a new financial product to channel private investment to healthcare research projects.³⁵

Capacity Building – via Knowledge Exchange

The ASEAN Business Advisory Council brings together business sector and other stakeholders for knowledge exchange in the ASEAN Responsible Business Forum.³⁶ In Germany, the government organizes the National CSR Forum³⁷ annually to gather ideas on its positioning in EU, CSR strategy and individual social topics.

Partnership and Collaboration – Joint Force of Government and Business

In jurisdictions where business readiness to do good is relatively higher, governments take the initiative to collaborate with the business sector. The Nordic Council of Ministers³⁸ fund marketable social welfare solutions such as Digital Health & Care 4.0 and then help replicate these to other countries to tackle social challenges brought by an ageing population.³⁹ In Japan, the government collaborates with corporations in multiple prefectures to develop innovative products from local villages, such as large-scale coffee cultivation,⁴⁰ new beer⁴¹ and other new products⁴² to revitalize under-developed areas.

34 "Sustainable Finance Initiatives", *Monetary Authority of Singapore*, 1 June 2019, www.mas.gov.sg/schemes-and-initiatives/sustainable-finance-initiatives

35 "METI to Hold a Seminar Titled 'SIB Seminar: Discussion on the Feasibility of Introducing a Social Impact Bond System to Solve Social Challenges in the Field of Healthcare'", *The Ministry of Economy, Trade and Industry*, January 2018, www.meti.go.jp/english/press/2018/0111_001.html

36 ASEAN Responsible Business Forum Website, aseanrbf.org/about-arbf

37 National CSR Forum, *Federal Ministry of Labour and Social Affairs* www.csr-in-deutschland.de/EN/Policies/CSR-national/National-CSR-Forum/national-csr-forum.html;jsessionid=6AE75872FB3CFEF8F13F54F2AF2AD9CA

38 An official intergovernmental body for cooperation in the Nordic region. The Nordic cooperation consists of Sweden, Denmark, Norway, Finland and Iceland, in addition to the self-governing areas of Greenland, the Faroe Islands and Åland", www.nordicinnovation.org/about-us

39 Nordic Welfare Solutions, *Nordic Innovation*, www.nordicinnovation.org/welfaresolutions

40 "Creating Shared Value Activities in Japan", *Nestlé Japan Website*, May 2019, jp.factory.nestle.com/sites/g/files/pydnoa331/files/2019-09/CSV%20report%202018%20activities%20in%20japan.pdf

41 Kirin Report 2018, *Kirin Holdings Company Limited*, 2018, www.kirinholdings.co.jp/english/ir/library/integrated/pdf/report2018/kirinreport2018e.pdf

42 "Creating Shared Value Initiatives in Japan", *Nestlé Japan Website*, May 2019, www.nestle.co.jp/sites/g/files/pydnoa331/files/2019-09/190911_%E3%83%8D%E3%82%B9%E3%83%ACCSV2018_JE.pdf

2.3 Push and Pull Factors in the Hong Kong Context

Inadequate Reception for Hong Kong Government's "Carrot and Stick"

In Hong Kong, the SIE Fund promotes business for good in the form of, for instance, CSV and social entrepreneurship, as a means to addressing the problem of poverty and social integration of the local community. The SIE Fund is dedicated to supporting research, capacity building and innovative projects related to poverty alleviation and social integration. However, it is noteworthy that the majority of projects funded were initiated by social purpose organizations, enterprises and individuals.⁴³ This may imply an information and knowledge gap, and to a certain extent lack of curiosity and need of the conventional business sector to understand and pursue business for good strategies. From our stakeholder interviews, the business community may also be reluctant to apply for government funding as the mechanism is perceived as complex, cumbersome and not business-friendly.

Apart from incentives, the government relies on regulations to require businesses to increase transparency on how they "do good". To address the demand of investors for information on corporates' non-financial performance,⁴⁴ since 2015 Hong Kong Exchanges and Clearing Limited (HKEX) has required all Hong Kong listed companies to publish an annual ESG Report in accordance with its ESG Reporting Guide ("the Guide").⁴⁵ It stated the Directors' responsibilities on management of ESG issues. Disclosure requirements cover policies, status of compliance with related laws and regulations as well as performance metrics of "material" aspects, including environmental, as well as social topics such as community engagement and investment, labour standards and product responsibility. Although corporates are mandated to disclose their ESG-related information, two research published by HKEX in 2018 and Ernst & Young in 2017 to 2018⁴⁶ respectively concluded that the majority of listed companies prepare their ESG reports in a "box-ticking" superficial manner. In particular, the disclosure rate of policies on community investment (89%) is lower than that of all other social aspects (at least 94%) and environmental aspects (at least 93%).⁴⁷

43 SIE Fund official website data, www.sie.gov.hk/en/our-work/funded-ventures/index.page

44 "Consultation Paper: Review of the Environmental, Social and Governance Reporting Guide", *Hong Kong Exchanges and Clearing Limited*, 2015, www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Environmental-Social-and-Governance/Exchange-Publications-on-ESG/cp201507.pdf?la=en

45 ESG Reporting Guide, *Hong Kong Exchanges and Clearing Limited*, www.hkex.com.hk/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/ESG-Reporting-Guide-and-FAQs?sc_lang=en

46 "Analysis of Environmental, Social and Governance Practice Disclosure in 2016/2017", *Hong Kong Exchanges and Clearing Limited*, 2018 www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Environmental-Social-and-Governance/Exchange-Publications-on-ESG/esgreport_2016_2017.pdf?la=en

47 "A review of Hong Kong Listed Companies' progress in Environmental, Social and Governance (ESG) disclosure", *Ernst & Young*, 15 October 2018, www.ey.com/cn/en/newsroom/news-releases/news-2018-ey-a-review-of-hong-kong-listed-companies-progress-in-esg-disclosure

Lack of Discussion of Business for Good in the City's Agenda

The ESG disclosure requirement by HKEX is part of the bigger plan to position Hong Kong as a regional financial hub. The Financial Services Development Council (FSDC) has issued its ESG Strategy to recommend a direction for Hong Kong to build an ESG Investment Ecosystem.⁴⁸ The Securities and Futures Commission (SFC) plans to obligate asset managers to disclose how and to what extent ESG factors, and especially environmental factors, are integrated into investment decisions.⁴⁹ The Hong Kong Monetary Authority (HKMA) is adopting measures to support and promote Hong Kong's green finance development.⁵⁰

Based on our interviews with relevant stakeholders, advocating and promoting business for good in the form of CSV as part of ESG disclosure is not yet part of the agenda. The investment community and regulators see business for good largely from the standpoint of "risk management" with initial emphasis on "climate-related risks" and "environmental aspects" only.

One reason behind is that asset owners and asset managers see ESG as a risk management topic to their investment decision making. Both FSDC and HSBC research showed the current ESG disclosure and use of ESG funding focused on the environmental rather than social and governance aspects.^{51 52} Representatives of the Hong Kong CFA Institute and the Hong Kong Society of Financial Analysts shared similar views. Leading companies are paying less attention to social aspects, and investors find limited relevance of social value creation to their investment decision making.

The Opportunity from Enhanced ESG Disclosure Requirements

Despite the current lack of motivation of the business sector, regulators expressed a positive outlook for business for good in Hong Kong. HKEX believes that their work on promoting the formation of formal ESG working groups within corporates to ensure the board's oversight and involvement in ESG matters, may offer some opportunities for innovation. The current social focus of ESG is on labour practices,

48 Financial Services Development Council, Hong Kong, 2018, FSDC Paper No. 36: Environmental, Social and Governance Strategy for Hong Kong, [www.fsd.org.hk/sites/default/files/ESG paper %28Eng%29_Final.pdf](http://www.fsd.org.hk/sites/default/files/ESG%20paper%28Eng%29_Final.pdf)
49 Securities and Futures Commission, 2018, Strategic Framework for Green Finance, [www.sfc.hk/web/TC/files/ER/PDF/SFCs Strategic Framework for Green Finance - Final Report \(21 Sept 2018...pdf](http://www.sfc.hk/web/TC/files/ER/PDF/SFCs%20Strategic%20Framework%20for%20Green%20Finance%20-%20Final%20Report%20(21%20Sept%202018)...pdf)

50 Hong Kong Monetary Authority, 07 May 2019, HKMA introduces key measures on sustainable banking and green finance, www.hkma.gov.hk/eng/key-information/press-releases/2019/20190507-4.shtml

51 Financial Services Development Council, Hong Kong, 2018, FSDC Paper No. 36: Environmental, Social and Governance Strategy for Hong Kong, [www.fsd.org.hk/sites/default/files/ESG paper %28Eng%29_Final.pdf](http://www.fsd.org.hk/sites/default/files/ESG%20paper%28Eng%29_Final.pdf)

52 HSBC Bank plc, 2018, Sustainable Financing and ESG Investing report, www.hsbc.com/-/files/hsbc/news-and-insight/2018/pdfs/180911-hsbc-sustainable-financing-and-esg-investing-report.pdf

supply chain social risk management etc, and not enough focus is placed on community investment and the shared value approach. Hence, creating shared value could potentially be part of the social component under ESG.

2.4 Local Stakeholders' Views on Business for Good

To understand the current landscape of business for good in Hong Kong, the Consulting Team identified the following local stakeholders based on their relevance with our interview objectives, and conducted 26 stakeholder interviews. They included key players advocating the imperative of business for good, and the full list is set out in Appendix 1.

Stakeholder groups	Organizations interviewed
Advocacy platform, think tank or NGO promoting business for good	<ul style="list-style-type: none"> • Consumer Council • G For Good • Hong Kong Council of Social Services • Our Hong Kong Foundation • Shared Value Project Hong Kong • Individual SIE Fund Task Force Members
Social enterprise	<ul style="list-style-type: none"> • Education for Good
Venture philanthropy fund	<ul style="list-style-type: none"> • Social Ventures Hong Kong
Academia	<ul style="list-style-type: none"> • The Centre of Business Sustainability, The Chinese University of Hong Kong
Industry organization and professional body	<ul style="list-style-type: none"> • Federation of Hong Kong Industries • Hong Kong Management Association • Chartered Financial Analyst Institute • Hong Kong Society of Financial Analysts • Hong Kong Institute of Social Impact Analysts • Hong Kong Institute of Human Resources Management • Hong Kong Retail Management Association
Investment community	<ul style="list-style-type: none"> • RS Group
Regulator	<ul style="list-style-type: none"> • Hong Kong Exchanges and Clearing Limited • Securities and Futures Commission
Business leader	<ul style="list-style-type: none"> • Eaton Hotel • Rosencrantz & Co Ltd • Vivien Teu & Co LLP • Airport Authority

2.5 Insights from Stakeholder Interviews

The key insights the Consulting Team took away from the interviewees include: their understanding of the definition and framework of “doing good”; the current state of development of business for good in Hong Kong’s business sector; their views on the key drivers of business for good, and the role of different stakeholders in promoting social value creation; and where appropriate, whether business for good is one of the current or future foci of their organization.

The interviewees’ opinions and insights are summarized below.

1. Meaning of Social Value

Most interviewees do not have a precise definition of what social value means. Some give stronger emphasis to benefiting the less privileged class. Others take a broader perspective and believe even though their primary customer segment may be middle or upper middle class there is a spillover effect to all sectors.

“People from different socio-economic backgrounds have different unmet but important needs. Creating social value is about addressing the needs of any segment of the community.”

- Wendy Luk, Senior Manager, Caring Company Scheme,
Hong Kong Council of Social Service

2. Limited and Different Understanding of Terminologies and Frameworks

“Capacity building at the C-Suite level is important.”

- Prof Carlos Lo, Centre of Business Sustainability

During the interviews, we found that there is a bit of confusion related to the concepts and applications of “business for good” in Hong Kong, for SMEs and corporates alike. There are many terminologies related to the concept, and different assessment frameworks such as Hong Kong Sustainability Index (for both SMEs and corporates), Hang Seng Sustainability Index (for companies listed on the Hong Kong Exchange) etc.

Different people and organisations may have different interpretations of the terms. Some believe that CSR is about businesses not doing harm to the society and environment. Some associate CSR with charity acts and volunteer work whereas CSV is a more strategic and progressive form of CSR with “doing good” incorporated into the business strategy.

There is also considerable skepticism surrounding the different assessment frameworks and that they are too complex and cumbersome for SMEs. Maria Rosencrantz, Adjunct Associate Professor, Hong Kong University of Science and Technology agreed that there is room to simplify the standards to suit specific business and market needs. “It is very important for each business to seek to understand which aspects of its operations that can cause material impact to the environment and key stakeholders, and to seek to mitigate any potential harms and enhance positive impacts. This should be part of management’s strategic priorities and followed-up with appropriate actions by all lines of the business as well as reflected in corporate reports.”

The overall consensus is that there are different levels of business for good and it is not necessary to prioritise one over the other. A few interviewees also point out the need to view the net social value generated by a company. A business can do very good conventional CSR activities but it will not be that beneficial or meaningful if other aspects of its business contain social and/or environmental hazards.

“There is a spectrum of business for good activities. It does not necessarily mean that we should advocate one at the expense of the others.”

- Alvin Miu, Executive Director, MFJebsen Group and
Vice-Chairperson of the SIE Fund Task Force

3. The Business Case of Business for Good

“As a business strategy CSV creates competitive advantage and ultimately builds trust with stakeholders. By aligning profit and purpose, companies can build legitimacy and future-proof their business.”

- Gaelle Loiseau, CEO of Shared Value Project HK

Most interviewees believe it is not necessary nor desirable to dwell on terminologies. They highlight the importance of promoting business for good from the business perspective, how doing good can help them tackle business challenges, identify new growth areas, attract and retain talents, manage risks, and attract customers as well as investors. It is time to mainstream the imperative of doing good as an integral strategy for doing well. Many interviewees realise it will be easier to start with creating value with employees. “The ideal scenario is every business organization has a social purpose doing good to the society at different levels, and in future

there is no need to differentiate business from social enterprises,” said Dr Jane Lee, Chairperson, Social Innovation and Entrepreneurship Development Fund Task Force.

“Creating shared value with employees could be a good entry point for Hong Kong companies, as recruitment and staff retention are big problems for most businesses”.

- Lehui Liang, Head of Purpose Capital, Social Venture Hong Kong

4. The Leadership Imperative

The stakeholder interviews underline the paramount importance of the founder/top management of a company to drive the business for good agenda and that the more innovative business leaders share common traits:

- Passionate in their belief that business is more than just making money but addressing the needs of different stakeholders
- Entrepreneurial and innovative
- People-centric and collaborative
- Continuous learners with international perspectives and exposure

“Most businesses in Hong Kong are conservative. But the few progressive ones can drive changes.”

- Teddy Liu, HK Institute of Human Resources Management

As a corollary, some interviewees believe that we should target business owners, especially medium-sized local enterprises led by their second or third generation in the family. While there is no dispute that corporates can be the most impactful in terms of their scale of operation, some also see the challenges of engaging large corporations if:

- their decision makers are not based in Hong Kong (for multinational corporations)
- it is difficult to navigate the corporate hierarchies to get the buy-in of their top management

“In promoting business for good, we could engage the young generations of family business to bring to life the notion of doing good and doing well.”

- Natalie Chan, Consultant, Our Hong Kong Foundation

5. Strong Correlation to Innovation

Doing well and doing good may seem two contradictory concepts. And to many companies, they are sequential as the Chinese saying goes “Make a Fortune and then Do a Good Deed” 「發財立品」. More often than not, companies need to innovate their business model and strategy if they have to identify new opportunities that can enable them to create value to both the business and the society. From the interviews (and also the ensuing case studies), we can detect a strong correlation between a company’s innovation capability and their ability to do good and do well. The innovation could be in the product/service offering, the application of technology, branding to process and business model innovation.

“Doing good should be an integral part of the daily business. Business leaders should learn how to understand customer needs and to create new opportunities and expand revenue streams.”

- Edward Wong, CFO of Retail & Hotel Management Department,
Henderson Group and member of SIE Task Force

6. Government as an Important Champion

A couple of interviewees pointed out that the government can play a more proactive role to set a good example by championing business for good as an integral part of Hong Kong’s sustainable development and taking the lead in impact and sustainable investment.

Some believe that a more vigorous regulatory system will be necessary (e.g. in terms of ESG disclosure requirements and setting industry standards) but more believe that financial and non-financial incentives will be more effective. Ronie Mak, Managing Director of RS Group, believes that the government can play leadership role in stepping up the ESG disclosure requirements, stipulating more ESG related regulations e.g. HKEx tightening its regulatory framework for ESG governance and disclosure / SFC Framework on Green Finance, taking the lead in sustainable investment as well as in training and development of asset managers in these areas.

“We could not rely on the government too much to promote CSV. It will be more effective to champion corporate social partnership with businesses working together with NGOs and social enterprises in HK.”

- K K Tse, Founder, Education for Good

Some business leaders consider that empowering the business sector to do good is more important than giving incentives, as incentives will not be sustainable. “The incentives should be for pilots only as there must be a business case in the longer run,” said Dr Delman Lee, Chairman of the Sustainability Committee of the Hong Kong Management Association. Open data is one example of what the government can do to facilitate the business sector to identify the service gaps and the business opportunities. Interviewees from the business community see considerable scope for public-private-NGO partnership in addressing various social challenges.

7. Regulators’ emphasis on Environment and Climate over Social aspects

Representatives from HKEX pointed out that their regulatory actions were out of risk management concerns and that Boards of Directors should understand, discuss and manage the company’s ESG risks. Christine Kung, Senior Director, Head of International Affairs of SFC also pointed out that SFC’s initial emphasis is on the environment and climate aspect as set out in their Green Finance Framework given that it is the most pressing.

This was confirmed by the representatives from Hong Kong CFA Institute, who pointed out that the investor community primarily focuses on risk and performance management of an investment. While more investors are looking into ESG investing, they seldom pay attention to how well a company is responding to social issues or their models of innovation.

“When investors talk about ESG, discussions mostly focus on climate risk topics. This is particularly true in Asia, where a lot of coastal-based asset and supply chain activities are located, that climate resilience matters.”

- Mary Leung, CFA, Head, Standards and Advocacy, Asia Pacific, CFA Institute

However, interviewees are positive that creating shared value can possibly be part of their work on ESG. The HKEX representative believes that their upcoming new ESG disclosure requirement shall offer an opportunity to start innovative actions. SFC also agrees the approach of creating shared value could potentially be part of the social component under ESG and will take this into account when they formulate their policies.

8. Holistic Approach to Promote Business for Good in Hong Kong

Most interviewees point out the need to formulate a strategic and holistic approach to promoting business for good. People reckon that there are entrenched cultural (such as Hong Kong's trader mentality, aversion to sharing and hierarchical management style) and policy issues (from the high land price, a narrow tax base to rigidity in the government bureaucracy) that have to be reviewed if Hong Kong has to provide more fertile soil for businesses to adopt a more sustainable approach.

A few interviewees consider it necessary for the government to develop a visionary and compelling narrative to signal the imperative of business for good, which should be part and parcel of Hong Kong's vision of a sustainable and competitive future. One respondent underscored the fact that "CSV is not a standalone issue. The Government should set a new economy vision for Hong Kong with CSV as one of the components."

3

Understanding the Motivations for Business to Create Shared Value 18 Case Studies

Understanding the Motivations for Business to Create Shared Value

18 Case Studies

Introduction - a Mix of Motivations for All but Organised in the Primary

In this section, there are 18 case studies listing companies from Hong Kong and around the world who are embracing business for good. This is a snapshot of different types of activities, not a comprehensive analysis. The write-ups are based on interviews that the Consulting Team conducted mainly in the third and fourth quarter of 2019.

Since this study is interested in what motivates businesses to do good, this section has been organised around three broad categories, based on our research and the interviews. The three categories are 1) New business opportunities 2) Leadership and 3) External influence. In reality, **there are a variety of drivers that are driving these companies to behave differently, not just one.** We have clustered the cases around the primary driver to do good. This categorisation should not be viewed in a strict sense - rather the motivations are interlinked and not mutually exclusive.

New Business Opportunities Whilst Transforming Society

This section lists companies who are primarily motivated by finding a new business opportunity, at the same time as tackling a societal challenge.

Hong Kong Broadband Network

Purposeful Profits

HKSAR



“Under the goal of Making Hong Kong a Better Place to Live, HKBNers share a strong collective alignment of interest, and are extra passionate to deliver products, services and outcomes that are always great for our stakeholders and Hong Kong’s communities. And when these occur, we know, compelling business performance and profits will absolutely follow in tandem as evidenced by our results.”

- NiQ Lai, Co-Owner & CEO, Hong Kong Broadband Network

NiQ left investment banking and joined HKBN in 2004 with a substantial pay cut. He was attracted by the vision of the company founder, who wanted to grow the company as the no.1 telecom service provider in Hong Kong and make telecom services affordable to the masses. NiQ is passionate about developing HKBN talents because he believes if you get the people right, the company will do great. He was appointed as Chief Talent & Financial Officer in 2016 and Group Chief Operating Officer in 2017 before he took the helm as CEO in 2018.

The Company

Hong Kong Broadband Network (HKBN) is part of the HKBN Group, a leading integrated telecommunications and technology services provider headquartered in Hong Kong with operations spanning across Hong Kong, Singapore, Malaysia, Mainland China and Macau. It was established by Hong Kong Television Network Limited (formerly City Telecom (H.K) Limited) with Ricky Wong as the founder, a legendary entrepreneur in Hong Kong.

Company Vision and Values

HKBN’s vision is to “Make our Hong Kong a Better Place to Live”, through its work and by inspiring others to do likewise. Its core values are to be: Trustworthy, Responsive, Entrepreneurial and Engaging.

The Strategy

Purposeful Business as a Core Competitive Advantage

In 2012, HKBN quantified “Make Hong Kong a Better Place to Live” as its company’s core purpose to provide a shared goal and to align action amongst all of its employees. HKBN does not have any staff, rather it has only Talents, with a capital T. The company is built on making purposeful profits. It believes its business is best served by creating a positive impact for Hong Kong and its stakeholders. When the company does this right, sustainable profits will follow. “We are not a charity, we are a for profit company. Making money is important, but we think this is the outcome of what we do, not why we do it. We emphasize impact. We truly care about the impact we have on people around us.” NiQ said with his strong conviction and passion.

Legally Unfair Competitive Advantage (LUCA)

A purposeful business that creates value for their customers, employees, suppliers and the community is an integral part of creating what they call LUCA (legally unfair competitive advantage). HKBN’s environmental, social and governance commitments go beyond regulatory requirements. Its ESG framework (see the diagram on p.56) comprises 5 pillars: Innovation for Customers, Total Rewards for Talents, Responsible & Win-Win Supply

Chain Partnerships, Technology & Expertise for Community Betterment and Minimising Environmental Footprint. Three of the pillars and how purpose, innovation and profits go hand in hand are set out below:

Innovation for Customers

HKBN was founded with a vision to deliver affordable and accessible telecommunication services, which it believes is essential in a strong and prosperous society. For this reason, it has set the price ceiling for its 100Mbps residential fibre broadband service (launched in 2005) at 1% of Hong Kong’s median household income. Instead of following legacy market practices, its disruptive DNA has led the company to tailor services for the benefit of consumers. Since September 2016, HKBN was the first service provider in Hong Kong to offer integrated 4-in-1 quad-play service plans (home broadband, mobile, OTT entertainment and home telephone service) on one integrated bill at significantly discounted prices.

HKBN ESG FRAMEWORK

Innovation for Customers

- Innovate for better and more accessible services
- Uphold fair and transparent marketing communication
- Improve customer privacy protection
- Promote healthy content & usage

Total Rewards for Talents

- Champion LIFE-work priority & life-long development
- HKBN Co-Ownership fosters interest alignment for sustainable business growth and service excellence
- Create pride & passion by pursuing difference-making purpose for Hong Kong
- Incentivise excellence via performance-based remuneration

Minimising Environmental Footprint

- Increase energy efficiency of overall operations
- Minimise overall waste impact



Technology & Expertise for Community Betterment

- Utilise HKBN's expertise in technology & business to make sustainable social impact
- Empower Talents to serve the Hong Kong community

Responsible & Win-Win Supply Chain Partnership

- Procure responsibly and ethically
- Pursue long-term win-win relationships with suppliers

Pursue Purposeful Profits

With HKBN Co-Ownership, we drive disruptive innovation to harvest substantial and sustainable benefits for Hong Kong and our stakeholders. Throughout this journey, our aim is to work beyond mere compliance of laws and regulations.

Source: HKBN corporate website

Hong Kong Broadband Network

Purposeful Profits

HKSAR

Total Rewards for Talents

In May 2012, HKBN underwent a Management Buy-Out (MBO) and is now majority-owned by CVC Capital Partners with over 340 supervisory and managerial Talents under a Co-Ownership scheme. Staff voluntarily invest their own savings in the amount of between 2 and 2412 months of salary to acquire HKBN stock. Through this dual role as both investors and Talents, the Co-Owners are incentivised with “skin in the game” to watch over all aspects of HKBN’s performance and competitiveness. The scheme is also part of HKBN’s vision to narrow the income gap in Hong Kong with the Co-Owners sharing the wealth creation process. So far, HKBN has minted about 100 HK\$ becoming “millionaires” since its MBO, far more than any other telecom companies in HK. HKBN’s ethos is that Talent will not get rich working for HKBN, rather they may do very well WITH HKBN.

In addition to financial incentives, HKBN is a pioneer in investing significantly in building a happy, healthy and productive organisation

culture. Some of HKBN’s unique benefits include a shortened 35-hour work week, with paid leave entitlements eg. half day Friday off each month and birthday leave. There is also an annual experiential trip to different parts of the world to inspire its managerial Talents with a range of eye-opening exposure and unique learning experiences.

Technology & Expertise for Community Betterment

HKBN takes a unique approach which goes beyond pure philanthropy to focus on efforts that generate purposeful good by way of sustainability and empowerment. It has a Corporate Social Investment (CSI) scheme — led by its Talents and the company resources — to initiate an array of “Technology for Good” programmes to help local communities. “Net’s Be Wise”, for example, is Hong Kong’s first-ever cyber wellness movement designed to enhance the Digital Intelligence (“DQ”) of 2,000 primary school students aged 8–12 and offer solutions to help mitigate potential cyber risks. The programme may eventually also lead to new business opportunities with the introduction of routers to help parents monitor their children’s internet usage.

HKBN also seeks opportunities to enable more social enterprises to thrive and become sustainable. It works with iEnterprise to engage disabled individuals in its telephone number



HKBN Talent Engagement team celebrates a massive win as HKBN was named one of Asia’s best companies to work for.

enquiry service. In 2018, it expanded this collaboration by extending part of its online chat service to the team with specialised customer service training to help diversify their competencies, and better improve their career prospects.

The Impact: Purposeful Profit

HKBN has become Hong Kong's leading, fastest growing and most profitable fibre carrier. Its market capitalization today of HK\$20 billion is 10,000 times bigger than its start-up capital of HK\$2 million in 1992. It won the Best Broadband Carrier from Telecom Asia Awards in 2018 and has received numerous accolades as one of the best employers in Hong Kong.



Happy turnout for internal Co-Ownership 3 Plus Roadshow



- Made the **PURPOSE** of business as competitive advantage
- Innovated the business offerings to meet the needs of existing and new customers
- Gave staff a stake in the business and treated the workforce as the company's most valuable asset with progressive talent development and management policies
- Created a happy and healthy work culture to drive productivity
- Leveraged the company's core competence in its CSR activities

Humansa

Turning a Social Problem into a Business Opportunity

HKSAR

"The elderly care industry is a market that has not seen great changes. I hope to introduce innovative thinking with a humanised and technological approach."

- Kenneth She, CEO, Humansa



Kenneth She is the Head of Aging & Wellness at New World Development (NWD). He joined NWD in September 2018 to lead Humansa, a holistic health care service provider to address cross-generational caring needs. Prior to joining NWD, Kenneth was the General Manager of Uber Hong Kong and before that an investment banker. He was a graduate of Li Po Chun United World College and did the Master of Engineering at University of Oxford. Kenneth joined NWD to lead Humansa, partly because of his personal aspirations to improve the quality of elderly care in Hong Kong. From a young age, he accompanied his parents to visit his grandparents at elderly homes and observed the inadequacies.

The Company

Humansa is part of the NWD group. Founded in 1970, NWD is a publicly-listed company with businesses in property development, infrastructure and services, retail, hotels and serviced apartments. Dr Adrian Cheng, Executive Vice Chairman and General Manager of NWD, is the third generation of the family. He has been transforming the NWD as a progressive, innovative and entrepreneurial organisation since he assumed the Joint General Manager position in 2012.

Humansa was established in 2018 to provide quality and holistic health and care services. It has two private rehabilitation and wellness centres in Hong Kong. They provide neurological health treatments, pain management, wellness and therapeutic exercise classes etc.

Company Vision and Values

NWD seeks to build a better society through innovation and sustainable growth. Its core values are:

- Intrapreneurship
- Innovation
- Internationalism
- Anticipating customer needs
- Nurturing young talents

The Opportunity

Turning an Ageing Society into Opportunity

Like many other economies, Hong Kong is facing the challenges of a rapidly ageing population, with increasing pressure on the public hospital system, growing demand for residential care services and community care services for the frail elderly, and the need to educate the public on the concepts of preventive health care and active ageing. By 2037, the number of Hongkongers aged 65 and above is expected to more than double to 2.5 million. According to Consumer Council data, the elderly care market in Hong Kong is estimated to be worth almost HK\$140 billion by 2036.

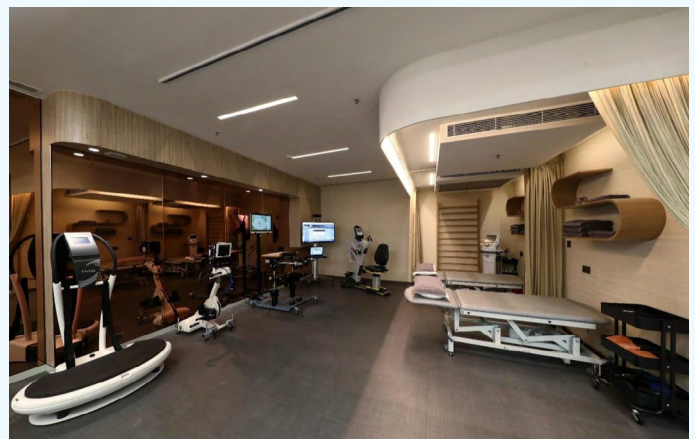
Driven by the company vision and values, Dr Cheng saw the enormous needs and opportunities in the ageing society of Hong Kong and the Greater Bay Area. He hired Kenneth in 2018 to spearhead the setting up of Humansa, an eponym of "Human" and

"Answer". It seeks to take an innovative approach to address the cross-generational caring needs through a professional, holistic and humanised approach.

The Strategy

Reimagining Ageing

Kenneth underscores the need to reimagine the needs of the elderly and their carers in Hong Kong with (1) a lot more attention to preventive care to reduce the social and family burdens in caring for the elderly and (2) a step change in upgrading the quality of elderly care services, powered by technology and business model innovation. Humansa was therefore conceived as a quality and holistic health care service provider with services ranging from wellness, health screening, rehabilitation, home care and home management. "Hong Kong is lagging very much behind Japan or even Taiwan in elderly care provisions. There is a lot we can do to raise the bar," Kenneth said.



Humansa enables ageing in place, but also ageing well and healthier by providing wide range of services on prevention, pre-rehabilitation and rehabilitation

Humansa

Turning a Social Problem into a Business Opportunity

HKSAR

Technology and Innovation at the Core

Humansa utilises hospital-grade treatment equipment, most-advanced medical technology, fitness and rehabilitation equipment. Some of the state-of-the-art technology used by Humansa include the HandyRehab robotic hand, a mechanical glove that helps patients regain their hand movements, “retina photography” to assess risks of stroke and heart diseases, and virtual reality games to provide patients with fun rehab training.

Kenneth hoped to apply his experience of running Uber Hong Kong to the operations of Humansa, using big data and innovation technology. Under his leadership, Humansa is developing a digital platform for service automation, as well as analysis of health data and recommendations of personalised interventions. The digital platform aims to be an open architecture for startups, NGOs and



ARIA – a 10-minute process to test for stroke risk, where a patient simply undergoes a non-invasive retina scan

other health care service providers to enhance their research and development capability for the greater benefit of the beneficiaries in the Greater Bay Area region. “We would love to join forces with other players in the industry, with each player capitalizing on its own strengths and resources,” Kenneth added.

Improving the Professionalism and Image of the Elderly Care Industry

Hong Kong is facing acute shortages in the elderly care industry given the perceived lack of prospects, unattractive working conditions and low esteem of the caring service providers. Humansa has a core team of over 100 staff, with the majority of them hired from the non-profit sector with prior elderly care experience. Through a more professional (and up market) approach (better pay, work environment and prospects), Humansa hopes to address the image problem of the industry, thereby attracting more people to join this sector and providing aspirations for existing elderly care service providers to move up their career ladder. To tackle the manpower issues of this sector, Humansa is also planning to set up a training academy for health care service providers in Hong Kong.

Synergy with NWD Businesses

As one of the first movers, NWD is set to reap the benefits of a potentially lucrative market and at the same time change the paradigm of elderly

care for the common of Hong Kong and the Great Bay Area. Dr Cheng's vision is to create a new ecological life cycle with other companies in the NWD group, and in particular with considerable synergies between its property businesses and the home and health care offerings of Humansa. There are cross-promotion of offerings to give more value-added services to their customers. They plan to integrate senior living elements into NWD's future property projects.

The Impact: Spillover Benefits to the Wider Society

Whilst Humansa serves the more affluent segments of the society, it has demonstrated that its impact on the society can cascade down to other people by setting a high benchmark of elderly care services, attracting more new blood to the industry, providing infrastructure support (e.g. the training academy and the open data platform) that will benefit the entire industry and last but not least, relieving the elderly care burden on the public and NGO sectors and thereby allowing those without the economic means to have better access to more affordable elderly care services. As Humansa scales its business, they would also be able to offer more affordable prices to attract a wider base of customers with each care session costing about a few hundred dollars.



- **Crafted long term vision and strong corporate values to guide the sustainable development of the company**
- **Turned unmet needs of the society into new and synergistic business opportunities**
- **Innovated the business with data and technology**
- **Invested in talent development to meet the organisation's needs and for the greater good of the industry**

Stan Group

Sustainable Business via Purposeful Growth

HKSAR

*“Our motto **today is for tomorrow** underpins our vision in sustainability. For Stan Group, sustainability is an opportunity to innovate, make progress and improve efficiency while striving to make a difference to our communities and transform them.”*

- Stan Tang, Founder and CEO, Stan Group



Stan Tang is the youngest son of Mr Tang Shing-bor. He joined the family business and founded Stan Group in 2013. He is a strong believer in lifelong learning, completed two masters in Business Administration and Innovation Leadership respectively, and several executive education programmes in coaching, digital technologies and design thinking. He is now pursuing the third master in Global Political Economy. Stan is also keen on taking physical challenges, from hiking, running to winter swim. He believes it is important to set audacious goals. Inspired by J F Kennedy’s vision of sending people to the moon, he encourages his staff to shoot for the moon.

The Company

Mr Tang Shing-bor built the family’s property business for over 50 years. Stan took over the family business in 2013 and diversified the business into a conglomerate with property, hospitality, communication services, financial services and The STILE (innovative businesses with social purposes).

Company Vision and Values

Stan Group was founded with a vision of building a better world. Stan is influenced by the ideology of “Confucianism in Business”. The Stan Group logo (with the ripples) symbolises his aspiration to influence and transform. Stan wants his business heads not only to be leaders in the group but also transformational entrepreneurs. The logo also signifies the “Today is for Tomorrow” principle, with sustainability embodied in its creating shared value (CSV) philosophy. The company values, derived from the ideology of

Stan Group

Sustainable Business via Purposeful Growth

HKSAR

“Confucianism in Business” and contemporary corporate governance, include:

- Harmony
- Culture Development
- Innovation, Human-Focus, Collaboration & Entrepreneurship
- Creating Shared Value

The Opportunity

Supporting and Nurturing Entrepreneurs

Having noticed the difficulties faced by start-ups, Stan made use of one of the Group’s real estate properties to establish The Wave in 2016 - a co-working space cum exchange platform that offers support to budding enterprises. In late 2018, Stan Group launched the STILE Initiative, a start-up ecosystem builder in the APAC region.

The STILE Initiative is the first programme in the region that provides accommodation, office space, and investment for start-ups.

“The STILE Initiative has been designed to foster engagement between corporations



The Wave: a co-working space and exchange platform for budding enterprises

and entrepreneurs. The aim is to drive the development of innovation within Hong Kong’s start-up community, and stimulate the development of new industry solutions across the board,” Stan said.

Reinventing Elderly Care

In mid 2018, Tang’s Living Group (Stan Group’s hospitality businesses) partnered with Pine Care Group (a leading operator of care homes for the elderly in Hong Kong) to launch Patina Wellness. The Group saw an opportunity to meet Hong Kong’s needs for a new hospitality and wellness-centred, continuing-care retirement community, providing residents with the ability to age in place, safe in the knowledge that the care will be there when they need it.

Revitalisation Scheme of Industrial Buildings

Incentivised by the revitalisation scheme of industrial buildings and the growing demand for hotels located outside the central business districts of Hong Kong, Stan Group has begun to redevelop some of its properties into hotels since 2015. Today Stan Group is the number 3 hotel group in Hong Kong operating 3,300 rooms.

Stan Group hotels will give priority to employing staff from the communities that they operate in. This helps to create new job opportunities for old industrial districts (e.g. Tsuen Wan) or remote parts of Hong Kong (e.g. Tin Shui Wai), creating

Stan Group

Sustainable Business via Purposeful Growth

HKSAR

positive value for both the business and the local communities.



Hotel Ease • Tsuen Wan

The Strategy

Human-Centred Innovations

Stan believes that having a difficult goal will require a collaborative business ecosystem working seamlessly together, and a lot of innovations. He is a strong advocate of design thinking, a human-centred approach to innovation. The Group uncovers new business ideas through actively unearthing unmet social and market needs, and getting tuned in the latest public policies and investment opportunities. "Our approach begins with understanding the needs of the communities we serve and assessing our mission and vision. When this is accomplished, we can align our business interests with those of different communities and work with partners to make a difference, which is the essence of shared value," said Stan.

Create Shared Value with Employees

Stan Group invests a lot in its employees, in their professional and personal development as well as staff wellness. "A happy workforce is crucial and is more important than business strategies. I believe every one of our staff members plays an integral role in the Group's success and should be able to reap the reward and share the value created," said Stan.

Stan Group has introduced a credit system, where employees earn points with innovative business pitches, business referrals, attending design thinking and other talent development programmes. There are two types of points, namely Credit Point and Shared Value Point. The Credit Point enables staff to redeem vouchers, hotel stay, and even an extra day off. The Shared Value Point was introduced in October 2019 through an innovative and block-chain enabled "Buy-a-Brick" programme. A "Brick" is a digital token stored on the blockchain, which represents a smart contract for a selected property owned by the Stan Group. Buy-a-Brick provides employees with the opportunity to share the future capital gain of the Group's asset, if profit is made on the sale of that property, without making any monetary contribution.

B-Corp Certification: More than a Certificate

Two of the Stan Group's businesses have obtained B Corporation certification – the Wave

and Hotel Ease Tsuen Wan. B Corps (see 1.4 Glossary) meet standards of social and environmental performances and governance standards to balance profit and purpose.

Hotel Ease • Tsuen Wan also became the first hotel in Hong Kong and Asia to be certified as a B Corp in 2019. Eric Cheng, Managing Director of Tang's Living Group, said they have learnt more about creating shared value in the certification process. "We very much hope to lead by example, championing our vision of creating shared value in the hotel industry". He added that obtaining the B Corp Certification has helped the hotel to attract visitors from Europe and America and also talents. Young people nowadays want more than just a job. Becoming a B Corp helps the hotel build its employer brand and invigorate the young people with a sense of purpose.

The Impact: Business Diversification and Growth

In less than 7 years' time, Stan Group has become a conglomerate with a wide array of diverse businesses hiring over 2,000 staff. It now manages a HK\$75 billion real estate portfolio in strategic partnership with the Tang Shing-bor family and operates more than 40 brands across the five business pillars.

From elderly lifestyle, entrepreneurship development and housing innovation, Stan believes that many social issues can be tackled by the private sector jointly with the government in a more efficient and effective way with their knowhow, resources and talents. "If the majority of businesses carry a social purpose, we do not even need to have a separate category of business known as social enterprises."



- **Built long term vision and strong corporate values to guide the sustainable development of the company**
- **Turned unmet needs of the society into synergistic business opportunities through a human-centred approach to innovation**
- **Invested in the startup ecosystem to identify innovation opportunities for the greater good of the society**
- **Treated the workforce as the company's most valuable asset and invested in their well being**
- **Used B-Corp Certification as a means to guide the company's sustainability practices**

Ayala Corporation

Growth via Socially Relevant Business Strategies

The Philippines

"Using our profitable business model to find innovative and socially-relevant solutions can do a lot to the challenges the country faces."

- Jaime Augusto Zobel De Ayala, Chairman and CEO, Ayala



The Company

Ayala Corporation ("Ayala" or "the Group") is a family business with a 185 year history, and is also one of the oldest and largest conglomerates in the Philippines. It is traded on the Philippines Stock Exchange (PSE:AC).

Their business covers energy, industrial technologies, infrastructure, healthcare, and education, while strengthening its core assets in real estate, financial services, and telecommunications. The Group is a substantial shareholder of a number of key enterprises in the Philippines, namely Ayala Land (PSE:ALI), Bank of the Philippine Islands (PSE:BPI), Globe Telecom (PSE: GLO), and Manila Water (PSE: MWC). It also fully owns ventures including AC Health, AC Education, AC Energy, AC Industrials, and AC Infra.

Company Vision and Values

Ayala aspires to become the most relevant, innovative, and enduring business group and they have strategies across the group aiming to make positive change for communities and address the changing needs throughout the nation. Ayala Corporation's mission is to ensure long-term profitability and shared value creation for its stakeholders. It is a company with a strong commitment to both sustainable and national development and it invests in businesses that are addressing the changing needs of Filipinos today. It associates itself with foresight, innovation and trust.

The Opportunity

Ayala takes on the role of alleviating some of the country's pressing developmental challenges - from poverty, poor education, unemployment and a lack of quality health care. Simultaneously, Ayala is able to identify the potential of the underserved markets which can also be business opportunities. The process is monitored closely, which indicates the high priority of this strategy. New product and service development is well-managed and then must be approved by the Group's Board of Directors (The Board) to ensure it meets both social and financial targets.

The Strategy

Jaime Augusto Zobel de Ayala is a United Nation Sustainable Development Goals (UNSDG) Pioneer for Sustainable Business Strategy and Operations. Under the drive of the Board, all Ayala companies have a strong purpose of doing good. 11 of the 17 SDGs are considered relevant to the Group's shared value strategy. The selected SDGs focus on increasing Filipino's access to wealth and resources, enhancing Filipino's productivity and competitiveness, and achieving responsible growth through innovation.

Whilst the term "Creating Shared Value" was only introduced into Ayala's strategy in 2011, Ayala had taken a "business for good" approach for years. The term described what they had

been doing and the theory further guided how they adopted their "business for good" strategy. Examples of this are shown below:

Bank of the Philippine Islands (BPI): Providing microfinance to promote financial inclusion

Ayala believes financial inclusion is a key to a poverty-free society and they are committed to empowering those who are deprived and the underprivileged financially. Microfinance can also be profitable and has tremendous potential to change the way small scale entrepreneurs develop in the Group's emerging markets. The Group also believes that shared value will only be successful if it is done collaboratively. So, BPI works with local foundations, government agencies, and non-governmental organizations to help the "unbanked market" to access credit facilities by providing Microfinance loans to Self-Employed Micro-Entrepreneurs (SEMEs).

AC Education: Easing national poverty and unemployment by education

Education is one of the biggest development challenges in the Philippines - public education often does not match the expectation of employers and quality education is only affordable to a limited population. In 2012, Ayala Corporation invested in AC Education. With a vision of delivering flexible, cost effective and quality education, a chain of stand-alone, private high schools and colleges were established, leveraging an industry-based,

Ayala Corporation

Growth via Socially Relevant Business Strategies

The Philippines

experiential and technology-enabled education approach.

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AC Health: Improving health of Filipinos through providing affordable healthcare products and services

AC Health champions universal health coverage by providing the largest primary care network in the country, expanding access to quality and affordable medicine, and improving essential hospital and specialty services. AC Health established Generika Drug Stores - a nationwide network of 816 drug stores promoting high quality, reasonably priced and safe generic medicine to low income communities. It ensures access to affordable medicine through their huge network of stores. Underprivileged Filipinos benefit from improved access to affordable and qualified medicine. The stores

also offer free services, ranging from free blood pressure checks, a medicine guide, to scheduled consultations.

Ayala Foundation: Connecting Ayala companies and the needs of the underprivileged

Besides the aforementioned subsidiaries, Ayala Corporation has many influential subsidiaries operating in the Philippines but may not have a well-defined CSV strategy. The Ayala Foundation fills the gap. The Ayala Foundation designs social innovation programmes focusing on education, youth leadership, sustainable livelihood and the promotion of arts and culture. The Foundation bonds these subsidiaries into a closely-knit team and leverages their edges in an innovative way.

The Impact

Shared value creation is in the DNA of the Ayala Group. Everyone shares the vision that social progress should go along with economic progress and every initiative should create value to the business, improving the bottom line, whilst also improving social conditions and deepening the services they provide to the country.

Bank of the Philippine Islands (BPI) -

Microfinance has a dual objective for Ayala - maximizing the outreach to give microcredit to

Ayala Corporation

Growth via Socially Relevant Business Strategies

The Philippines

as many micro entrepreneurs as possible, and at the same time lowering the cost of delivering micro-banking services. Through this approach, nearly 56,000 entrepreneurs have received loans amounting to PHP 3.3 billion since its creation four years ago and the number of branches has reached 200 at the end of 2018. Ayala successfully utilizes its capacity to reach more customers and give them access to a whole host of financial and communication products and services.

AC Education - It has significantly increased the employability and starting salaries of its college and senior high graduates, which are the key performance indicators of the company. In 2018, the combined population of AC Education's schools and other partnership institutions was approximately 1,258,095 students. By providing quality education which is commercially viable, AC Education further secures the availability of skilled labor for the Philippines. In turn, higher

quality of labor improves the economy and business environment for Ayala Corporation.

AC Health - Drugstores of AC Health had recorded PHP 28.4 million sales of generic medicine in 2018 and provided affordable primary care to 240,000 unique patients in the nation. Such widened and deepened market penetration not only guarantees all Filipinos quality primary care, but it also signifies a meaningful contribution to Ayala's earnings and healthcare segment development.

Ayala Foundation - IWith the social commitment advocated by Ayala Foundation, the Group continues to initiate and strengthen CSV projects so as to form a stronger basis in creating shared value.



- **Clear strategies for each subsidiary to create social value by leveraging its core competence and strategic assets**
- **Invested in ventures with social mission at the core of the business model, such as health and education**
- **Coordinated the family philanthropic foundation with the Group's creating shared value efforts by designing community programmes that leverage the Group's competence**
- **Communicated value creation to investors**

O-Bank

Gain of Unique Market Positioning via Inclusive Product Innovation

Taiwan

“Every business has its own edges and characteristics. The implementation of CSR will be more effective if a business does good by leveraging its business model.”

- Tina Y. Lo, Vice Chairman of O-Bank



The Company

O-Bank is Taiwan's first bank “designed from the ground up as a digital native bank”. O-Bank is the successor of the former Industrial Bank of Taiwan (IBT), which was founded in 1999 and is headquartered in Taipei. In January 2017, IBT became O-Bank, changing its strategy to become a B2C digital bank – the first of its kind in Taiwan. Whereas IBT focused on fostering the development of emerging industries, O-Bank stepped into the personal banking segment, expanding to include individuals and embracing FinTech. In April 2017 O-Bank was listed on the Taiwan Stock Exchange. For the year 2018, O-Bank has 908 employees and a net profit of NT\$4.73billion where 74% is contributed by the Taiwan market.

Company Vision and Values

O-Bank's Chinese name 王道 (Wangdao) is drawn from a spirit of inclusiveness, walking the right path, and fulfilling oneself by benefiting others. As a B2C bank, the O-Bank plays a different ball game than the IBT. It needs to focus on expansion of customer base, enhancement of customer experience and securing customer loyalty. On the other hand, the leaders of O-Bank are determined to run a business for good. As the CSR management became mature, O-Bank went for a B Corp certification for external recognition. The B Corp certification and its CSV strategy helped build the brand and customer loyalty for O-Bank.

The Opportunity

The company already has a strong philosophy of social responsibility, namely “fulfilling oneself by benefiting other” (「利他圖己」). The O-Bank’s corporate culture is “always sincere, always here”(「真誠以待、情義相隨」). They have adopted a strategy to become a digital bank, while enhancing financial inclusiveness and serving the under-served. Building on this strong core, O-Bank became the first listed bank in the world to be certified as a B Corp, further demonstrating its commitment to creating economic value to its shareholders while delivering social impact.

The Strategy

Under the strong leadership of the Vice Chairman, O-Bank has shown continuous integration of social considerations in its organization and business models. Two governance bodies, the CSR Committee and Corporate Culture Committee, both led by the Vice-Chairman, were set up to encourage employees to take social responsibility.

Internal Bottom Up Innovation

All employees are encouraged to embrace business for good principles. After years of embedding this mindset, more bottom-up product innovations are coming to the fore. For example, the Rainbow Recognition Debit Card is a product originated from employees who

identified the LGBT issue. This has helped the bank to connect to respective target segments for potential growth.

When O-Bank was established, young people were identified as the primary customer group since they possess higher digital literacy and are more likely to have philanthropic values. While some banks often focus on working professionals and high net worth individuals, O-Bank boldly selects the digitally-able, impact-oriented but less-wealthy group as their primary customer group.

To attract such young people, O-Bank closely aligns CSV initiatives with their personal banking business coupled with innovative marketing and branding strategy. By applying emerging financial technologies with a customer-centric mindset, O-Bank has gradually developed its unique market branding and positioning for both customers and talents.

A few financially inclusive business services which O-Bank has invested in are:

The “Recognition” Debit Card

Since two years ago, the bank launched the “Recognition” Debit Card series which was well received by customers. The card offers a competitive cash rebate programme while making donations automatically to an NGO

O-Bank

Gain of Unique Market Positioning via Inclusive Product Innovation

Taiwan

chosen by the customer. Currently there are 4 cards, each linked to a particular NGO for a particular social cause, such as animal care and education. Each time the customer uses his or her card, O-Bank transfers a 0.2% cash rebate to the NGO automatically.

The Investment Advisory Robot

An investment advisory robot using big data is offered for free to young people who have limited capital. Making use of big data to monitor and analyze market information, the robot can objectively give investment advice to the users based on the risk tolerance and investment objectives of the portfolio. O-Bank is in great need to secure market share and the advisory robot is a hot area for competitors. In order to acquire more users, O-Bank has waived both the fund management fee and platform usage fee, and lowered the minimum fund size to only NT\$1,000. As well as increasing the customer base, this approach also better educates more young people in financial literacy.

Supporting other B-corps to Create Greater Impact

Taiwanese Government has been supportive of social innovation by the setup of a dedicated unit under the Executive Yuan. Recognizing the trend, O-Bank has introduced “Exclusive B Corp Demand Deposit Accounts”, “Preferential B Corp Payroll Account Features and Services” and “Special Loan Program for B Corporations” to cultivate the growth of B Corps in Taiwan. B Corp can enjoy higher interest rates (up to 0.53%) in their demand deposit accounts, discounted service charge for cross-bank NT\$ transfer and a series of administrative fee discounts and contract term easing for B Corp loans.

The Impact

Product Innovations that Incorporate Societal Value

The bank hopes to build up the culture of doing good among Taiwan citizens by incorporating simple giving in daily lives. Compared to traditional donations and other similar cards in the market, O-Bank's Recognition Debit Cards avoid further selection of beneficiary organizations every time a transaction takes place, providing more choice to customers.

Attracting New Talent

O-Bank has attracted talent through its unique employer brand. More high-performing job applicants have expressed interests to work for O-Bank due to their philanthropic and innovative initiatives.

Being a two-year old digital bank, O-Bank faces fierce competition with experienced players. However, its mission and culture at heart has enabled it to continuously innovate. Profit / loss is only part of the story.



- **Business for good at the heart of leadership. Made efforts in nurturing the culture of "doing well and doing good" across the business**
- **Responded to the finance needs of the younger generation with specially designed low-entry barrier financial products**
- **Engaged customers effectively in supporting philanthropic causes, while building a positive brand image**
- **Adopted the business for good approach to become a preferred employer for young people**

Seven & i Holdings Co

Building Customer Loyalty and Social Infrastructures for an Ageing Society

Japan

"The Seven & i Group will respond to the various changes in the social environment with a spirit of "reliability and sincerity, using the Group's strengths such as business infrastructure and expertise that we have accumulated over the years."

- Ryuichi Isaka, President and Representative Director, Seven & i Holdings Co., Ltd.



The Company

Seven & i Holdings (Seven & i) is a Japanese retail group, best-known as owner of the 7-Eleven chain of convenience stores in Japan and the USA. Its business portfolio also includes superstores, department and specialty stores, and financial services. Globally, Seven & i owns around 69,200 retail stores with 64 million daily customers. The majority of its profits is within Japan.

Company Vision and Values

Seven & i's mission is to become a sincere company which their stakeholders trust - that means their employees, customers and business partners, shareholders and local communities. As a business, it should stay profitable while being preferred by customers. Everyone in Japan could be a customer of Seven & i.

To respond to customers' needs, Seven & i began to develop a digital strategy in the last few years to enhance customer relationships, analyse market needs through data analytics and create e-membership platforms.

The Opportunity

Japan is facing societal changes mainly as a result of ageing and a declining birth rate, and Seven & i needs to constantly innovate and adapt to a changing environment. In 2014, Seven & i identified five key areas as the basis of its social responsibility strategy, and the most important area being “to provide the social infrastructure required by an ageing society”.

By 2060, Japan’s population will dip below 90 million and nearly 40% will be seniors. By 2030, the number of elderly singletons will rise 1.5-fold from the level in 2010. Population decline in some regions means that retail shops will move out due to cost concerns. It is estimated the number of elderly singletons without walking distance access to fresh products will be doubled by 2030.

The Strategy

The extensive retail store network and digital capacity of Seven & i offers the company a unique edge in fulfilling the shopping needs of elderly singletons and also support them in strengthening their community network. Seven Eleven Japan (SEJ) has developed several strategies:

The Seven RakuRaku Delivery Service

The service provides home delivery for nearly every product sold in its stores. Orders can be

placed in advance by telephone or through other means. The service operates a fleet of some 820 “COMS” ultra-small electric vehicles across Japan and around 2,200 power assisted bicycles have also been introduced to the fleet.



Seven Anshin Delivery Mobile Store Service

There are 83 mobile stores, which are proprietarily developed light trucks equipped with products of a convenience store. They serve areas where retail facilities are insufficient or where the majority of the population cannot secure transportation. The mobile stores were first developed to deliver products to temporary housing areas after the 2011 Earthquake.

Public-private Collaboration to Strengthen Community Network

SEJ signed “Regional Comprehensive Collaboration Agreements” with local governments across Japan to take up certain social functions, including elderly support.

For example, local Seven Eleven stores agree

Seven & i Holdings Co

Building Customer Loyalty and Social Infrastructures for an Ageing Society

Japan

to promote employment opportunities for seniors, develop products with locally produced ingredients, and open up free wifi to everyone in case of natural disasters. While these agreements do not offer tangible business benefits to Seven & i, it can increase loyalty of its customer base by this “do good” strategy.

There are several elements that contribute to the company’s successful do good approach. Leadership from the top is crucial for the continuity of Seven & i’s creating shared value efforts. Ryuichi Isaka, President and Regional Director, is a champion and leads the CSR Management Committee. He created a corporate culture of challenging the status quo and embraced new ideas and commercial viability of the initiatives.

Municipality governments are also considered as drivers in Seven & i’s case. The Regional Comprehensive Collaboration Agreements provide opportunity to Seven & i to solve social issues in cooperation with regional communities.

The above initiatives are enabled by Seven & i’s own competitive edge and are an opportunity to realize new profits. The mobile truck stores have gained recognition and popularity. As long as there is market demand, there is no reason for Seven & i to discontinue.



The Impact

The delivery services and mobile stores have gone beyond convenience store operations, created social value and strengthened community support to elderly people in need. Elderly singletons can be reconnected to the community through these innovations, and can also enjoy access to fresh food more easily. This is a “serving-the-underserved” model, where Seven & i products have reached out to those who originally had limited access, seized business growth opportunities which other major competitors have yet to tap into, while creating a bigger network of loyal customers.



- Addressed thoughtful social issues and responded to the needs of the aging population as a core strategy
- Saw the company as social infrastructure in addition to a retail network
- Collaborated with local governments to provide social services while making the shops more popular to visit
- Tactfully served the underserved elderly population to increase sales while supporting the elderly to meet basic needs, by leveraging strategic assets, including digital solutions

Maple Leaf

Finding New Ways to Grow the Business Sustainably

Canada

"We have set a high bar for ourselves, which will require even more concerted action on our part. To lead in food safety, quality, nutrition and great food. To reduce our environmental footprint. To produce food sustainably. To humanely care for animals. To advance food security for all. To be the most sustainable protein company on earth, supported by the very best and inspired people."

- Michael H. McCain, President and CEO, Maple Leaf



The Company

Maple Leaf Foods Inc. is a major Canadian consumer packaged meats company. Its head office is in Mississauga, Ontario. The company has around CA\$3.5 billion in sales in 2018,⁵³ around 12,500 employees and is a publicly traded company on the Toronto Stock Exchange. In April 2019, the company announced their intent to expand their product selection to include meat alternatives.⁵⁴

Company Vision and Values

Maple Leaf's vision is to become the most sustainable protein company in the world. They work to reconnect families with the goodness of food.⁵⁵ Maple Leaf is helping to transform the world's food system so that it can survive, and thrive, for generations to come.

The Opportunity

Sustainability for Maple Leaf is not just a brand exercise, or even a corporate strategy. It is embedded in the purpose of the whole company.

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Maple Leaf

Finding New Ways to Grow the Business Sustainably

Canada

External Business Environment

The economic environment was a key driver for Maple Leaf's motivation to shift their strategy. In the 2000s, when the Canadian dollar became stronger in comparison to the US dollar, Maple Leaf faced fierce competition. In order to avert crisis, the company decided to restructure their supply chain.

According to Kuhn, there are some obvious actions companies can take to improve their efficiency and sustainability, which includes reduction of waste, water consumption and energy usage. These goals around environmental sustainability are profitable in the long-run and makes the business more efficient.

Creating New Demand and Staying Ahead of the Game

Maple Leaf did not stop at the obvious sustainability practices and created a new market. Kuhn points out, "It is our job to figure out how to turn investment into a consumer proposition." One example of this is pork raised without antibiotics, which is a global health issue that concerns consumers. Currently, 80% antibiotics used globally is in livestock production. Maple Leaf saw an opportunity to address a societal challenge -- minimising or eliminating antibiotics in pork, which could meet two aims of delivering value to the consumer and creating new opportunities for the company.

The Strategy

Senior Management as the Main Driver in the First Stage of Change

The CEO has been the main driver and champion of sustainability within Maple Leaf. This visibly strong leadership of the CEO has inspired the whole company to work towards this goal.

The first three years were focused on affecting change internally. The change process started off by Maple Leaf asking themselves some major questions: "What are the opportunities for growth?", "What will the costs to the company be if we become focused on transforming into a sustainable enterprise?", "What are the things we need to stop doing?", "What do we need to start doing more of?"

The first stage of change by Maple Leaf is to reframe their sustainability architecture and identify what was already happening within their sustainable practice. They brought in outside expertise to help with this process in order that future decisions would make sense from both a business perspective, as well as social and environmental perspectives.

The Impact

Talent Recruitment

Maple Leaf's strategy shift had a positive impact on their recruitment, which they had not anticipated. More people applied to work at Maple Leaf because they wanted to work for a company with an interesting vision, and it would give them the opportunity to bring purpose to their work.

Business Growth

The example of pork raised without antibiotics has been one of the most profitable and highest growth areas of Maple Leaf's portfolio in recent years, and it is leading to more growth opportunities. According to Lynda Kuhn, "the extension of that would be a foray into plant proteins, which through a couple of very strategic acquisitions, resulted in buying a new business. It is now five times the value that it was when we first bought it. It grew at roughly 40% in 2018, compared to typical growth in grocery and meat at 2%. These are wildly exciting opportunities."



- Had the foresight to identify potential opportunities which aligns with sustainability and the needs of future generations
- Turned investment into consumer value
- Achieved rapid business growth as a result of internal reflections and extension of business focus to quality and sustainable products
- Strong leadership to drive the strategy

Leadership/personal aspirations

The companies listed in this section all have founders or executive leaders as the primary reason for the company's strategy in creating shared value and shifting towards doing business for good.

Grandion Industrial Ltd

Co-creating Business Solutions with Stakeholders

HKSAR



"I like to turn social challenges into new business opportunities through business model and technology innovations, and also understanding and working closely with stakeholders."

- Alan Cheung, Managing Director, Grandion Industrial Ltd



Alan inherited the entrepreneurial DNA of his father. He founded Grandion Industrial Ltd (a member of Grandion Group) in 1996. During his formative years, he experienced the ebbs and flows of his father's business and developed a strong sense of social responsibility. He was determined to run a stable business bringing happiness to everyone.

The Company

Grandion is an apparel supply chain solution provider with production facilities located in Mainland China and Hong Kong.

Business Vision and Values

Making money is never Alan's primary business objective. The 5Cs form the cornerstone of his business:

- Caring for People
- Charity for Organisations
- Coaching
- Cross-boundary collaboration
- Change-making

The Opportunity: Industry 4.0

A veteran industrialist, Alan has led his company through major challenges like the 2003 SARS outbreak and 2008 global financial crisis. Faced with increasing operating costs in Mainland China, he had to make a decision whether to relocate his factories to elsewhere or explore alternatives for future growth. Witnessing the trends in customisation, e-commerce and digital production under the 4th Industrial Revolution, he established the “To Make Locally” (TML) project in Hong Kong in early 2015. Instead of competing on price, TML project aims to bring back to Hong Kong and add value to various garment production processes to revitalise the city’s historically prosperous garment industry and gain competitive advantage through increased efficiency and a new business model.

The Strategy

Re-Industrialisation of Hong Kong

The TML project underscores Alan’s passion to drive the development of “re-industrialisation” of Hong Kong, with a view to creating more opportunities for people from all walks of life. Re-industrialisation refers to the process of re-establishing manufacturing industries in advanced economies, made possible by the advent of technologies which increases productivity and minimises environmental impact, and enables the servitization of products to create a holistic customer experience. Alan

is also convinced that Hong Kong’s strengths in professional services, IP protection and free flow of information and capital offer solid fundamentals to re-industrialisation.

Building the Value Chain Capacity

The TML project seeks to develop a holistic and sustainable value chain for Grandion’s apparel business, empowering young people and senior technicians, and providing a personalised and delightful customer experience with minimal environmental impact. It is a good example of how a business can build the capacity of various stakeholders in the operating environment to create value for everyone. “In our businesses we always look into how we can create value for stakeholders and that is the top priority,” said Alan.

The TML comprises 4 components:

- The Co-creation Hub to incubate young designers and entrepreneurs
- The Low Carbon FootPrints (LCFP) Green Production Centre to provide employment opportunities to senior technicians and Mainland new arrivals with experience in the apparel industry
- The 3D & Digital Printing Centre to provide timely response to the market with eco-friendly production processes
- The O2O Experiential Centre with an e-commerce platform and pop-up stores to provide online to offline customer experience

The Opportunity: Healthcare Challenges

Alan believes the ageing population creates enormous challenges but also plenty of business opportunities. The potential goes beyond the local Hong Kong market to the Greater Bay Area (comprising 9 cities in the Guangdong Province, HKSAR and Macau SAR) and other regions. He also sees the knowledge and service gaps in the current medical and health system, resulting in inefficiencies and causing problems to both the service providers and the users.

The Strategy

Supporting Startups

In 2017, he invested in the elderly home design business of his mentee. Longevity Design House is a Hong Kong based social enterprise to provide interior design solutions for elderly and people with disabilities with accessibility issues in their homes. Consequently, Grandion and Longevity Design House formed a joint venture – Longevity Technology - to build a business platform that integrates technology, healthcare, home modifications, furniture, and other daily necessities for elderly people. This is another instance of Alan creating a new business opportunity by understanding the needs of the society and through business model and technology innovations.

More recently, Alan has also partnered with a nurse to establish Nightingale Medical Care Consultancy. Observing the lack of transparent knowledge and knowhow in specialist medical services, the Consultancy offers professional advice and referral services to both the patients and insurance agents.

Becoming an Impact Investor

Turning his interests in working with startups, Alan has established the V Mission Ventures Fund to invest in entrepreneurs that generate financial returns and at the same time create social and environmental value. Impact investors are far more proactive in their intention for positive impact as opposed to ESG investors who seek to avoid negative impact to the society and the environment. With increasing worldwide concerns about climate change, human rights and social justice, impact investing has been growing significantly in recent years. According to the Global Impact Investing Network (GIIN), the overall size of the global impact investing market stood at USD502bn.

Overarching Strategy: Stakeholder-Centric Innovation

Over the years, Alan has obtained insights for new business opportunities by closely observing the needs of different people in the society. “My motivation is to serve the public and be responsible, to solve market pain points and turn

them into business strategies,” he said. His business is a perfect manifestation of how design thinking integrates user needs, technology and innovative business strategies and models. He also shares that his constant expansion into new businesses arises from the need to retain staff displaced by the shrinking workforce demand in the garment industry. By addressing the needs of his staff, Grandion has been growing its businesses vertically as well as horizontally into different domains.

The Impact

Alan’s achievements have earned him the Young Industrialists Award of Hong Kong, Capital Leaders of Excellence Award in 2011, and Asia Pacific Outstanding Entrepreneur in 2012. He has been actively promoting the business case of creating shared value in Hong Kong in his various capacities. So far he has influenced around 100 members of the Federation of Hong Kong Industries. Despite his very hectic schedule for his businesses and public services, nothing can stop him from championing doing good as a prerequisite to doing well in business. “We keep developing different initiatives and aspire to be a change magnet to influence other organizations,” Alan concluded.



- **Looked into the mega trends and identified growth opportunities with a human-centred approach**
- **Innovated the business model and offerings with the help of technology to meet the latent and changing needs of society**
- **Invested in startups that seek to do good and do well**
- **Collaborated with and built the capacity of different stakeholders to create multiple wins**

Esquel Group

Sustainability-Driven Leadership

Mainland China/HKSAR

"The vision and values of Esquel have attracted like-minded talents, working passionately together in making a difference to the business and the society."

- Edgar Tung, Managing Director and Head of Global Operations, Esquel Group



Edgar has been with the Esquel Group for over 10 years, after working in top management positions in different industries. His early experiences included internet start-up, investment banking as well as administrative officer of the Hong Kong government. He was named one of China's Most Innovative Leaders by Innovation China. Passionate about youth development, he is founding Chairman of Youth Arch Foundation. Edgar is also a member of the Aspen Global Leadership Network that seeks to tackle the foremost societal challenges of our times.

The Company

Founded in 1978, Esquel is a vertically integrated textile and apparel company known for its sustainability practices. Today it employs over 55,000 people around the world, producing over 110 million pieces of garments every year.

Company Vision and Values

Esquel embraced the vision of "Making a Difference", believing that every employee can be an agent of positive change. Its 5E-Culture – Ethics, Environment, Exploration, Excellence and Education – forms the bedrock of how it makes decisions.

The Opportunity

A graduate of MIT and Harvard Business School, Ms. Marjorie Yang (Margie) took the helm from her father and aspired to make a difference to the industry. She believes that the industry faces many challenges: fragile

ecosystems, wastage in the supply chain, poor working conditions, rising labour costs and the sweat shop image, which makes it difficult to attract talents. “Our industry has been traditionally seen as attracting low-skilled workers only. Margie wanted to change this perception. She wanted to improve the living standards of the lowest paid workers, and attract talents to the industry,” said Edgar, when asked how he was attracted to join the company.

The Strategy

Sustainability at the Core

Sustainability is grounded in Esquel’s core values and forms an integral part of its corporate culture. The success of the business grows hand in hand with the well-being of the community and the environment they operate in. “We are not just making shirts, but making a difference to the industry, the livelihood of its workforce, as well as the environment,” Edgar added.

Esquel’s sustainability effort is spearheaded by a Sustainability Council with 4 strategic pillars – planet, people, product and community, with sustainability practices that permeate across all departments and underpinned by its 5E-Culture. For more information about Esquel’s sustainability efforts, please visit their sustainability report at sustainability.esquel.com

Doing Good to People, Driving Productivity and Innovation

Esquel’s workplace Code of Conduct sets out their commitment to providing good working conditions, reasonable working hours and fair wages for all employees. Their compensation packages are competitive – workers are typically paid 2-3 times of the statutory minimum wage. From 2005 to 2015, Esquel’s revenue has more than doubled while the total workforce has only gone up by slightly over 20%. Instead of paying operators on a piece-rate basis, Esquel rewards team efforts with incentives linked to the productivity per line. One of their KPIs is that the median take home pay of operators must increase every year, based on the profit-sharing principle with employees.

They believe in providing its people with opportunities to grow and maximise their potential. In doing so, they build a resilient workforce that fuels the company’s continued growth amidst dynamic global trends. “We employ people who share the same mindset and values. Either they like us and stay with us for long, or leave the company quickly. During recruitment, rather than specific skills or relevant experiences, we typically look for people who share the same values with us” said Edgar.

Esquel has two key strategies guiding their approach to people development and

Esquel Group

Sustainability-Driven Leadership

Mainland China/HKSAR

management: “grooming people from within” with continuous training and development opportunities, and “caring for employees” centering on promoting employees’ well-being and encouraging a healthy work-life balance. Spending on talent development constitutes 2-3% of payroll. Apart from traditional classroom training, the Esquel University provides a wide variety of learning experiences that are backed by a dynamic online and mobile learning portal. All employees, including middle-aged factory operators, are encouraged to develop their digital skills to support the transformation of the manufacturing processes. Today, Esquel owns 2,000+ patents and some are developed by their operators.



Esquel takes a proactive approach to care for employees’ wellbeing and to match today’s social aspirations at the workplace. Twice daily, led by the General Managers, workers are encouraged to stretch and take a break during their shift.



Esquel’s international dragon boat champion during the annual sports day brings together Esquelers from across the globe to promote teamwork and wellness.

Applying Technology

Continuous improvement and innovation are underpinning values shared by all Esquel employees to drive productivity growth. Applying technology, employing progressive talent development and modern management practices, today, their frontline operators are skilled to work with robotic arms, machine vision and Esquel developed automation modules to enhance productivity. With RFID technology, they offer multiple digital solutions to their customers, from inventory management and product authentication, to real time visibility across the global supply chain.

Creating Shared Value in the Supply Chain

To Esquel, sustainability is not a cost but a long-term investment that will benefit the business. They take a holistic and long-term view in building the capacity and resilience of the supply chain. They believe when their communities thrive, the business thrives.

Esquel cares about their suppliers, including the cotton farmers in Xinjiang. They were the first company offering instant cash payment to cotton farmers instead of the industry-wide IOU practice. In addition, to help improve cotton farmers’ livelihoods, they used to provide microfinancing, with zero default reported. As farmers’ standard of living improved, this programme was no longer necessary.

Improving the Well-Being of Local Communities

Community engagement is a pillar of their sustainability effort. Through education programmes directed by the Esquel-Y.L Yang Education Foundation in communities where they operate, they aim to improve livelihoods and promote inclusive growth. For example, they have been running vision screening programmes, scholarships, and summer learning camps for the children in the community.

Investing in the Factory of the Future

Searching for a new development model, Esquel invested over USD300million recently in **Integral**, a sustainable development garden in Guilin. Integral is a pioneering concept in the textile and apparel industry, where manufacturing and the natural environment coexist in perfect harmony. Combining modern technologies, quality employment, innovation and environmental sustainability, Integral represents the factory of the future.

The Impact

With firm commitment from the owners, Esquel takes a long-term view and believes in sustainability as a strategy for good business. As a result, they are able to increase their productivity through continuous innovation, reduce costs (e.g. they managed to reduce energy and water cost per unit of garments produced by over 50% in the past 10 years), attract good talents, and win the trust from sustainability conscious customers.



- **Developed company culture to guide business decisions**
- **Treated the workforce as the company's most valuable asset with progressive staff development and management policies**
- **Created value together with suppliers with a win-win mindset**
- **Innovated the business with the help of technology**
- **Aligned CSR initiatives with the company's long term development strategy**
- **Took a long term view of the business to attain sustainable growth**

China Light & Power

Creating Shared Value with Systems Level Vision

HKSAR

"We seek to provide young people with a career path in the power industry and enhance their upward social mobility."

- Ir Paul Poon Wai-Yin, Vice Chancellor, CLP Power Academy



Ir Paul Poon has close to 40 years of experience in the power industry. He joined CLP Power Hong Kong Limited in 1981 and was the Managing Director of the company before he took up the role of Vice Chancellor of CLP Power Academy.

The Company

CLP Power Hong Kong Limited (CLP Power) is the Hong Kong utility subsidiary wholly owned by CLP Holdings Limited, a company listed on the Hong Kong Stock Exchange and one of the largest investor-owned power businesses in Asia. CLP Power operates a vertically integrated electricity supply business in Hong Kong and provides a highly reliable power supply to over 80% of the city's population.

Company Vision and Values

CLP's vision is to be the leading responsible energy provider in the Asia-Pacific region, from one generation to the next. Sustainability is at its core, managing carefully not just its impact on the environment but also its relationship with all stakeholders. Its Value Framework, introduced in 2003, stipulates a set of business principles and ethics to define its vision, mission, values, identity and actions. The Framework underpins CLP's commitment to sustainable development balancing economic, social and environmental considerations, and the needs of current and future generations.

Established in 2017, the CLP Power Academy has provided multiple entry points for young people to advance their career in the power and E&M

China Light & Power

Creating Shared Value with Systems Level Vision

HKSAR

industry with a clear articulation path through continuous part-time learning. It aims to ensure a sufficient supply of competent engineering professionals and also provide an alternative for school leavers who are not academically-oriented to pursue professional knowledge in power engineering. A Form 3 school leaver, for example, can aspire to get a bachelor's degree in engineering in 7 years' part-time study. This is about the same time required for someone following a conventional academic path.



CLP Power Academy Class

The Opportunity

The establishment of the CLP Power Academy is a manifestation of the Value Framework. As power infrastructure is a long-term investment and requires knowledge and experience be passed from one generation to the next, CLP Power has been acutely aware of the value of technical skill succession, and set up its own training school in 1966. Through systematic and practical training, it nurtured a competent and dedicated pool of engineering employees

with a steady talent pipeline to ensure a highly reliable supply of electricity at world-class level is maintained.

With Hong Kong's continuing growth and large-scale infrastructural developments, CLP Power noted the demand for qualified electrical and mechanical (E&M) professionals. It also saw the gap between career training and higher education. Ir Poon advocated to set up the CLP Power Academy in 2017 to bring CLP Power's training regime to the next level by expanding their expertise to benefit the wider industry workforce, and to provide high quality, academically accredited and industry recognised education for young people and industry practitioners, so that they can have a career pathway in the power and E&M industry with enhanced upward social mobility. "The students are not just enrolling in a learning program but embarking on a vocational and professional career path." Ir Poon said.

The Strategy

Working Closely with Partners

The CLP Power Academy works in partnership with educational institutions to offer part-time accredited programmes, ranging from certificate, diploma, professional diploma, bachelor's and master's degree programmes in electrical and mechanical engineering. Its academic partners include Vocational Training Council (VTC),

China Light & Power

Creating Shared Value with Systems Level Vision

HKSAR

Hong Kong Polytechnic University, Hong Kong University of Science and Technology as well as international partners such as RMIT University and University of Strathclyde.

The Academy is able to leverage the resources of both internal and external stakeholders for maximum positive impact:

- CLP Power staff work with tertiary institutions to design industry-focused curriculum and deliver the programmes under the Qualifications Framework
- Electrical and Mechanical Services Department provide recognition to the programme
 - Professional Diploma graduates who have already registered as Grade B or Grade C Registered Electrical Workers (REW) are eligible to be registered as Grade H REW Grade H
 - Diploma graduates with sufficient working experience are eligible to be registered as Grade A REW Grade A
- Continuing Education Fund of the Government and Engineering Training Subsidy Scheme of VTC to cover 80% and 60% of the tuition fees for the certificate and the diploma/ professional diploma programmes respectively

The Impact

Empowerment to Move Up

Ir Poon explained that CLP Power did not have to invest a lot in running the Academy as it could leverage the resources of its partners. But he is delighted that the benefits to and impact on the young people and the industry are enormous. He was extremely gratified when he witnessed the joy of the graduates of the programmes, which gave them hope, self-esteem and the power to move upward.

Systemic Benefits

The CLP Power Academy is set up to benefit not just the company CLP itself but the entire industry by having an increased bench-strength in both quality and quantity. Ir Poon said that “About 15-20% of our students came from CLP and our partners, 30% from other corporations and 50% from SMEs. We want a good supply of talent for the entire industry so that top safety and supply reliability levels can be maintained everywhere.”

Ripple Effect in the Industry

Under Ir Poon's leadership, the CLP Power Academy has become a role model for other industry players who have encountered similar talent issues. In the last two years, there has been the establishment and/or expansion of the following Vocational and Professional Education and Training (VPET) providers:

- MTR Academy
- Towngas Engineering Academy
- Hong Kong International Aviation Academy
- HKPC Academy
- Hong Kong Institute of Construction

These VPET providers have formed a Corporate Tech Academy Network (CTAN), chaired by Ir Poon and more corporate academies are expected to join the network later.

Ir Poon has walked the talk of CLP's Value Framework in translating the guiding principles into actions, multiplying the social impact of CLP Power Academy through its influence on other industry players and transforming the lives of more young people who may have otherwise lost their sense of purpose and direction. In less than two years, he has not only turned an idea into fruition but also scaled it up.



CLP Power Academy Graduates

- Used core values to define the company vision, mission, values, identity and actions.
- Invested in talent development to meet the organisation's long term needs and for the greater good of the industry
- Leveraged the expertise and resources of internal (employees) and external stakeholders (other companies, educational institutes and the government)

LAWSGROUP

Passion Drives Business Transformation

HKSAR

"Creating Shared Value is one key answer to achieve long-term sustainability."

- Bosco Law, Deputy Chairman & CEO, LAWSGROUP ("Laws")



Trained professionally as an architect, Bosco worked in architecture and banking before joining Laws in 2005. He now oversees the group's businesses in design, retailing, manufacturing and property investment. He believes "Fashion" is an outcome of culture. Culture is everything that the members of an organization targets to achieve, and makes employees have the same language and shared goals.

The Company

Founded in 1975, Laws is a leading apparel manufacturer. Today the group has expanded into retail and property development businesses with more than 25,000 staff. In recent years the company has turned two of its investment industrial buildings in Lai Chi Kok into fashion and creative shopping malls: D2 Place One and Two for young design entrepreneurs.

Business Vision and Values

Bosco is passionate about fashion with "Passion for Fashion" as Laws' brand motto. "I love fashion and I love my business. I want all my staff to have passion in what they are doing." The values of Laws are embedded in its H.I.T. Philosophy:

- Happy: Positive Thinking with Strong Passion
- Integrity: High Ethics with Effective Communication
- Teamwork: Group Cohesiveness

The Opportunity

Bosco has always wanted to do something to support local fashion designers. "I travel to other countries from time to time and as an architect, I like to look around to see different things such as garage sale, weekend market, vintage market, container stores etc. which can't be found in Hong Kong. It is often difficult for Hong Kong brands to rent good retail space in large shopping malls because most of them are snatched up by international brands." Bosco said.

Laws has a long tradition of giving back to society through its CSR programmes. Since the establishment of its first charity fund, the Group has provided over USD33M in setting up schools in Hong Kong, Mainland China and the UK. Initially, Bosco channelled his support to fashion designers as a CSR initiative through the Fashion Farm Foundation. "My motivation was purely about doing something for the fashion industry and local brands." Bosco explained. But he soon realised that this charitable model was not sustainable.

The opportunity came when the HKSAR Government introduced the revitalisation scheme of old industrial buildings with the waiver of land premium. Bosco believes revitalizing old buildings is an effective way to give new life to the neighbourhood. He took a

leap of faith to transform D2 Place into Hong Kong's first revitalized Shopping Mall-cum-Office Complex leveraging the Group's core competence in marketing and retail operations.

The Strategy

Nurturing Entrepreneurs

D2 Place created weekend markets as a platform for local designers and aspiring entrepreneurs to reach the public. The Entrepreneurship Model consists of 6 different levels, whereby startups are nurtured and supported progressively from an initial sales experience to managing a developed business:

Weekend Markets: Young entrepreneurs could present their products at very affordable rent

Pop-up Stores: one-off short term lease with furniture and display support

Kiosks: Open Shop (1 year+) with operational and marketing support

Shops: Long term tenancy with own shop front (1 year+) or as consignment at the Barn Lifestyle Department Store

Across the City: Replicate the entrepreneurship model across the city with other developers

Outreach to the World: Bring the entrepreneurs to the world

Championing CSV through H.I.T. Plus

Laws placed a high priority in cultivating talent with the H.I.T culture as the bedrock. Bosco

LAWSGROUP

Passion Drives Business Transformation

HKSAR

believes that it pays to invest in culture as a powerful force to unite different types of staff in the company, young and old, the creative and the more conventional. They have in place different training and development initiatives, including the Laws Academy, H.I.T training programme and leadership training. He attributed the success of the D2 Place project partly to having a cohesive and collaborative team working together to attain the goal.

Bosco learnt about the academic framework of Creating Shared Value when Our Hong Kong Foundation encouraged him to apply for the Business for Social Good Award. Inspired and encouraged by winning the Grand Award of the Business for Social Good Award, he is determined to integrate CSV into Laws and also to promote this to other businesses in Hong Kong. He believes traditional CSR is uni-directional support from corporate to the beneficiary. It is usually one-off and short-term

in the form of donation or volunteering work. CSV, on the other hand, emphasizes a two-way interaction, in which the corporate develops a unique business model to facilitate growth for both company and beneficiary, creating a win-win situation.

CSV Empowered by Design Thinking

Bosco sees the introduction of design thinking as a core strategy in propelling the development of CSV, using a stakeholder-centric approach to solve problems and identify opportunities creatively. Indeed empathy is crucial to identify the unmet needs of stakeholders. He took the lead to learn and encourage his team members to incorporate design thinking into the work culture and practices. As a result, the Laws updated its H.I.T. philosophy into H.I.T Plus. In addition to the Happy, Integrity and Teamwork, they have incorporated "Human-centric", "Innovation" and "Think without the box".

The Impact

From CSR to CSV

The project has met with some initial setbacks and resistance but Bosco's strong conviction has enabled him to persist. Bosco recalled that "some people in the company thought it didn't make sense. I persisted with what I believed and moved on."

Standing for "Designer's Dream", today D2 Place has become one of the most popular start-up platforms for young creative entrepreneurs in Hong Kong and also a vibrant culture and creativity hub in Hong Kong. More than 5,000 local and international creative entities have benefited from the initiative.

At the beginning, Bosco had no expectation that the D2 Place project could develop from a CSR programme into a viable and sustainable business model. It is a perfect illustration of how following one's passion will eventually lead to success. The success of D2 Place has not only attracted big brands and other businesses as tenants but also visitors (especially young people) from different parts of Hong Kong to this once dilapidated part of the city, thereby revitalising the neighbourhood dramatically.



"Top 10 Artisans Award 2019" was successfully held on 31 August at D2 Place.



"Made in Hong Kong" Street Carnival outside D2 Place with over 150 entities including government departments, non-profit organizations, and educational institutions in celebration of the establishment of Hong Kong SAR on 1 July. It is recognized as an official celebration activity and has become the annual signature event.

Promoting CSV across the city

Bosco is delighted with the ripple effects of D2 Place. Laws is now committed to promoting CSV across the city with other developers. “We believe CSV is not just for any individual but a business for everyone. Only when more companies and institutions understand the CSV concept in their business models, more people can benefit from the whole momentum,” he explained. Today, more developers have adopted similar concepts as D2 Place in their shopping malls. “We are thrilled to see more start-ups benefiting across the city,” Bosco said.

Bosco is also championing the development of a new Cultural & Creative Ecosystem under a “Business-Government-Community” tripartite partnership. He is confident that more people will notice the potential and support local design. “I am optimistic about the development of the local creative industries, as the government, developers and other stakeholders are now creating a joint effort to promote local art and design.”

Building a Good Employer Brand

As Laws steps up its promotion of CSV internally and externally, it has also helped build their employer brand resulting in more people interested in working for/with them.



- **Built a strong company culture to guide business decisions**
- **Invested in developing the mindset of the workforce with a set of core values**
- **Turned CSR into CSV with strategic and long term benefits to the business**
- **Applied design thinking to discover unmet needs and growth opportunities**
- **Worked closely with multiple stakeholders (business, NGOs and government) to advocate systemic changes and maximise positive impact strategy**

SK Group

Embedding Social Value Internally and Building a Social Enterprise Ecosystem Externally

South Korea

"I believe it is time for social value to become a 'key financial' and that it be reported on a regular basis. I would invite all our friends and our competitors to do the same."

- CHEY Tae-Won, Chairman of SK Group, World Economic Forum



The Company

SK Group is the third largest conglomerate in South Korea, with a revenue of USD 213.6 billion (2018). SK Group is composed of 95 subsidiary companies that share the SK brand name, as well as the group's management system named SK Management System (SKMS).

SK Group has more than 70,000 employees who work from 113 offices worldwide. While its largest businesses are primarily involved in the chemical, petroleum, and energy industries, SK Group also owns South Korea's largest wireless mobile phone service provider, SK Telecom. The company also provides services in construction, shipping, marketing, high-speed Internet, and wireless broadband.

Company Vision and Values

SK's mission is to "create the best value for customers, members and stakeholders, playing a key role in social and economic development, and the betterment of everyday living".⁵⁶

⁵⁶ SKMS Introduction, SKCareers.com, www.skcareers.com/CONTENT/ENGLISH/SKM/SKM1001.aspx

The Opportunity

SK's transition towards a social value strategy was initiated by SK's Chairman, Chey Tae-won. During his incarceration,⁵⁷ Chey wrote a book on social enterprise and started to shift SK's mission to be based not solely on scale and profits. Putting social value at the heart of the corporate mission of SK became a personal mission of the Chairman.

According to Chunkyu Park (Project Leader at SK SUPEX Council), in the beginning, there were doubts about the sincerity of this strategy and many regarded it as "packaging social good", but SK has been consistent in developing a framework for "social value" over the past 10 years. Widening this philosophy to affiliate companies has incurred huge cost and risk.

The Strategy

SK's social value strategy consists of three main approaches:

Building Social Enterprise Ecosystem

One of SK's flagship programmes is an experiment, Social Progress Credit (SPC), proposed by Chey Tae-Won, which converts social value created by social enterprises into "cash incentives". The social

enterprises supported by SK have their social value measured in monetary terms and receive a quarter of the total social value created. The reason for this monetary credit system is that Chey believes that social enterprises are not receiving the monetary value that they deserve in the market. Annually, 30 social enterprises are selected and over the past four years around 200 businesses have participated in this programme.



Source: SK Group website
www.sk.co.kr/en/together/happiness.jsp

SK is also creating a social enterprise investment fund geared towards social ventures, which has pooled approximately USD 10 million (2017), USD 17.2 million (2018), USD 43 million (2019) in Asia.

SK converted its MRO company into a social enterprise, Happy Narae. Annually, Happy Narae purchases from social enterprises amount to KRW

57 Choe, Sang-Hun, "South Korean Executive Imprisoned", The New York Times, 31 Jan 2013
www.nytimes.com/2013/02/01/business/global/01iht-embezzle01.html

SK Group

Embedding Social Value Internally and Building a Social Enterprise Ecosystem Externally

South Korea

30 billion, and 100% of the profit goes to social enterprise ecosystem building through SPC and their investment fund. Other ways SK support the social enterprise ecosystem include through its education programmes, such as the KAIST social entrepreneur MBA programme, on which all applicants are developing their own start-ups.

Embedding Social Value Internally

SK is internalising social value by shifting its internal structures and systems, and putting social value at the heart of the company's mission. SK is currently implementing a "Double Bottom Line" (DBL) initiative which plans to report all of their 17 SK affiliates' contribution to social value alongside their operational profits on their income statements. The DBL incorporates a host of non-financial indicators of environmental and social wellbeing.

In 2016, SK established the SK Management System (SKMS), which is similar to a code of conduct and reflects the philosophy of social value. SKMS clarified the mission or *raison d'être* of the company, and explicitly mentioned that the company needs to create both social and economic value. SK also changed all the Articles of Association of all the major related companies to align with the SKMS.

SK have also embedded social value in all its internal education programmes, beginning with bringing top management on board with the idea. As part of this strategy, six or seven CEOs of different related companies who are part of the SUPLEX Committee⁵⁸ - committee members and also CEOs of the related company - receive training on SK's social value agenda every month. In 2017, SK embedded social value in all of the Director and board level training programmes, and this was expanded to include all employees in 2018. The implementation of social value has been top down and embedded in decision making around recruitment and promotions.

In 2018, SK started measuring the social value performance of employees in a similar way to how a company manages its financial performance. There are CEO KPIs and company KPIs – social value is reflected in both and make up 50% of evaluation. These performance results have direct implication on the annual salary and bonuses of the employees.

Converting Corporate Assets into Infrastructure for Sharing

SK has launched a shared infrastructure initiative, in which they opened up their domestic network of petrol filling-stations to give access to other companies and organizations. Filling stations are

57 SUPLEX Committee is a unique decision-making council of SK at the top level, which brings together leaders of major affiliates within SK Group. It has the motto "Independent yet united" and promotes mutual cooperation between the different affiliates for effective performance. "About SK", SK Group website, www.sk.co.kr/en/about/suplex.jsp

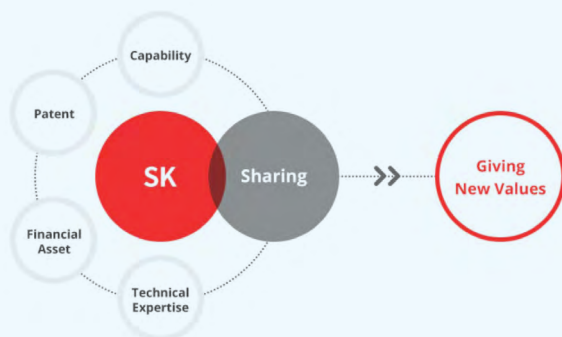
SK Group

Embedding Social Value Internally and Building a Social Enterprise Ecosystem Externally

South Korea

primarily designed to sell petrol and ancillary services for drivers and vehicles. However, the stations can have many other applications given their proximity to residential and commercial areas: the technical skill sets of station staff, and underused physical space within their facilities.

The initiative has received more than a thousand proposals for how to use the shared-space and there are 3,600 SK-operated facilities. Other competitors have also joined the scheme: GS Group and Korea Post have contributed another 2,500 and 3,500 facilities respectively, creating a new market predicated on shared-space facilities, according to Chey.



Source: SK Group website
www.sk.co.kr/en/together/happiness.jsp

The Impact

Social Value as a "Key Financial" for Decision-Making

As a management tool, DBL accounting allows managers to assess the social costs and benefits of their business operations for decision making. According to Chey, "this may lead us to reconsider our strategy in some instances, and to think about the overall value that we provide to our stakeholders. We have also found that ascribing a dollar value to social goods can enhance our ability to drive investment decisions. We can often push projects over the line by building consensus with our stakeholders over expected social value returns."

Competitive Advantage in the Global Market

As a SK regards their social value strategy as the key reason why they are able to compete in the global market. They are able to obtain significant business deals in new markets due to their social value track record, which appeals to businesses and politicians. According to Chey, the recent cooperation opportunity in Vietnam with Masan Group is a key example of SK's social impact efforts paying off.



- committed to developing the framework of social value led by its strong leaders, in particularly its Chairman
- Walked the talk - embedded the SK Management System (SKMS) which reflected the philosophy of the company to include both business and social value
- Launched shared infrastructure initiative to enhance the ecosystem
- Stayed relevant and competitive in the market by doing good

Outblaze

Purpose and Scalable Impact Through Technology

HKSAR

"If there is no purpose in work, there is no purpose in life."

- Yat SIU, Founder & CEO, Outblaze



Yat was born and raised in Austria. He is a classically trained musician and the son of two musicians, and has also developed a great interest in technology early in life. In 1995 he moved to Hong Kong, and in 1998 set up Outblaze, a pioneer tech company developing multilingual white label web services.

The Company

In 1998, Outblaze Ltd. was a pioneer in cloud computing services and the first company to offer fully hosted multilingual communication services for online communities. Today, Outblaze develops and provides various digital media products and services including virtual community services, online transaction systems, web communication software, smartphone apps and games, social media applications, and more. This case looks into the education business of Outblaze and its partnership with a social enterprise Teen Future.

Company Vision and Values

Growing up in Austria, a country with a religious and socialist culture, Yat developed a strong sense of empathy and social justice. Making money has never been his main goal when creating businesses. Although revenue is important, "achieving purpose and impact is what Outblaze is about," Yat stressed. "A local charity helping the poor is a great thing, but it has limited impact. We are more interested in finding something that will scale up, is meaningful, and has a positive impact."

Outblaze

Purpose and Scalable Impact Through Technology

HKSAR

Having purpose and impact as part of Outblaze compass proved very important when the business grew bigger. Yat realised that most of his staff did not understand why and what they were doing. He therefore started to place more emphasis on purpose. "You are not going to do it just for the salary or a stable job. You are working at Outblaze because you think you can deliver a change and make an impact - and that's exciting." This is what Yat has been telling his staff for years.

The core values of Outblaze are:

- Ideation and Innovation, constantly developing new technologies and businesses
- Early adopter at the forefront of the industry
- Diversity of workforce with local and international talent

The Opportunity

As a father of three, Yat is particularly passionate about the need to reinvent education. "My concern is that traditional education systems – with their focus on rote learning, examinations and creativity-crushing hours of homework – do not properly prepare children for the fourth industrial revolution."

The Strategy

Setting up a Think Tank

Outblaze set up ThinkBlaze, an internal think tank to look at technology and social issues such as how

technology can be used for education. It does not generate revenue but its research has led Outblaze to learn more about synergy opportunities between technology and education, a combination that Yat believes will see huge growth.

Incubating Edutainment Businesses

Outblaze has incubated many companies in a range of fields including mobile apps, blockchain games, and AI and music products, such as Animoca Brands, a game and blockchain company listed in Australia, Chord Hero, an initiative to make music learning less expensive and more engaging, and Baby Cortex, a company dedicated to developing and publishing edutainment apps for young children.

Dalton Learning Lab Powered by Design Thinking

In 2017, Outblaze founded the Dalton Learning Lab, a joint venture with the co-founders of Dalton School Hong Kong. The Lab looks at how learning in children can be optimized by teaching children aged 4-13 skills such as technology fluency and divergent thinking in a variety of Science, Technology, Engineering, Arts and Mathematics (STEAM) topics.

Outblaze is a great believer in and advocate of design thinking – a stakeholder-centric approach to address challenges and identify opportunities. The majority of the young engineers at Outblaze are single and childless; and they do not have enough understanding about the needs of their target users — the kids.

Dalton Learning Lab serves as an R&D unit of Outblaze

Outblaze

Purpose and Scalable Impact Through Technology

HKSAR

to obtain insights into product development for children through their teaching work. "Empathy is one of the most valuable assets of human beings and one of the most important 21st century skills. Hong Kong has to do more to nurture a more empathetic generation," Yat said.

The Opportunity



Open Day of Dalton Learning Lab

In 2016, Yat was invited to speak at an event at the Polytechnic University. He was pitched by Connor Chu and Bonnie Leung (Co-founders of Teen Future) to outsource projects to their young people. Teen Future is a social enterprise with a mission to develop the potential of young people (aged 15-24) who do not follow the conventional academic path. It trains young people to provide game testing and related outsourcing services. It only took Yat 30 seconds to say yes, as he thought it could be a win-win for Teen Future and Outblaze. He liked the idea of giving job opportunities to marginalized youths, and at the same time helping the company to address the challenge of

attracting young game testers to work at their office.

The Strategy

The task of implementing the partnership with Teen Future was assigned to Issac Poon, assistant communications manager of Outblaze. Issac said the idea was met with some initial resistance, but in the end, colleagues accepted the outsourcing arrangement as the youths have continuously shown that they are capable of fulfilling the job requirements. It is also a more cost-effective, reliable and sustainable arrangement because Teen Future is able to guarantee a stable workforce. From game quality assurance, Teen Future has also branched out to working with Outblaze in other fields like customer service, social media managing and AI tagging. "It was actually easier for colleagues to do good in this way than conventional CSR efforts, as they quickly see the real benefits to their teams, the company, and the youths," Issac said.



Teamwork of Teen Future

The Impact

After starting life as a white-label software-as-a-service provider and selling that business unit to IBM, Outblaze has developed across multiple industries including mobile, web, gaming, education, music, artificial intelligence, blockchain, health, exercise, and others. Today, Outblaze is at the centre of a vibrant network of dozens of companies and partners on the cutting edge of information technology. In 2018, Outblaze won the SME Award at 2018 DHL/SCMP Hong Kong Business Awards.

Vision of the Future: Redistributing Wealth and Redefining Capitalism

In the early days of Outblaze during the emergence of the internet age, the purpose of the business was to connect people. And now with blockchain technology, Yat is thinking about how this new technology could create a wealth redistribution system through a decentralised, peer-to-peer, global monetary infrastructure based on delivering (instead of extracting) value to the users. Companies will make the shift from extracting value from users to giving value to users. This new approach to business will be made possible by the new transaction and incentive infrastructure provided by blockchains.



- Connected the vision and mission of the company with a Purpose
- Communicated clearly to staff that they are making both money and meaning
- Looked into mega trends and identified growth opportunities with a human-centred approach
- Worked with social enterprises/NGO partners to meet the needs of both the business and society
- Used technology to scale impact

Jenston Technology

Building A Happy Workforce

HKSAR

"We find joy and satisfaction in doing meaningful things. We let our staff see the creations of social values and benefits to others. In doing so, I believe the relation between staff and management will be long lasting."

- Jane Liu, Managing Director, Jenston Technology



An ex-banker and an INSEAD and Tsinghua EMBA graduate, Jane joined the family business some 20 years ago. With an overseas education and experience working in international banks, Jane has a "liberal" management philosophy. She started to initiate green workplace practices when she joined the Jenston Group, bringing over her experience in a US bank to the family business. It was considered very "progressive" at that time, especially for a SME.

The Company

The Jenston Group was founded almost 40 years ago. Jenston Technology is one of the business units with 20 people in Hong Kong, and over 100 in Mainland China. It is a system integration consultancy and managed service provider for audio-visual solutions and collaboration technologies.

Company Vision and Values

Jenston Technology's vision is to help organisations to "reinvent workplace communication and collaboration" with their image and sound solutions. Its core values are:

- Creating value together
- Ethical business
- Creating meaning and happiness

Jenston Technology

Building A Happy Workforce

HKSAR

The Opportunity

When Jane joined Jenston Technology, she wanted to create a more collaborative culture for the company. They tried staff welfare initiatives (e.g. BBQ and other recreational activities) but without much success.

The Strategy

Strategic CSR as a Staff Engagement Tool

Jane decided to introduce staff volunteer work with kids and the elderly as a team building means. There was a lot of resistance from senior colleagues (especially the male staff) but they gradually saw the personal benefits. She shared a story of how a male staff came to appreciate the need for him to spend more time with his family after his visit to the elderly. Their volunteer activities have become more developed over the years. "Management commitment and mindset are highly important. Communication is important. I explained the rationales behind and our staff have gradually come to realise what we do are all meaningful," Jane explained.

In addition to staff, they now invite their business acquaintances to join their volunteer work as well. And it has been proven to be beneficial in building their relationship with suppliers, clients, NGOs and other stakeholders.



Jenston Plantation Day: raises plantation awareness as part of our green initiatives

Understanding the Needs of Employees

Jane attaches a lot of importance to building a happy workforce. She believes SMEs may not be very competitive when it comes to attracting and retaining talents. She considers that an "employer and employee" relationship will not work nowadays. Openness, communication, constant feedback, workplace "democracy" and carrots (rather than sticks) are the key components of her management philosophy. She believed that gaining trust from staff enables open dialogue. "We listen to them and try to understand what they need. Then we give feedback and take actions."

Staff in Jenston are given the autonomy to decorate the office space, and Jane finds amazing creativity with the team. "Our staff said we are very liberal. We involved our staff in the entire process of office renovation. We asked them what they wanted for desk size, the design of the chill zone etcl. We let them know that we welcomed and encouraged creative design. After all this is their workplace where they should have a sense of belonging," Jane elaborated.



As a co-founder of SME Sustainability Society, Jane wishes to promote Sustainability in the SME community

Carrots rather than Sticks

As an example of how Jenston uses positive reinforcement than punitive measures, they introduced a punctuality leave (one day for every 6 months) to address the issue of staff turning up late for work. It has proven to be very effective. The number of staff who have been 100% punctual has improved from 50% to 95%.

Jane also believes in the importance of training and development. Jenston is very generous in encouraging staff to attend training programmes. "The management is willing to let staff join the seminars during office hours. We are open to different kinds of classes, even though they may not be relevant to our work. We think our staff can benefit from learning different things. They are building up the knowledge and we see the value of it."

The Impact

A Motivated Workforce

Jenston Technology is a participant of the Hong Kong SME Business Sustainability Index compiled by the CUHK Centre for Sustainability and was ranked the 2nd in its 5th edition. Jane believes that participating in the Index survey has helped her company understand more what business sustainability means. The company also received the Grand Award and Sustainability Award (SME) of the 2016/17 HKMA Hong Kong Sustainability Award. She feels that these awards can be a useful incentive to encourage more companies to pursue sustainable business practices. She encourages the government to provide more support and recognition to this kind of awards.

Some people may dismiss the value of CSR (e.g. volunteer work) if it is simply used as a reputation management tool. In Jenston Technology's case, CSR policy and practices started off with a genuine interest to serve the community and engage the staff. CSR is integrated into the company's culture and is an integral component of its talent engagement strategy. It has helped the development of esprit de corp and staff morale. Seen in this light, even traditional CSR can be a staff engagement strategy – if it is genuinely deployed pursuant to the purpose and values of a company. For SMEs, this may be an effective and relatively easier first step to do good and do well.

Jane is interested in moving forward into more strategic CSR practices. Whilst this may take more time to develop, she is keen on learning more, gaining great exposure to and inspiration from like-minded organisations who share similar mindset and values.

Championing Business Sustainability amongst SMEs

Jane has co-founded the newly launched SME Sustainability Society formed under the auspices of the CUHK Centre for Sustainability. She thinks peer to peer learning and support will be valuable in raising the sustainability standard of companies – especially amongst SMEs.



- **Aligned CSR activities with the company's talent engagement, team building and staff development strategy**
- **Co-created a better workplace and sense of wellbeing with staff**
- **Encouraged positive behaviour with carrots rather than sticks such as punctuality leave**
- **Supported peer to peer learning to raise the sustainability standards of SMEs**

Stakeholders/External influences motivating change

This section describes companies which have enhanced their business for good commitment as a result of a catalyst - an internal catalyst is recruitment and retention of talents, and companies co-create with employees for a holistic do good and do well business strategy. An external catalyst could be government regulations and new policies, or it could be stakeholder pressure, or a guiding framework such as the UN Sustainable Development Goals, affecting how customers and stakeholders view the company.

Zorlu Holdings

A Sustainable and Smart Life for all Stakeholders

Turkey



For a healthy company, we need to have a healthy society."

- Emre Zorlu, member of the Founding family

The Company

Zorlu Holdings is one of the biggest corporate groups in Turkey, and headquartered in Istanbul. With approximately 30,000 employees, Zorlu operates across a wide variety of industries including electronics, textile, energy, real estate development, mining and metallurgy.

Zorlu embraces the concept of generating value for society in everything they do. The company defines sustainable business as going beyond the maximization of revenue and the interests of stakeholders, and their business pays attention to social good and the environment, as well as strict adherence to corporate governance principles.

Company Vision and Values

Zorlu's vision is to bring to life the dream of "a sustainable and smart life" by offering the forward-moving power of technology to society.

Within all the industries in which Zorlu operate, they are guided by the United Nations' 17 Sustainable Development Goals (SDGs), and they are committed

Zorlu Holdings

A Sustainable and Smart Life for all Stakeholders

Turkey

to sustainability through the entire product lifecycle - from raw materials to after-sale services.

The Opportunity

Stakeholders' Expectations

Zorlu positions their stakeholders as the prominent factor pushing them towards a sustainable journey. According to the communications department, meeting their stakeholders' expectations regarding sustainable business practices also match their internal company's philosophy to do business responsibly.

Zorlu said that it is not that easy to put motivation for changes in an order of priority, as all of their stakeholders constitute the source of their motivation. It is their experiences and feedback that shape the outline of Zorlu's future strategies.

Leadership: A Major Driving Force

Leadership is a critical factor in bringing about the change they aspire. It is for this reason that Zorlu's Board of Directors incorporated their "Smart Life 2030 strategy" across their business. Starting from the Board, they have leaders at all managerial levels of the organisation committed to mobilising people towards the strategic goals defined in the Smart Life 2030. Amongst their employees, the company has volunteers that act as ambassadors of change to disseminate the values of the Smart Life across the organisation, and design the architecture of the concerted efforts to this

end. The ambition and devotion of the employees in this respect bear great importance for Zorlu. As their internal stakeholders, the employees constitute one of the major sources of motivation for the company.

The Strategy

The implementation of the Smart Life 2030 strategy has been throughout all companies, from the top management to the junior levels of staff.

The Chief Financial Officer (CFO) undertook the leadership of implementing this strategy at the top managerial level. In 2016, Zorlu established the Zorlu Holding Sustainability Committee under the CFO, with the participation of many sustainability working groups (such as environment, R&D and innovation, corporate governance, employees, relations with society, customer relations, supply chain). The working groups consist of employees from Zorlu Holding subsidiaries and departments which place sustainability strategy in the center of their business strategy.

Members of these working groups are called "sustainability ambassadors". They not only address technical issues around sustainability, but also create a sustainability ecosystem in their company and departments by implementing sustainability strategies and monitoring processes. Sustainability ambassadors gather and share the improvements and their experiences at least once a year with the group members.

Zorlu Holdings

A Sustainable and Smart Life for all Stakeholders

Turkey

To ensure their aspirations come to reality, 120 employees have been selected as “Smart Life Ambassadors” who, across the Zorlu Group, will lead the efforts for building a work environment where sustainability is put at the centre of how employees fulfil their respective responsibilities. Zorlu supports the Smart Life Ambassadors by offering training, events support and mentorship programmes. In partnership with the Boğaziçi University (one of the most reputable universities in Turkey) Lifelong Training Center, Zorlu founded the Smart Life Academy and became the first Turkish company to partner with a prestigious university for training programme in sustainability as a strategy of their commitment to social and environmental change.

Support from Top Management Level and Zorlu Family

The company’s corporate communications department plays a key role in these processes. At Zorlu Holding,

everyone from the top to bottom levels of employees - both at the Holding and Group Companies operating in their five main fields of activity - display real ownership of these values and new approaches.

At the top management level, the CFO as the Sustainability Committee Chair leads the efforts to make sustainability a way of doing business across the Group, which is closely linked with the company’s notion of corporate citizenship. Zorlu’s commitment to sustainable values is embodied in all their products and services, and the members of the Zorlu family are also devoted to this cause. Both Emre Zorlu and Selen Zorlu, board members of Zorlu Holdings and also the third generation of the founding family, lead activities in a wide variety of areas, from social innovation to quality education, from gender equality to reducing inequalities, all to echo Zorlu’s values that a healthy company should thrive in a healthy society.

The Impact

Better Reputation, Public Trust and Perception of Zorlu Holding

Zorlu is receiving very favourable feedback from their stakeholders on their efforts to make sustainability an integral part of the business. This includes employees, suppliers and other business partners. In the longer term, they believe their efforts will make a significant contribution to the corporate value of the business in the eyes of investors, during the possible process of going public.



- Responded to international standards such as UNSDGs to do good, as an outward looking large multi-sector corporation
- Supported by the founding family and top management in pushing forward its Smart Life 2030 strategy
- Involved colleagues in driving initiatives within the company
- Led social innovation activities by third generation board members of the founding family
- Gained more trust from business partners and the public with their mission of thriving in a healthy society

Ping An

Addressing Social Challenges in Rural Communities as a Strategy to Deepen Market Penetration

Mainland China

"Through utilization of Ping An's resources and competence in finance and technology, we are eradicating poverty in a 'hematopoiesis' way instead of a 'transfusion way'. Our vision is to enable people's access to social assistance, healthcare and education."

- MA Mingzhe, Chairman and CEO



The Company

Ping An Insurance (Group) Company of China Ltd. ("Ping An" or "the Group") is a Chinese holding conglomerate whose subsidiaries mainly focus on insurance, banking, asset management and internet finance businesses. It began in Shenzhen in 1988 as a property and insurance company. With technology as a core competence and driver, Ping An was able to scale and diversify its business. Today, it ranks 29th on the Fortune Global 500 list. Ping An has also launched health-tech businesses, including the Hong Kong-listed Ping An Good Doctor.

Company Vision and Values

Ping An upholds the belief of "technology-powered financial services for a better life". Based on two growth models, it is Ping An's strategy to build an integrated financial services platform with the vision of "One Customer, One Account, Multiple Products and One-Stop Services".

Ping An

Addressing Social Challenges in Rural Communities as a Strategy to Deepen Market Penetration

Mainland China

The Opportunity

Targeted Poverty Alleviation in Mainland China

Poverty alleviation has always been an agenda of the Central People's Government (CPG). Targeted poverty alleviation was first raised by Xi Jinping, President of the People's Republic of China back in 2013. A year later, the total number of people living in poverty in China was third highest in the world. It was the goal of the CPG to eradicate poverty by 2020 under the Five Year Plan. While this is not policy nor performance indicator for private businesses, many sizable Chinese enterprises have invested in poverty alleviation projects in support of this goal.

A Genuine Belief in Business for Good from the Leadership

The company's leadership attaches great importance to sustainable development and social responsibility. Mr. Ma Mingzhe, Chairman and CEO of Ping An goes beyond echoing the national poverty eradication policy and describes his aspiration to contribute to the poverty eradication agenda by way of "hematopoiesis" (「造血式扶贫」), to make blood rather than rely on blood transfusion (「输血式扶贫」). The leadership's will and strong capability in execution are key.

The Strategy

"Ping An Rural Communities Support" Initiative

To create impact at scale, Ping An invested over CNY 5,515.7 billion to its flagship Village Officer Programme

under the "Ping An Rural Communities Support" initiative (the Project), which was announced in Mr Ma's New Year Address in 2018.

The Project aims to strengthen industrial development and access to quality healthcare and education in rural areas, whilst enhancing Ping An's business presence and creating future demand for their products and services. It comprises 3 programmes; Village Officer, Village Doctor, and Village Teacher. The poverty alleviation approach is as follows:

Product innovation to bring in new rural investments

The Village Officer Programme offers agricultural finance infrastructures, including agricultural enterprise loan and poverty alleviation insurance. These attract leading corporations to expand their businesses in rural areas, bringing in finance, technological capital and job opportunities to grow local economies as a way out of poverty.

Technology to bridge the gaps

The Village Doctor Programme supports the establishment of clinics and mobile health centres in poverty-stricken villages. A special version of Ping An Good Doctor mobile application was developed for village doctors. It incorporates an AI-assisted smart auxiliary diagnosis system, increasing the accuracy of preliminary diagnoses and enabling better health record management. Through the Village Teacher Programme, Ping An developed interactive live-

Ping An

Addressing Social Challenges in Rural Communities as a Strategy to Deepen Market Penetration

Mainland China

streaming facilities and online platforms to bring quality teaching resources and training from urban areas to village teachers.

Strong multilateral collaboration

As part of the Project, Ping An collaborated with local governments and Chinese Medical Volunteers Association to organize village doctor training. They also work with the Chinese Medical Volunteers Association and university speakers to deliver mass online training sessions for doctors, teachers and students across regions.

Effective Delivery of the Project

Creating common goals shared by the management and staff

Ping An's leaders believe that developing awareness comes first, before making things happen. To create a shared belief among staff, internal communication in Ping An had put much emphasis on the importance of the Project.

Top-down and bottom-up design and implementation approach

Ping An holds a strong belief that all projects take place from top-down and bottom-up in parallel, such that the visions of the top management can be implemented on the ground. Therefore Ping An delegated most responsibilities on the design and execution of the Project to their subsidiaries, which have deep understanding and networks in local markets.

The Impact

Being the first Chinese insurer to have foreign shareholders, Ping An pointed out that its investors often have questions on whether the value generated by the Project is able to justify such a huge sum of community investment. This has not been a difficult question to Ping An, characterized by strong performance management in terms of both project management and measurement of social impact created.

The Project generated clear business returns and social impact. In the period from January to August 2018, business of Ping An Annuity endowment insurance (one of the offerings of the Village Officer Program) in the regions covered by the Project had grown CNY1.8 billion as compared to the previous year. As Ping An provided preferential interest rates to attract leading enterprises to develop their business in poverty-stricken areas, locals directly benefited from job creation and better accessibility to technology. As of December 2018, locals benefited by job creation can earn an additional annual income of CNY14,820.

It also brings other intangible benefits to Ping An. Serving as a bridge between the government and local people in need, the Project helped Ping An gain extensive exposure to the public, adding value to their corporate brand equity.

Ping An measures the positive impact brought by the Project to the local communities in a transparent

Ping An

Addressing Social Challenges in Rural Communities as a Strategy to Deepen Market Penetration

Mainland China

manner. Indicators including the number of village doctors trained, clinics and mobile health centers supported etc are disclosed in their sustainability reporting. To examine the effectiveness of the programmes, Ping An revisited the beneficiaries and kept track of key metrics, such as the improvement in the income of poverty-stricken households and local students' level of technological knowledge.

It is always a problem to ensure continuity of a community program without long-term support. To overcome this challenge, Ping An established the Ping An Volunteer Association, a nation-wide volunteering platform for staff members and their families, customers and other business partners to sign up as Ping An volunteers via the "San Cun Hui" mobile application. To date it has already recorded over 1.8 million volunteers nation-wide. With stakeholders joining, the influence of the Project had reached over 15,000 low-income households.

Ping An expects to continue its strategy with more focus on ensuring the sustainability of local economies supported by steady growth in consumption.



- Upheld the belief of "technology-powered financial services for a better life", combining Ping An's strength with a social value creation process
- Alleviated poverty by empowering people with technology, not just via donations
- Offered clear business return of Ping An's technological products and services
- Conducted systematic measurement and report on impact
- Built positive brand image and good relationship with government with a flagship poverty alleviation programme

Landsec

Creating Value for All Stakeholders

UK



"For us, sustainability is about the actions we take to fulfil our purpose so Landsec prospers far into the future. We want customers to prefer our spaces. We want communities to be pleased it's us operating in their area. We want partners to share our priorities. And we want employees to invest their energy and ambition here. When we get all this right, we create value for our investors."

- Robert Noel, CEO

The Company

Land Securities Group ("Landsec") is one of the largest commercial property development and investment companies in the UK. The company's portfolio value and portfolio area reach £13.4 billion and 24million sq ft (as of 12 November 2019), respectively. Landsec's portfolio is a diverse mix of offices, retail and specialist spaces in London and across the UK.

Company Vision and Values

Landsec's purpose is to provide the right space for customers and communities so that businesses and people can thrive. They do this to create long-term financial, physical and social value. Together, these create sustainable value for their shareholders.

The Opportunity

10 years ago, Landsec had a more traditional CSR approach, in which the company's Charity Committee gave grants to charities without strategic focus – the results of these grants were neither measured nor linked to Landsec's business.

Various factors contributed to Landsec's shift towards more strategic, long-term, sustainability-focused work. First, Landsec started recognising the policy landscape change with the introduction of the FTSE Good Index and ESG. Second, the nature of the property development sector meant that Landsec had to be in a negotiating relationship with local authorities in order to get planning permission.⁵⁹ Having a strong social value position meant Landsec could improve its competitiveness in the negotiation process for large scale projects with local authorities.

Another motivation came from the leadership level. Robert Noel, who became the CEO in 2012, was perceptive about the changing landscapes, potential opportunities and anticipated what would be meaningful for the company in the future. Discussions on sustainability and social value are on board meeting agendas.

The Strategy

Organisational Shift

Landsec responded to changing business trends and leadership by creating a strategic sustainability team in 2015, shifting the whole company to consider sustainability, build evidence and report on the impact.

At the leadership level, a Sustainability Committee was established to guide the process of creating social value on a strategic level. The Committee's role is to set organisational targets, review impact reports and communicate impact internally and externally so that sustainability becomes of interest to investors.

Value Shift: Beyond Compliance

Landsec's journey of embedding social and environmental value shifted from "complying and negotiating in a strategic way" to "embedding ourselves and reaching out to the community network" with a long-term view. As a developer, Landsec started recognising its role as being a "good neighbour" in order to stay invested in the location after development as illustrated by Landsec's Sustainability Director, Edward Dean: "If we're operating in local communities, we want to be a good citizen and good neighbour. It's not only good for the community, it's good for business as a whole."

Streamlining into Strategic Goals

Landsec decided one of the biggest areas in which it can achieve impact was the creation of jobs. Landsec recognised the skills shortage issue in the sector (property, construction, service sector) and examined its own supply chain to understand where it could have the biggest impact.

⁵⁹ Planning obligations under Section 106 of the Town and Country Planning Act 1990, commonly known as s106 agreements, are a mechanism which makes a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S106 agreements are often referred to as "developer contributions" along with highway contributions and the Community Infrastructure Levy. "S106 Obligations Overview", Local Government Association website, www.local.gov.uk/pas/pas-topics/infrastructure/s106-obligations-overview

Currently, Landsec’s social sustainability programmes focus on four areas:

- 1) Community employment:** Collaborating with partners across the country to unlock sustainable job opportunities
- 2) Education:** Educating the next generation of property professionals from all areas and backgrounds
- 3) Volunteering:** Empowering employees to donate their time to support causes such as homelessness, rehabilitation, education, community cohesion and wellbeing
- 4) Charity partnerships:** Supporting local and national organisations in the same areas as Landsec’s development projects.

Building Measurement Framework

After streamlining objectives into strategic goals, Landsec invited Social Value Portal, a social enterprise that specialises in measuring social value, to help craft a measurement framework, following extensive consultation with the Landsec social sustainability team, its delivery partners and employees. The framework has become a strategic planning tool that could track performance and learn from mistakes.

The Impact

As the below infographic shows, Landsec estimates their community programmes created £3.2 million



Source: 2019 Social Contribution report

of social value and supported over 1,500 people in 2018. Landsec set a new corporate commitment to create a further £25M of social value through community programmes across the UK by 2025. ⁶⁰

Brand Value and Public Trust

In the development sector, brand value is crucial - the stakeholders including employees and the community you work with, need to trust the company.

The high level of trust gives Landsec a “licence to operate” as well as opportunities to gain insight and design buildings that work for the community. For example, in Trinity Leeds, Landsec found that the community was worried about identity and opportunity for local food dependence. This factor was considered in the design to create a food market unique to Leeds - Trinity Leeds Kitchen.

Talent Attraction and Retention

One of the biggest problems the property development sector faces is talent retention. Despite the challenges faced by the wider industry, talent attraction and retention is one of the key positive effects of delivering a credible social value strategy at Landsec.



- Responded to the changed policy landscape with the introduction of the FTSE Good Index and ESG
- Acted beyond standards - put doing good and being a good neighbour as core mission
- Embraced “active listening” to all stakeholders which facilitated their business operation - when they go into a new area, friction is reduced during the development
- Improved competitiveness with its strong social value position especially in the negotiation process for large scale projects with local authorities

⁶⁰ 2019 Social Contribution Report. Landsec.com.
landsec.com/sites/default/files/2019-03/Our_Social_Contribution_Web.pdf

Sodexo

Drive Change Across all Business Segments from Within

UK

"Fifty years ago, when I made it Sodexo's mission to improve the Quality of Life of its employees and of all those we serve, while contributing to the economic, social and environmental development of the cities, regions and countries we work in, I think we were ahead of the times."

- Pierre Bellon, Founder of Sodexo, from the book, To serve and to grow



The Company

Sodexo is a food services and facilities management company founded by Pierre Bellon in 1966. Sodexo provides on-site services, benefits and rewards services, and personal and home care services, in client segments which include corporate, healthcare, education, defense, remote sites, justice services, seniors, and sports and leisure. The company is headquartered in Issy-les-Moulineaux, France.

Sodexo is one of the world's largest multinational corporations with over 420,000 employees (as of 15 May 2019) and an annual revenue of 24.17 billion USD (in 2019).⁶¹

Company Mission and Values

Sodexo's mission is to provide "quality of life services" to all of the people they serve, including clients, employees and shareholders. This purpose was strongly embedded from the start of the company and has since been the core driver of how the company operates.

⁶¹ "Sodexo", Forbes, 12 May 2020, www.forbes.com/companies/sodexo/#576f5b2a7e87

Sodexo

Drive Change Across all Business Segments from Within

UK

The Opportunity

From the company's founding, its focus was on people. "Before creating Sodexo, I asked myself why I wanted to start a company? A company is its clients; a company is the women and men who work there; a company is its shareholders who provide financial resources. I told myself that to create a company is to try to meet the needs of the clients, the needs of the workforce and the needs of the shareholders." says Pierre Bellon, Founder.

However, Bellon quickly realised that it was not easy to satisfy clients, the workforce and shareholders at the same time, and the only way to satisfy the conflicting interests was through growth.

Regulatory Framework

In the UK, the Social Value Act came into force in 2013, requiring government commissioning bodies to consider social and environmental benefits when procuring new goods and services. The Act marked a significant shift in public procurement practices, which is the biggest area of public expenditure in the UK.⁶² It recognises that public money should be spent on the basis of social value and quality rather than price.

Sodexo welcomed the passing of the Social Value Act as it was strongly tied to their own purpose,

and had a significant impact on Sodexo in the UK. 52% of Sodexo's contracts in the UK and Ireland are government contracts. The introduction of the government's framework meant that there now had to be a formal way to capture and provide evidence of the positive impact the business has on society, the environment and the economy.

A new Director of Social Impact was created across Sodexo UK&I in 2019 with the purpose of embedding social value-centric processes, and better articulating Sodexo's social value creation.

The Strategy

Employee Engagement

As a service company, Sodexo does not own any assets but views their biggest asset as people. Director of Social Impact Angela Halliday mentions: "our onboarding is about assessing the values of an individual. For the technical aspects of a job you can teach people where there is a gap. It's actually about who the person is... the values and behaviours are a key part of our attraction and retention strategy for our people."

The company is committed to increasing employee engagement and has a volunteering policy that

⁶² In the UK in 2017/18, the government spent £284 billion on buying goods and services from external suppliers. Institute for Government (2018)

Sodexo

Drive Change Across all Business Segments from Within

UK

allows employees up to three days per annum to support community work on a pro bono basis. The Director of Social Impact spends time speaking to people across all levels of the company, starting from the leadership team, and motivating teams to develop their social value roadmaps, aligning to Sodexo and stakeholder needs and priorities. The purpose is to reward and recognise the actions employees are taking, and facilitate ways to link social value into employee learning and development plans.

Measurement and Authenticity

The Social Value Act has provided the motivation and commitment on social and economic value for companies. However, it has also created pressure around measuring impact. The direction taken by the government on this poses a challenge of discerning who is talking the talk and who is walking the walk. Without an agreed framework, the measurement of social value becomes subjective.

The focus on measurement may push many companies to focus on numbers that are easy to measure, rather than on what changes people's lives. Sodexo recognises social accounting as a way to articulate what they mean by Quality of Life Services and is aware of the danger of measuring without asking the question of "so what, what change has been created as a result of our delivery?"

In Halliday's perspective, the framework for social value is a good tool for deciding what to prioritise.

She also mentions that social value is not an add-on responsibility but about everything the company does (including HR, supply chain management, sustainability/environment, recruitment/retention, etc). It should feed into the company's social value ethos.

The Impact

Sodexo UK & Ireland has published its Public Service Pledge since 2015 - an ethical manifesto for Sodexo's contracts, people and communities. The Pledge shows the company's commitment in delivering services that achieve value, better outcomes and improve quality of life. The Impact Report highlights the positive outcomes of Sodexo and also where the company has not yet achieved its targets. In 2019, Sodexo published its 3rd edition of the Pledge.

Sodexo's commitments are specific and action-oriented and can range from employment policies (for example, employing 40 ex-offenders, 200 ex-armed forces, engaging 800 employees in apprenticeship programmes, doubling employee volunteering, undertaking pay audits for gender balance, increasing representation of women in top positions, etc.) to supply chains (partnering with small to medium enterprises (SMEs) and voluntary and community sector organisations, undertaking independent client satisfaction survey, etc.) and sustainability goals (reducing waste, sustainable

sourcing, carbon reduction, banning single-use plastics, etc.).

Authenticity and Future-proofing










For Sodexo, the impact lies in the stories of people who have led or experienced the change. While there is increasing pressure to demonstrate impact in figures, Halliday emphasises the importance of seeing, feeling and tasting social value, rather than relying on numbers, charts and graphs.

“The impact of social value is about ‘future-proofing’ the company. The sign of success for a fully embedded approach to create social value is not only about feeling it today, but also developing ways to respond and evolve the agenda in the next 5 to 10 years. It is about taking actions for tomorrow and anticipating the societal, environmental and economic needs in the future”, says Halliday.



- Considered social value as “future-proofing” the company
- Used the regulatory framework on social value as an opportunity to strengthen the company’s operations and culture
- Viewed their biggest asset as people and committed to employee engagement
- Recognised social accounting as a way to articulate impact
- Published its Public Service Pledge to hold the company accountable (showing both positive outcome and where company has not achieved its targets)

Better Tomorrow 2025 UK & Ireland: our 2018 achievements

As an employer	As a service provider	As a corporate citizen
 <p>Workplace equality We've been recognised for our leadership in gender equality by being named in The Times Top 50 Employers for Women 2018</p>	 <p>Reducing waste Through our Wasteful to Tasteful initiative, we have saved 58 tonnes of wonky fruit and veg from landfill since 2018</p>	 <p>Donating meals We have donated the equivalent of four million meals to charity partners across the country</p>
 <p>Leader status In 2018, Sodexo achieved leader status in the Government's Disability Confident Scheme, ensuring an inclusive workforce in the communities we serve</p>	 <p>Sustainable sourcing We are committed to sustainable business practices. Over 80% of pork and 92% of beef served at our sites is locally sourced</p>	 <p>Supporting growers Through our Coffee Growers Fund, we are supporting 25 coffee-producing families, helping them work towards a living income</p>
 <p>MSC certification All our Sodexo sites are MSC-certified, ensuring we are fostering a culture of environmental sustainability</p>	 <p>Carbon reduction We continue to provide management services that help reduce carbon emissions. In 2017, we reduced our CO₂ impact by 16,288 metric tonnes</p>	 <p>Single-use plastics In 2018, we banned the purchase of plastic straws and stirrers</p>

Source: Public Service Pledge Impact Report 2018/19

4

Understanding Gen Y and Gen Z in Hong Kong



Understanding Gen Y and Gen Z in Hong Kong

From international experience, the community plays an important role in influencing business behavior. In particular, the Gen Y and Z in Europe and North America have increasingly demonstrated their preferences for brands and employers with purposes and values that resonate with theirs. The Consulting Team has conducted qualitative and quantitative research to understand if Gen Y and Z in Hong Kong share similar attitudes as their international counterparts.

4.1 Qualitative Research

Objectives and Methodology

Two focus groups were carried out in August and September of 2019. The first group comprised six students from secondary schools and universities. The second group comprised eight working adults ranging from 24 to 35 years of age. The groups lasted around two hours.

The qualitative study aims to gather insights on the thinking of the Gen Y and Gen Z towards the concept of doing good⁶³ (CSR) vs business for good (doing good and doing well), and to guide our design of the quantitative survey. The focus group participants were asked to:

- rank the importance of different factors in their consumption and employer choices
- share their awareness and perceptions of companies practicing doing good (e.g. charity donations and corporate volunteering work)
- indicate the importance of a company's "doing good" practices vis-à-vis different factors in their consumption and employer choices
- indicate the importance of business for good practices vis-à-vis different factors in their consumption and employer choices
- recommend measures to encourage the development of business for good practices in Hong Kong

⁶³ In our qualitative and quantitative research, we have used the term "doing good and doing well", in order to more easily differentiate it from "doing good" (CSR) practices for our focus group participants and survey respondents. Essentially we meant the same thing when we say "doing good and doing well" or "business for good". As explained in Chapter 1.4 Glossary of Business for Good Terms, we are using the general term "business for good" throughout this report, except for several instances in our charts and tables where we directly refer to the actual survey questions which had used the term "doing good and doing well".

Key Findings

On consumption choice, quality and price are the most important considerations. Whether a company exhibits CSR or business for good practices does not make very significant differences to their choice. But a couple of participants believe that business for good may have a positive impact on the brand as happier staff will lead to better services and in turn happy customers. It is also interesting to note that advertising means very little to the respondents in their choice.

On employer choice, promotion opportunities, salary and work culture (particularly for young working adults) are the most important considerations. Compared with CSR practices, the participants give more favorable considerations to business for good companies as they see business for good practices creates value for different stakeholders including employees.

The participants were aware of some CSR activities such as student scholarship, volunteer work, and environmental protection practices, but most could not recall very clearly which company does what, and not even for companies that are supposedly to be big CSR spenders. Most of the participants (especially the young working adults) perceived CSR as largely an obligation "Everyone is doing it now, so we have to do it too", an image management tool, "a kind of packaging", or even gimmicky and hypocritical gestures:

"They (a real estate developer) cut the trees and then replant them."

"I have come across a tobacco company that holds free seminars teaching people how to prevent cancer."

On the concept of business for good, participants express appreciation that it could be beneficial to different groups of stakeholders. They consider "profit", "progressiveness" and "innovation" as the key elements associated with business for good. CSR to them is a cost item and hence does not do much good to the core

business. Therefore, they believed that it is easier for smaller companies to practice business for good than CSR, as SMEs do not have the budget to do CSR.

To advocate business for good practices, the participants considered that:

1. The concept should be introduced in secondary schools as part of “values” education, and also in tertiary education.
2. Businesses need government endorsement (e.g. certification) and incentives to encourage their adoption of the practices.
3. Media promotion is important to enhance public awareness and understanding of the meaning and value of business for good.
4. Marketing is also important. The concept should be positioned as something “cool”, and those not doing it will be laggards.
5. The participants believed the target groups should be startups, SMEs, and the second generation of business owners. They reckoned that the younger generation will be more open to the idea of business for good.

4.2 Qualitative Research

Objectives and Methodology

InnoFoco has engaged The Nielsen Company (Hong Kong) Limited to conduct an online survey with Gen Y and Gen Z in Hong Kong. Nielsen partnered with an online panel vendor to contact target respondents that have previously registered with the vendor. Respondents were then invited to participate in the survey via email and complete the survey online. The fieldwork was conducted from 25 October 2019 to 23 December 2019.

The quantitative research aims to find out the considerations of Gen Y (aged 25-34) and Gen Z (aged 18-24) in their consumption and employer choices, including the relative importance of CSR and business for good practices. The study also seeks to

understand from the respondents the barriers of and the champions they consider appropriate for promoting business for good practices in Hong Kong.

The sample comprised 1,000 participants aged 18-34 who are either studying or working full time, with 50% males and 50% females.

Aged 18-24 – Studying full time	450
Aged 25-34 – Working full time	550
Total	1,000

Almost all participants were with tertiary education including university education or above and sub-degree education, only 1.6 % were secondary school students.

The questionnaire contains 22 questions, which is attached as Appendix 4. The participants took approximately 10 minutes for completion.

Key Findings

1. Utilitarian factors are still the top considerations of the respondents in terms of consumption and employer choices. However, some business for good factors are also considered quite important, especially to Gen Z when it comes to their employer choice.

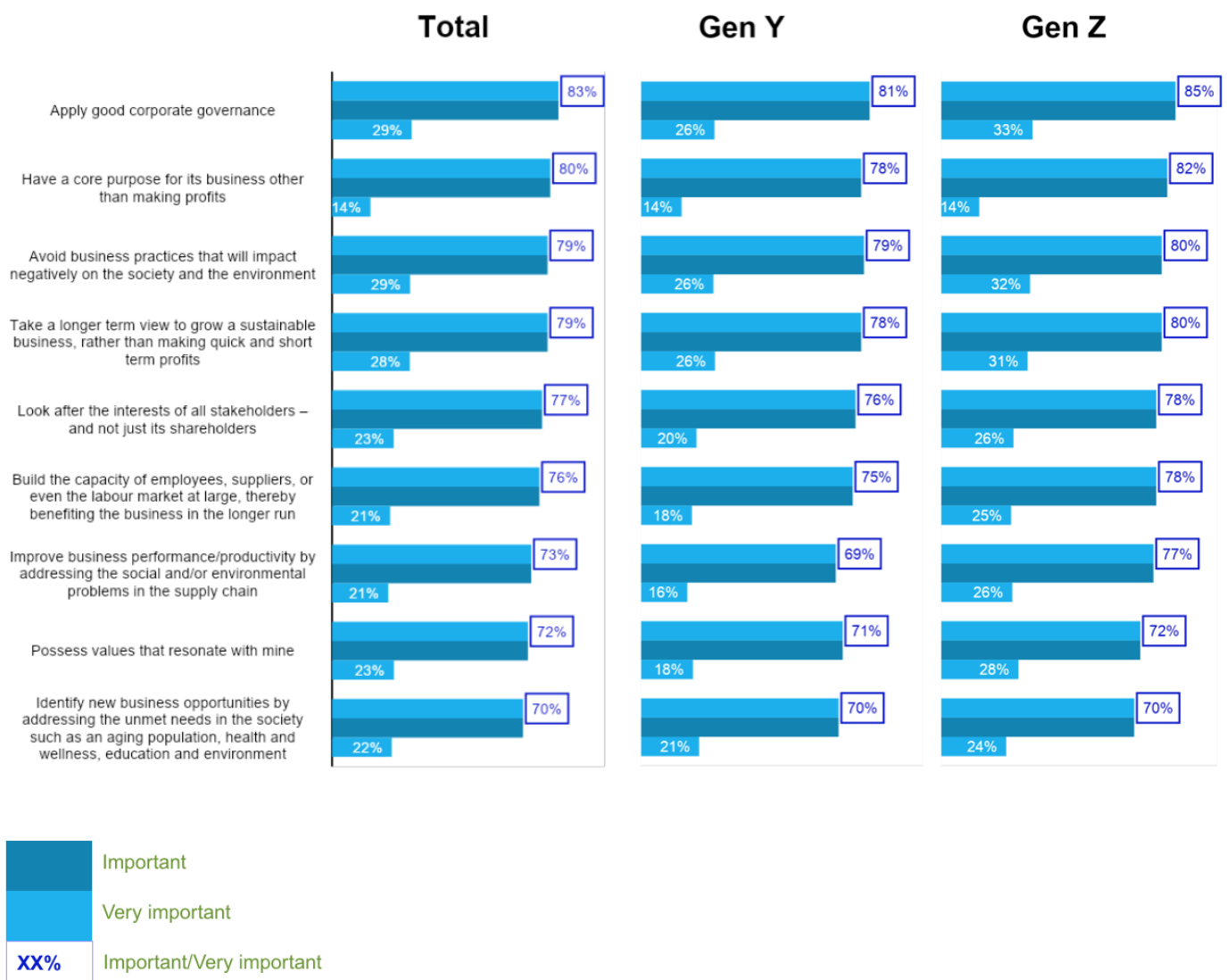
When making consumption and employer decisions, utilitarian factors are still the most important, i.e. good quality of product/ service for consumption (top-2 box: 89%) and attractive salary for employment (top-2 box⁶⁴: 94%). Some business for good practices, such as applying good corporate governance and having a core purpose for its business also rank relatively high, with more than 80% agree they are important or very important. Gen Z, in general, values business for good factors more, especially over their employer choice. It is worth noting that whilst “possess values that resonate with mine” are not that important in influencing consumption choice, it is the top three in employer choices. Advertising is considered the least important consideration.

⁶⁴ Top-2 box refers to the total % of respondents who selected the highest rating e.g. very important, very likely, or totally agree, and who selected second highest rating for a response, e.g. important, likely, or agree.

2. Business for good factors are ranked more important than CSR ones

Overall, business for good practices are considered more important than CSR practices towards consumption and employment decisions for the respondents. They give higher ratings across business for good practices in terms of their importance: (top-2 box: 69% - 84%) than that of CSR practices (top-2 box: 54% - 69%). This is particularly prominent amongst Gen Z. (Figures 1 to 4)

Figure 1. Importance of doing good and doing well practices on consumption choice⁶⁵



Base: All respondents (n=1,000), Gen Y (n=550), Gen Z (n=450)
 Source: Q4 Importance of doing good and doing well on Consumption Choice

⁶⁵ Due to rounding, numbers presented through this report may not add up precisely to the totals indicate and percentages may not precisely reflect the absolute figures for the same reason.

Figure 2. Importance of doing good and doing well practices on choice of employer



Base: All respondents (n=1,000), Gen Y (n=550), Gen Z (n=450)
 Source: Q7 Importance of doing good and doing well practices on Choice of Employer

Figure 3. Importance of CSR practices on consumption choice

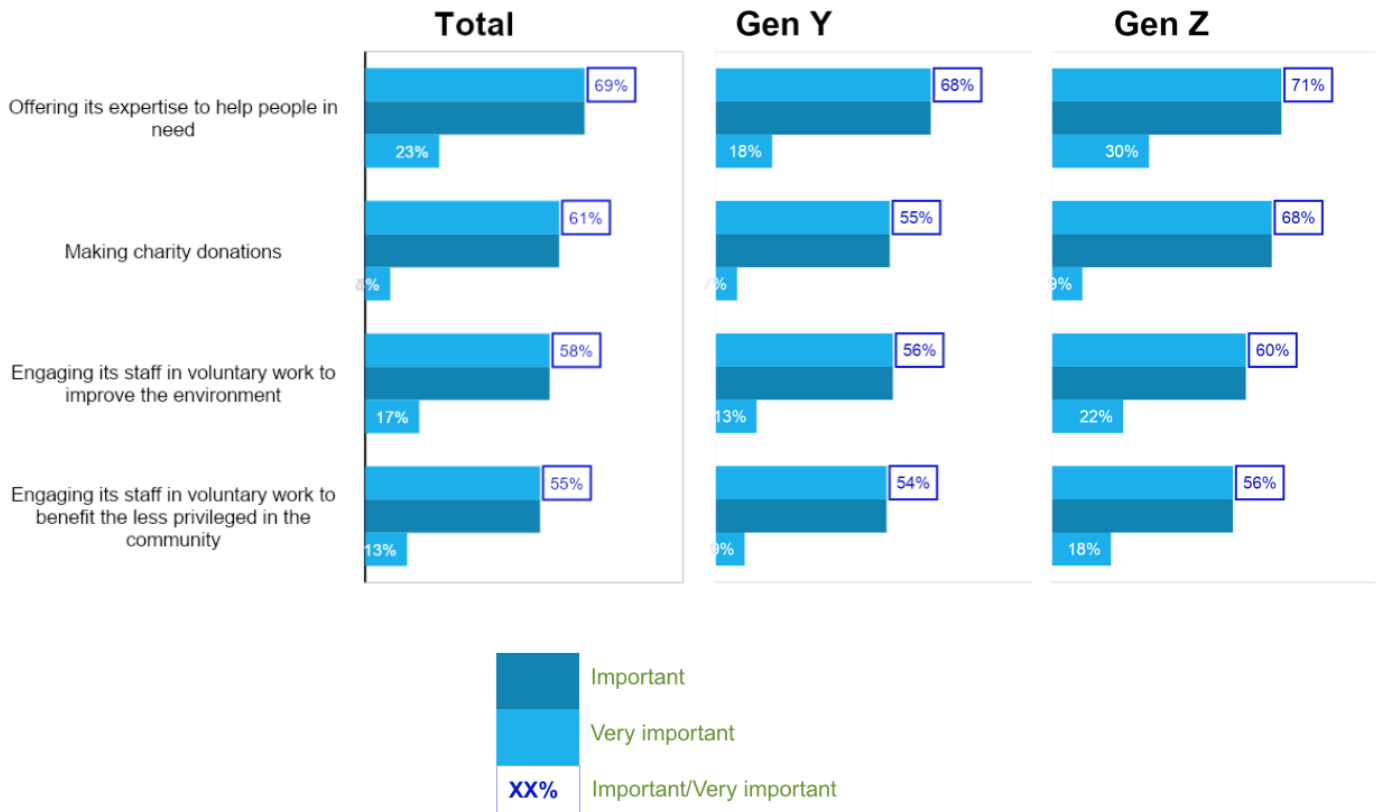
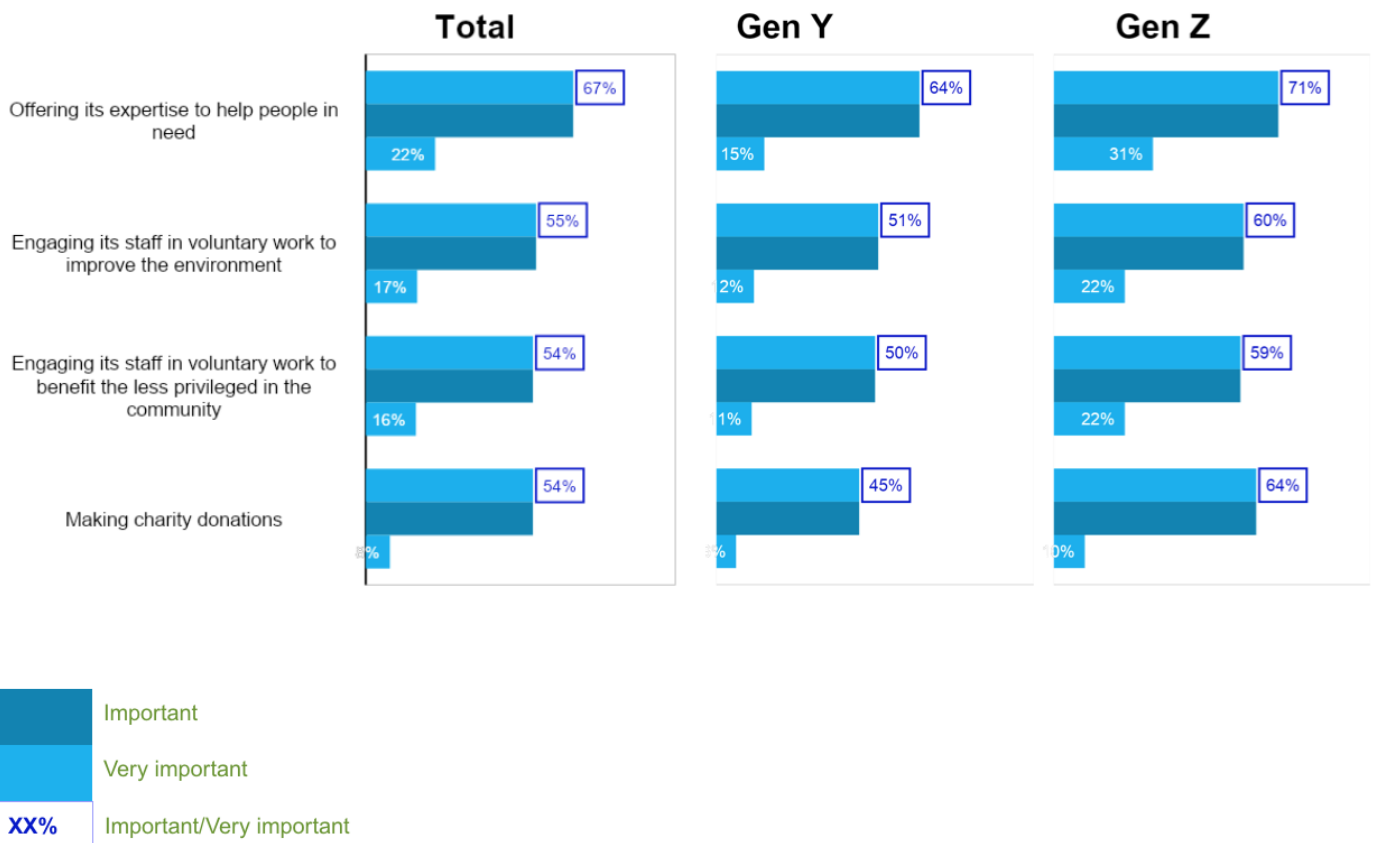


Figure 4. Importance of CSR practices on choice of employer



Base: All respondents (n=1,000), Gen Y (n=550), Gen Z (n=450)
 Source: Q6 Importance of CSR business practices on Choice of Employer

3. Business for good factors are expected to become more important in future

Eight in ten envision that business for good practices are becoming more important in influencing people's choice in consumption and employer (top-2 box: 83% and 79% respectively). And seven in ten believe these practices could help solve key business challenges to some extent.

4. Hong Kong is considered lagging behind in adoption of business for good practices vis-a-vis international practices

More than half (57%) of the respondents, and especially Gen Y (70%), perceive the local companies in Hong Kong are lagging behind international companies in adopting business for good practices. Those with overseas experience (having lived or studied abroad) see more importance of business for good practices. They see the value of businesses identifying new business opportunities through addressing the unmet needs of society. More education and promotion are essential to advocate the benefits and importance of business for good practices in the Hong Kong society.

5. Business environment is the greatest hurdle for the adoption of business for good practices

Tough business environment in Hong Kong, such as high rental price (top-2 box: 84%), high operating costs (top-2 box: 77%) and dominance of big businesses (top-2 box: 76%), are seen as major obstacles for businesses to adopt business for good practices. The lack of a stakeholder centric mentality amongst business is considered the second most important hurdle by Gen Z (30% - just after high operating costs at 39%.)

6. Different views amongst Gen Y and Gen Z on the change drivers

Overall, the government is considered as the key influencer for businesses to adopt business for good practices. However, there are some differences amongst Gen Y and Gen Z on which parties could be the most important influencers in encouraging business for good. Gen Y respondents consider the media (top box⁶⁶: 26%) and the

⁶⁶ Top box refers to the % of respondents who selected the highest rating for a response, e.g. very important, very likely, or totally agree.

government (top box: 25%) as the most important influencers. On the other hand, Gen Z respondents consider the Stock Exchange and investors (top box: 30%), as well as themselves (top box: 25%) as the most important influencers (Figure 5). This reinforces the observation that Gen Z in Hong Kong show a greater appreciation of the importance of business for good practices in their consumption and employer choices.

Figure 5. Influence of different parties on doing good and doing well business practices



Base: All respondents (n=1,000), Gen Y (n=550), Gen Z (n=450)
 Source: Q11 Influence of different parties on doing good and doing well business practices


Conclusion

The qualitative and quantitative research have generated similar and consistent findings and insights. Gen Y and Gen Z in Hong Kong generally share appreciation of and welcome business for good practices. Although the concept is not a significant factor in their consumption choice, it is more influential in their employer choice and particularly in the case of Gen Z. It is interesting to note that advertising means very little to the respondents in their choices. It begs the question of the value of advertising spending and the return of investment in influencing consumption choice or building brand loyalty. It also seems that CSR practices do not carry a lot of weight in influencing the youngsters' consumption and employer choices.

For more details, please refer to Appendix 5 for the report on Quantitative Research Detailed Findings.

5

Recommendations How to Motivate Change and Promote Business for Good



Recommendations

How to Motivate Change and Promote Business for Good

In this final chapter, we provide a series of recommendations, based on our literature review, global and local scans, 18 case studies and stakeholders analysis. We list recommendations that businesses can review and initiate themselves, ways to incorporate shared value in their business strategies, as well as things that the government and other stakeholders can do to encourage businesses to change in the pursuit of doing good. Each section explores what should be done, how it could be done, and who can support the changes to take place.

Our recommendations are organised into 4 categories:

- 1. Linking business for good to the company's core business:** Tackling social challenges should be seen as a new business opportunity, rather than as additional, loss making side projects or CSR/philanthropy.
- 2. Employees as a resource for doing good/Employees as assets:** Internal influences are important drivers for companies to embrace business for good, and they have co-created their purposeful mission with employees, and paid special attention to employees' wellbeing.
- 3. Understanding and responding to the changing aspirations of young stakeholders:** Businesses should understand the changing preferences of young stakeholders as consumers and global citizens. This is a significant factor to drive businesses to do good as strategic foresight and business development.
- 4. Enhancing the role of government as an enabler in recognizing and promoting business for good:** Government should set up a high level task force to promote shared value, recognize the contributions of pioneering companies, and review procurement or other policies to encourage businesses to incorporate social value, do good and do well.

Recommendation 1: Linking business for good to the company's core business: revisit the value-creation model of a business

Tackling social challenges should be seen as a new business opportunity, rather than additional, socially responsible and “loss making” projects. As our cases show, business for good is more than successful philanthropic programmes focused on giving.

What should be done?

1.1. Incorporate the company's vision with purpose: A corporate vision which establishes a clear direction for how the company positions itself within society is more than propaganda. A well considered corporate vision helps an organization to align the directions of its activities and stay responsive in the increasingly complex social contexts across time, as well as strengthening the motivation for a change within the organization. LAWSGROUP's “H.I.T. Philosophy”, Ping An's belief in “technology-powered financial services for a better life” and Maple Leaf's “reconnect families with the goodness of food” are some examples of this.

1.2. Take an asset based approach: Businesses should build on their assets, core competencies and build business for good initiatives around these, rather than stepping into new unfamiliar sectors where they have little connection or reputation. For example - China Light & Power set up the CLP Academy to enable interested young people to be better trained and also roped in their staff as trainers and mentors. Seven & i is another example of a company building on its own assets. They identified the need “to provide social infrastructure in this era with an aging society and declining population”, which led them to identify their “sweet spot” where a company's business challenge (e.g. talent acquisition, market expansion, business transformation), capability (e.g. expertise, networks and products) and an observable social challenge coincide, and begin the

discussion on how the gap can be bridged by a strategy that fosters social wellbeing and brings opportunities or advantages to the business.

1.3. Take a stakeholder centric approach: The higher level of “doing good” is to empower these stakeholders so that they become assets for creating sustainable returns in the long-run. Nurturing talent, introducing skills and technology to the local workforce, driving innovation and improving the quality of lives of the locals are some examples of empowering stakeholders. Corporate leaders such as Alan Cheung of Grandion, Majorie Yang of the Esquel Group and the second and third generation members of Zorlu Holdings in Turkey all took a “stakeholder-centric” mindset when positioning their business. Cases such as Maple Leaf and O-bank demonstrate how linking stakeholders with purpose has a positive impact on recruitment, as young people resonate with the purpose of a business, and form a stronger bonding and commitment to the company.

How could it be done? (some first actions/ steps to take):

1.4. Establish a guiding framework of change management to kickstart the business for good journey: “Doing good” in community and “doing well” in business are seemingly mutually exclusive. To bridge the gap between these two objectives, innovation is the key. Observed from the many case studies, a company’s ability to do good and do well is often associated with strong innovation, which can take place in many forms and levels of an organization. Examples include market positioning, business transformation/diversification, talent development and product and services, demonstrated by Maple Leaf, Ayala and Stan Group to name a few. Therefore, it is fundamental for businesses to start with a systematic innovation management process to guide the generation, evaluation and execution of new business ideas under specific social contexts.

1.5. Implement Strategic Foresight processes and approaches to prepare

for the impact of mega trends: Taking a long term view of the business is part and parcel of a business for good strategy. Companies could identify new opportunities by looking into the forces that are shaping our future, notably the health and wellness imperative, global warming, the rise of activism and individual empowerment. Humansa, for example, is New World Development's response to an ageing society.

1.6. Repurpose and redefine CSR teams as drivers of internal change to create

shared value: CSR teams (or community engagement teams) are readily available structures in corporations which understand social issues, shared value and doing good. CSR teams should not be siloed in the organization of CSR activities but should intermingle with business teams and be a catalyst in promoting shared value internally, highlighting the business opportunities that might arise from mega trends and social problems, and supporting the crafting of business strategies. By redefining the role of these teams, they could focus more on the business for good strategy formulation and implementation than just helping to organize volunteering.

1.7. Use a design thinking approach: We can also observe from the cases that design thinking – a human-centric approach to innovation – plays an integral role in their culture and innovation processes. Design thinking is a proven and action oriented problem solving approach that helps organisations around the world to discover innovative solutions to intractable problems, engaging internal and external stakeholders and generating economic and social value for the organisations and the society at large. Design thinking is:

- **Human-centric:** It enables organisations to uncover the unmet needs of multiple stakeholders, from customers, employees, suppliers to people affected in the wider community. One common approach to start on this journey is to conduct assessments to understand the "pain points" faced by the key stakeholders by conducting facilitated dialogues, surveys, focus groups and thematic research.

- **Multi-disciplinary and Cross-sector:** It encourages people with diverse background and interests to work together to create stakeholder-centric, commercially viable and technically feasible solutions
- **Smart risk management:** It focuses on the value of conducting quick prototyping and testing so that failure is recognised early, learnings are quick and changes can be rapidly adopted at reduced risks and costs.

There is evidence showing that successful companies outperform their peers by integrating design thinking into their culture, strategy and processes. Design thinking as a success factor is also apparent in the cases of Grandion, Outblaze, Law's Group and Stan Group. The Design Management Institute's Design Value Index (DVI), based on a portfolio of 16 publicly traded stocks from companies considered to be "design-centric" contingent on a set of criteria that reflects best practices in design management, shows a 211% return over the S&P 500.

"Doing good and doing well requires synthesis of conflicting concepts and can only be married together through innovation."

- Yat Siu, Founder and CEO, Outblaze

Who can help/who should drive in the change process:

1.8. Bring the Board on board: Aligning the vision of the board and the executive is the first step to develop a strategic approach to business for good. A few stakeholders in the study point out that ESG can be a mere box ticking exercise if the board is unaware of its strategic value creation role. Under the new requirements of HKEX, listed companies need to establish internal working groups to report to the Board and coordinate ESG management work. In our case study, O-Bank in Taiwan has established an internal task force to coordinate corporate social responsibility matters for years, and that gradually became an internal driving force of the implementation of their shared value initiatives. Bringing the Board on board may also entail taking on new and more diverse board members, from NGOs, women, young people to other minority groups in the society.

1.9. Get investors and stakeholders informed and involved: It is not easy for investors to connect “do good” and profit making, and some are still seeing it in a negative way. Profitability is a way to justify “do good” to investors. Explaining the rationale behind and the business case of “do good and do well” initiatives to investors is important for retaining both investors’ money and the “do good” initiatives. For example, South Korean conglomerate SK regards their social value strategy as their competitive edge in the global market and there is buy-in and support from their investors and stakeholders.

Recommendation 2: See employees as a key partner and resource for doing good

A business for good vision may only be sustainable if the company can build its capacity for change and embed a bottom up purpose-driven culture in the organisational DNA. The case studies, as well as the qualitative and quantitative surveys in Chapter 4, confirmed that the participation of employees is key to successful shared value creation. Employees bring ideas into the decision-making process and put visionary commitments into practice. To unleash the motivations, ideas and potential of employees, we outline the following recommendations for business leaders:

What should/could be done?

2.1 Attract, engage and increase the productivity of employees, by aligning employees with a common purpose: As our quantitative survey suggests, businesses that “do good” and “do well” at the same time are better choices as employers. When an employer’s value resonates that of a young employee, the employee shall be more dedicated to their work, leading to better performance and happier customers.

2.2 Go beyond volunteering and focus on social challenges that matter to

employees: Employees can be involved at the heart of business for good agendas, not just disconnected sporadic volunteering. For Sodexo UK, employee engagement is at the core of their social value strategy, and employees are encouraged to take on projects with a dedicated Director of Social Impact to support and identify social value roadmaps. HKBN is another example of talent engagement. It is co-owned by “Talents” who run a charitable fund and invest in Corporate Social Investment projects closely related to their business. HKBN considers this as important for team building, and the talents themselves have many opportunities in understanding the social issues as they design their own social investment programmes.

2.3 See employees as assets for innovation and developing new business

opportunities: Innovation is fundamental for cultivating ideas which solve problems in an unconventional way. It is also a core strategy of most businesses. For example, O-Bank developed the Rainbow Charity Affinity Debit Card, one of their key products, based on an idea from an employee who identified the LGBT issue.

How it can be done (some first actions/ steps to take):

2.4 Start small and find win-win opportunities: There is no need for businesses to rush into big, new, flashy “do good” strategies. Actions like developing talent, providing a healthy and safe workplace, paying special attention to employees wellbeing, protecting customers’ interests, and adhering to business ethics principles, for example, can create both social and commercial value. Yat SIU of Outblaze is an example of this. He needed people to test games for his company, so he created job opportunities for school leavers without higher education experience - a win-win model which can be replicated by smaller companies to identify talent and meet business needs at the same time.

2.5 Establish dedicated internal systems and structure to catalyze change:

One way to ensure this happens is to embed these approaches inside the organisation. There are two approaches to drive change - either linking “doing good and doing well” (for example the attainment of purpose-driven business goals) with employees’ performance evaluation or using incentives and recognitions. Both are important to encourage innovations. For example, Stan Group’s credit system rewards employees with innovative business pitches and attendance of design thinking training. These can also encourage internal exchanges and generation of new ideas, as well as developing a sense of initiative and entrepreneurship among employees.

2.6 Develop a culture of innovation: The impact of the approach in 2.5 is clear, however it will only work if there is a corporate culture and environment that encourages speaking up. Business leaders should respect innovative ideas coming from the bottom -- no matter if it is a solution for the business or for the community. O-Bank, for example, established a Corporate Culture Committee, led by the Vice-Chairman, to encourage employees to take social responsibility and Esques Group established its 5E-Culture – Ethics, Environment, Exploration, Excellence and Education – which forms the bedrock of how it makes decisions, based on the belief that every employee can be an agent of positive change.

2.7 Adapt measurement systems to include social value: In order for business-for-good strategies to be sustainable and gain internal buy-in and support, effective systems and indicators to track, measure and demonstrable results must be established. Ping An and SK both have successful target and metric management approaches. SK reports all of their affiliates’ contributions to social value alongside their operational profits on their income statements, justifying that the company’s community investment makes business sense.

Who can help/ who should drive in the change process:

2.8 Engage a dedicated person to drive internal change: Unless there is someone responsible for supporting employees to drive change in a business, it is easy for this to fall by the wayside, or not be a priority. Both Zorlu and Sodexo have specific senior roles (both reporting to the CEO), and staff Ambassador programmes to help support employees drive change internally. The Director of Social Impact at Sodexo spends time speaking to both leadership and employees across all levels of the company, motivating employees to draw a roadmap for what they want to prioritise in order to achieve the greatest impact.

Sometimes these new positions require injecting new blood and recruiting people with different and diverse backgrounds and skillsets to work together, especially for senior leadership positions. New World Development, for example, hired Kenneth She with experience in managing technology startups, to set up the Humansa business.

"I'm not going about saying social value is my job. Social value is your job. What does it mean to you and how can I support you in that? So that's where the segments are put together, their strategies, their roadmaps. I've now got ambassadors all over."

- Angela Halliday, Director, Social Impact, UK&I, Sodexo

Recommendation 3: Understanding and responding to the changing aspirations of young stakeholders

All over the world, we see new trends as younger generations today are driven by a more social mindset, and they are making value-driven choices. In a global study⁶⁷

67 "Cone Releases the 2013 Cone Communications/Echo Global CSR Study", 22 May 2013, Cone Communications LLC, www.conecomm.com/news-blog/2013-global-csr-study-release

91% of consumers said they were likely to switch to a brand that supports a good cause, given similar price and quality. 92% said they would buy a product with a social or environmental benefit given the opportunity, and 67% said they had done so in the past 12 months.

The qualitative and quantitative surveys in our study generated similar and consistent insights to these global trends - Gen Y and Gen Z in Hong Kong generally share appreciation of and welcome business for good practices (especially when it comes to employer choice). Businesses must respond to this to stay relevant and to continue to attract, engage and retain customers.

In this recommendation, we suggest both what businesses could, and should, do, and how they might start to make changes with younger stakeholders in mind. We also suggest what role the wider education ecosystem can play in Hong Kong in supporting the drive for businesses to change.

What could/should be done?

3.1 View young stakeholders as an asset to stay relevant and find new business

opportunities: As point 1.5 explains, using foresight to identify future trends can contribute to business growth. By better understanding young people, their aspirations, lifestyle choices and consumer preferences, businesses can stay ahead of the curve and do good at the same time. Maple Leaf in Canada is a good example of how this works in practice. Becoming a sustainable protein company, their central mission is 'helping to transform the world's food system so that it can survive, and thrive, for generations to come'. Globally there is a trend to be more eco-conscious, embrace green living and there has been an increase in vegetarianism, particularly in younger people. Maple Leaf were well prepared for this and had already transitioned to include plant-based food production, reviewed their supply chain, and embedded this approach in their values.

3.2 Be genuine - strengthen the business' emotional connections to young

stakeholders: From our research, the concept of business for good is more influential in their employer choice of Gen Z, rather than their consumption choices. Indeed, the quantitative survey showed that advertising is the least effective for businesses to engage their potential customers, which begs the question of the value of advertising spending and the return of investment in influencing consumption choice or building brand loyalty. The respondents also did not attach too much value to traditional charity donations and CSR practices (such as volunteering) also don't carry a lot of weight in influencing the youngsters' consumption and employer choices. Therefore, implementing a "doing good" approach in a more strategic and unique way would help customers to recognize a company. Unique brand image can be created as the "do good" approach stands out from the crowd - both for potential customers as well as future workforce.

How it can be done (some first actions/ steps to take):

3.3 Cause marketing as a "Do Good" approach: Businesses in Hong Kong should consider cause marketing as an alternative and integrative approach to brand building and charity giving. Cause marketing refers to two forms of marketing: (1) collaboration between a business and a non-profit organization for mutual benefits, and (2) a business promoting its values and commitments around a social/charitable cause instead of its products/services. The Economist's Pride and Prejudice event advocating the business case for LGBT diversity and inclusion is an example of the former. The event featured public discussion with business, political and civil society leaders, with both a social media campaign and a global conference that took place in one day in Hong Kong, London and New York. And closer to home, Fortune Pharmacal's commercial series celebrating the lion rock spirit of Hong Kong people is a good example of the second approach.

Cause marketing can generate multiple benefits to business, including differentiating the brand in a meaningful way; engaging customers and potential customers on an emotional level; and uniting employees with a shared cause and strengthening their morale and sense of belonging to the business.

3.4 Support for young entrepreneurs as part of the do good strategy: Three of our case studies show how companies could embed their support of young people in their do good vision. LAWSGROUP targeted young fashion designers at D2 Place and founded Fashion Farm as incubator, and later on further supported young creative entrepreneurs by creating diverse rental and support plans, also at D2 Place. Grandion's TML empowers young designers and entrepreneurs in the CoCreation Hub. In Taiwan, O-Bank sees young people as their main customer group, and bespoke financial products that resonate with their values and financial literacy education have been designed for them.

3.5 Establish programmes that nurture and train young people to be future fit for the industry: Businesses should also remember that young people are not only consumers, but also future employees of the whole industry. The best example of an industry wide programme is CLP, who provided "multiple entry points for young people to advance their career in the power and E&M industry". The vision of CLP Power Academy is not just training for CLP staff but is designed with a clear articulation pathway to enable young people to continuously learn for the sector's development and future.

Who can help/who should be involved/drive in the change process:

Whilst there are several things that businesses can and should do, outlined above, there is also a role for the wider ecosystem since new potential customers (all stakeholders with a do good sustainability focused mindset!) now take a stronger value position in relation to their life choices.

The best way to drive this change therefore is by looking across society and understanding who are influencing young people's values and future choices. Younger stakeholders now have the power to make a business succeed or fail, so they must learn how to work with their stakeholders in order to continue to thrive and be sustainable in a competitive market.

3.6 Nurture innovative business leaders/CEOs as drivers of change: The stakeholder interviews as well as the case studies underline the paramount importance of the founder/top management of a company to drive the business for good agenda. This new group of business leaders, often second or third generation, are starting to run their businesses differently and are better placed to drive change to respond to the aspirations and choices of young stakeholders. How might Hong Kong nurture more such business leaders who are passionate in their belief that business is more than just making money and being stakeholder centric.

Stan Group, HKBN and Zorlu Holdings are all examples of next generation leaders who recognise that young stakeholders, be it their employees or customers, are concerned with business for good in parallel with identifying a fulfilling job in a happy workplace. They have shown us that companies can be run to reflect the aspirations of young stakeholders.

3.7 Educators, and especially Business Schools should update and redesign curriculum to link doing good with doing well: Going forward, the concept and applications of business for good should be mainstreamed and become an integral part of the curriculum on entrepreneurship and business innovation. The mission of business schools should be to inculcate a transformative mindset of business students through thought-provoking curriculum and wide community experiences to enable them to develop the skills and knowledge necessary to generate social change in their careers.

There are several examples of business schools doing this already. In the UK, the Skoll Centre within the Said Business School at Oxford University is a good example. Skoll Centre supports and inspires business students to tackle world-scale problems through social entrepreneurship, identifying solutions as business opportunities, from education to climate change, from poverty to healthcare. Closer to home, the Values-Driven Innovation Course at the University of Hong Kong is a case in point. In this course, students learn how business for good is applied in companies and why this is the imperative for competitive and sustainable businesses.

3.8 Educators to prepare responsible global citizens with values from a

young age: Our students should be given the right guidance to help them lead a purposeful life from a young age, rather than assuming their only purpose in life is to make money. Schools should embrace values education and a number of schools in Hong Kong have already taken the lead to integrate values and global citizenship in their curriculum. Indeed the widely acclaimed Prof Michael Fullan has been advocating the need to equip our next generations with 6 C skills⁶⁸. Apart from Creativity, Collaboration, Communication and Critical Thinking, Prof Fullan underscored the need for character development and global citizenship.

Citizenship education can drive change in mindsets, culture and values. A global citizen is someone who is aware of and understands the wider world and their place in it. They take an active role in their community, and work with others to make our society and planet more equal, fair and sustainable. Regardless of which sector they are in, they see the interdependence of people, profits and planet, and are the changemakers in any business, social and public sector innovations.

68 Michael, Fullan & Maria, Langworthy, "Towards a New End: New Pedagogies for Deep Learning", 2013, Turning Learning, www.newpedagogies.nl/images/towards_a_new_end.pdf

Recommendation 4: Enhancing the role of government as enabler in recognizing and promoting business for good

This research has been sponsored by the SIE Fund and this in itself is a commendable initiative on the part of the HKSAR government to promote the development of purposeful and stakeholder-centric business. As can be seen with governments around the world, the HKSAR government can take on multiple roles as an advocate, a facilitator/convenor, a policy maker and a regulator. It can offer recognition and incentives to motivate companies to do good and do well, while at the same time enhance regulatory requirements such as the social component of ESG. Below are a selection of recommendations that the Hong Kong Government can do to play this role:

What should/could the Government do?

4.1 Facilitate cross-departmental and cross-sector partnership with high level

steering: Promoting business for good should cut across different bureaux and departments, as well as the business and NGO communities. In our interviews with various stakeholders, there is a general feeling that a new task force comprising representatives from the relevant bureaux and departments should be established to embrace a more comprehensive spectrum of business for good (including social and environmental practices). The Government can play the role of a convenor in connecting different parties, facilitating the exchange of information and ideas, and coordinating concerted actions.

To signify the importance that the Government attaches to advocating business for good, there should be a high level steer from the Chief Executive or the Chief Secretary for Administration, with the involvement of Commerce & Economic Development Bureau, Labour and Welfare Bureau, Financial Services and the Treasury Bureau, Environment Bureau, Innovation & Technology Bureau, etc. The latter bureau's Smart City blueprint resonates with doing good in the smart economy including staff well-being, community relationship and social and environmental impact, while attracting talents and investments.

4.2 Co-create a Manifesto and Action Plan on Developing Business for Good

in Hong Kong with all stakeholders: There is a need to build a more vibrant ecosystem of players from the government, business, professional, NGO and academic sectors with stronger coordination and collaboration. Key stakeholders inside and outside the Administration should co-create the terms of reference of the new Business For Good Task Force, led by the HKSAR government, to agree on the strategy to promote business for good in Hong Kong, map out the road map for implementation, and identify champions for implementing initiatives under the strategy.

The government should facilitate the manifesto to signify Hong Kong's commitment to advocate business for good, similar to the declarations of the US Business Roundtable or the World Economic Forum. The Manifesto will be underpinned by an action plan co-created with different stakeholders. The emphasis is that the Government should not and need not do everything, albeit it can be the funder of the initiatives.

The narrative of the strategy should cover the whole spectrum of doing good and doing well to create social and environmental benefits irrespective of the social economic status of the beneficiaries.

4.3 Incorporate the Business for Good Agenda as part of the Sustainable

Development Goals (SDGs) for Hong Kong: The United Nations SDGs could be a good framework for Hong Kong to develop its vision. Singapore, for example, has pledged its commitment to the 2030 Agenda for Sustainable Development with a Voluntary National Review process to take stock of its progress on the 17 goals. Setting clear SDGs for Hong Kong can provide an overarching vision and framework to align and unite multiple stakeholder groups and drive concerted actions, as the Ping An, Ayala and Seven & i cases demonstrate.

This is particularly important in the aftermath of the social unrest and the current COVID-19 pandemic. After these two challenging years, there is an urgent call to rebuild trust and also to innovate Hong Kong's education and healthcare systems in fundamental ways, and the business sector should have a key role to play. The SDGs will provide a suitable framework as Hong Kong has to chart a new direction for a more sustainable future.

4.4 The Stock Exchange of Hong Kong (HKEX) and financial market regulators should be serious about enforcing ESG disclosure requirements

In chapter 2, we concluded that "do good and do well" has not been a priority for Hong Kong's financial market. However, the ESG and green finance agenda that the FSDC, SFC and HKEX put forward has some relevance to "do good and do well". ESG topics are traditionally not seen as "tangible" to profit making but HKEX is pushing listed companies to consider these factors via regulations. Our recommendation is for HKEX to clearly convey the consequence for violating disclosure requirements and actively enforce the ESG Reporting Guide.

Up to now, most issuers see ESG Reports as a box-ticking exercise. In its revised ESG Reporting Guide, to take effect from July 2020 onwards, HKEX clarifies its expectations by introducing mandatory disclosure requirements around the Board's accountability to ESG and identification of ESG risks. We believe such mandatory disclosure will sow seeds for the next level of doing good.

If such internal task forces are able to function properly there are opportunities to think beyond compliance and identify shared value strategies. The key is whether HKEX will enforce ESG disclosures seriously when it has never penalized any issuer on non-compliance of ESG in the past. Without giving out any signal of consequence, we may see lip service only, and motivation to understand and consider a shared value approach will not happen.

How it can be done (some first actions/ possible directions to take):

4.5 Review and create new Public Procurement Policies: The inclusion of social and environmental considerations in public contracting is becoming an emerging trend. In 2000, the HKSAR Government amended its procurement regulations to require bureaus and departments to take into account environmental considerations when procuring goods and services. We believe now is the time to include social considerations in the government procurement policies, on the premise that a stakeholder-centric business can translate into greater productivity, efficiency and quality delivery of services/products.

4.6 SDG mapping: A mapping exercise by the government together with all stakeholders can help to identify which SDGs are most related to business activities and which provides motivations for businesses to kickstart the discussions about what can be done in business operations to create positive social impact.

4.7 Facilitate more genuine Public-Private Sector Partnership for service innovation: Businesses can support governments in tackling social challenges more effectively with its agility and speed to market, and by alleviating pressure on public services through more choices for people who can afford to pay or pay more for services that can better meet their needs. The case of Seven & i working with regional governments in Japan in addressing the needs of elderly singletons is a good example.

Over the years, the Hong Kong government has introduced different schemes to facilitate public-private sector partnership in meeting the needs of the society. There should be a comprehensive review to examine the scope, criteria and mechanism for encouraging more private sector participation to respond to some of the growing and acute needs of the society. The following two examples may illustrate the scope for change:

- a. Allow and encourage more for profit businesses (especially startups and SMEs) to apply for government funding schemes that foster and support innovative pilots to improve the social and environmental wellbeing of Hong Kong, on the conditions that the shareholders of the applicant cannot benefit from any potential profit generated from such scheme. The Innovation and Technology Fund for Better Living is a case in point. The fund currently allows applications from NGOs, public bodies, professional bodies, trade associations and social service organisations only.
- b. Enable more businesses (especially startups and SMEs) to participate in government schemes that subsidize users under the “money-following-the-user” approach⁶⁹, thereby opening up the market of innovative community services to more players and enhancing the diversity and quality of services.

The Pilot Scheme on Community Care Service Voucher for the Elderly can be a case in point. In theory, the elderly can use the voucher on community care services from subvented NGOs, non-profit-making organisations/social enterprises and private organisations. But in practice, the portion of social enterprises and private organisations in the current list of 164 Recognised Service Providers is very small. The voucher scheme can encourage the participation of a wider range of service providers including companies eager to explore shared value, if the scheme allows users to top up the voucher themselves when opting for better services.

4.8 Recognize companies who do good and work with intermediaries to

motivate and incentivize: Government can play a key role in incentivizing businesses, mainly SMEs, but there is a fine line between tokenistic celebration and actually incentivising companies to do things they wouldn't usually do to benefit society at large.

⁶⁹ This approach enables the voucher users to choose from diverse service providers with them topping up the higher service charges of the latter in return for better and/or customised services

There are a few existing awards in Hong Kong, for example HKCSS's Caring Company scheme, Hong Kong Management Association's Sustainability Award, Hong Kong Productivity Council's Hong Kong Corporate Citizenship Award, Our Hong Kong Foundation's Business for Social Good Outstanding Awards. The recommended Task Force of Business for Good (in paragraph 4.2) can initiate a discussion with the award organisers to identify if there are overlap or underlap amongst different awards in recognising the wide spectrum of business for good practices. For example, specific awards could be given to team efforts and not just the leaders, and awards for business model innovation, employee engagement and supply chain management.

To maximise the synergies and impact of the various awards, the government could consider creating a new mega Business for Good award to encompass the various best and innovative practices, similar to the "umbrella" Hong Kong Awards for Industries with different organisations hosting different award categories. The Government could also partner with the media to enhance community awareness and understanding e.g. the UK's New Radical awards with the Observer newspaper.

4.9 Market the Business for Good Imperative with Various Stakeholders:

The business for good imperative should be disseminated widely in the community, especially amongst businesses and young people as the drivers for change in the society. Whilst the Government is not necessarily the best "salesperson", it could work closely together with major stakeholders and provide them with the necessary resources to conduct a sustained marketing communications programme. The major marketing partners will include:

- Business groups and other organisations active in promoting business for good amongst corporates as well as SMEs and sustainment investment
- Student associations and youth groups
- NGOs and social enterprises
- Traditional print and electronic media with broad business and community readership bases

- Digital media platforms such as Facebook and LinkedIn

The marketing communications campaign in the first year could include:

1. A roundtable with CEOs of corporates and owners of SMEs to share the study findings and to enhance their understanding of the business case for doing good
2. A conference, ideally to be co-organised with a media partner, to disseminate the key messages of the study to the business community
3. A workshop on the WHAT, WHY and HOW of impact/sustainable investment
4. A panel at the Social Entrepreneurship Summit 2020 to NGOs and social enterprises to share the study findings and how they could collaborate with businesses in addressing social challenges
5. A workshop with young people on the concept of business for good and to solicit their ideas on how they could be the change agents
6. A social media and PR campaign with Key Opinion Leaders and Members of the Public to support business for good, invite community suggestions on what Hong Kong businesses can do and solicit business interests to implement the suggestions
7. Sharing of local case studies under a business for good series via electronic and print media targeting both the business community (e.g. business and finance channels) and the public at large

The campaign should set clear KPIs in terms of breath and depth of the reach, to be reviewed at the end of year one and to help formulation of the year two communications strategy.

Who can help/who should be involved/drive in the change process:

Innovation is an integral driver of business for good. With the need to take a more holistic and systemic view in promoting innovative and sustainable business practices that can meet various societal needs, it will be necessary to identify an appropriate

office in the government to spearhead and coordinate the new agenda with various bureaus and departments. The Policy Innovation and Coordination Office could be an appropriate authority given its mandate in:

1. providing secretariat support to the CE's Council of Advisers on Innovation and Strategic Development
2. coordinating major cross-bureaux policies selected by the CE and the Secretaries of Departments to help achieve policy objectives
3. providing "first-stop and one-stop" consultation and co-ordination services for innovative development projects that would bring broader public benefits

It should be highlighted that the responsible unit needs to work very closely with various stakeholders in the government, business and NGO communities. To begin with, it could identify a few key champions to work on a couple of concrete and actionable programmes/projects as low hanging fruits in a couple of domains such as digital upskilling and community health. This could pave the way for the formation of a multi-stakeholder Steering Committee and the development of the Manifesto and the Action Plan.

Concluding thoughts

In the 21st century, many businesses are successful because they don't exist in a "business vacuum" and they continue to be a source of social good.

The traditional dichotomy that business is for making profits and doing good is for nonprofits should no longer be valid. Indeed, sometimes companies are better placed to tackle social challenges in the most effective, innovative, agile and efficient way. There is a need to shift the business for good narrative, from the need for business to create social value to how business can stay competitive and be sustainable amidst all the 21st century challenges. The focus should be on how a purpose-driven and stakeholder centric strategy could help business in the following ways:

- Identify new growth opportunities by meeting the needs of customers
- Attract, engage and increase the productivity of employees, by aligning them with a common purpose and upskilling them continuously
- Attract, engage and retain customers (especially the Gen Z) by strengthening the brand's emotional connections with its target customers
- Manage supply chain risks by improving the quality, cost effectiveness, speed and reliability of delivery
- Manage reputation risks by making profits not at the expense of the interests of various stakeholder groups
- Improve the financial sustainability of the business by achieving top-line growth, reducing costs and attracting long term investors

Whilst our research has highlighted specific strategies and approaches that can be taken, there is a thread that links them all - the need for a new narrative, and companies have a key role in driving this.

Understandably, it will take some time for companies to understand and practice business for good. From the local case studies, there is a general sentiment that companies can start with talent engagement and development. This is also supported by the quantitative and qualitative surveys, indicating the increasing importance the Generation Z attaches to the "motivator" factors (e.g. work life balance, promotion and training opportunities) as opposed to an attractive salary.

Numerous studies⁷⁰ have also highlighted the need for Hong Kong to upskill our workforce in a digital and knowledge economy. The cases of CLP Power Academy, Esquel, HKBN, Jenston Technology, Outblaze and Stan Group showed clearly that investing in the workforce will pay off for the businesses. Companies that have a meaningful purpose and treat employees as an important stakeholder group tend to

70 Smarter Digital City 3.0, Google, 2019, services.google.com/fh/files/misc/google_smarter_digital_city_3_whitepaper.pdf
"Nurturing Local Talent", LegCo Secretariat, June 2020, www.legco.gov.hk/research-publications/english/1920rb03-nurturing-of-local-talent-20200601-e.pdf

have higher productivity and find it easier to attract and retain talents. At the same time, there is ample scope for businesses to collaborate with education institutes to make sure their offerings can address the rapid technological development. Intermediaries like Teen Future can play a valuable bridging role, as demonstrated in the Outblaze case.

Afterword

The COVID-19 pandemic, in a very dramatic and massively disruptive way, has changed fundamentally the way we learn, work and live. It has also made us rethink what we really need, when people around the world are scrambling for toilet rolls, and when luxury brands are not making perfumes, sports cars and leather bags. It has made us realize that many things in life may in fact be non-essential and in turn, many industries and jobs. At the same time, the pandemic has made us cherish more and more our health, learning, environment, relationships and human virtues such as fortitude, generosity, compassion and solidarity.

Back to Basics

The Financial Times organises an annual Boldness in Business Awards. This year's Awards illustrate "even the most complex and innovative business succeeds because it serves human needs that are simple and unchanging."⁷¹ This year's winners are innovating education (Byju's) and healthcare (Healthy.io), enhancing the sustainability of its supply chain (Levi Strauss), giving customers a better product at a fair price (Nubank), insect farming (Ynsect) and affordable organic food (VkusVill). What set these companies apart is the fact that they are serving basic human needs and creating successful businesses in a way that "others overlooked, doubted or dismissed." It is high time for Hong Kong companies to rethink what these basic

71 Robert Armstrong, "Business Success is about Serving Basic Human Needs", *Financial Times*, 30 March, 2020
www.ft.com/content/bcd642e0-6273-11ea-abcc-910c5b38d9ed

human needs are and how they can serve them differently to create value for the business and the society. The UN Sustainable Development Goals can provide a good guiding framework.

Closer to home, the cases of Humansa and Stan Group pointed out the significant market opportunities in the wellness, active aging, and elderly care sectors, against the backdrop of Hong Kong's aging society. The pandemic has also heightened community interests and concerns over the need to innovate the delivery of medical and health care services and the potential role of the private sector for established businesses and startups alike. A recent McKinsey report ⁷² highlighted the imperative to move toward an ecosystem-based model of care with a lot more private sector participation enabled by key industry forces such as:

1. Longstanding inefficiencies are leading to affordability, outcome, and quality challenges and poor consumer experience, providing the fertile ground for innovation and new market entrants.
2. There is increasing integration between healthcare and technology service providers, opening up a lot of new market opportunities. High rates of healthcare technology investment are being realized, particularly in three main categories: patient engagement, data and analytics, and new care models.
3. Increased data sharing amongst public and private sector providers (as in the case of Hong Kong's Electronic Health Record Sharing System) will empower end-to-end care analytics and open up innovation opportunities in a wide spectrum of care services.

Digital Upskilling of the Workforce

The COVID -19 pandemic has accelerated the need and urgency of digital transformation with remote learning, telecommuting and e-commerce becoming the

72 Shubham Singhal, Basel Kayyali, Rob Levin, and Zachary Greenberg, "The next wave of healthcare innovation: the evolutions of ecosystem", *McKinsey & Company*, 23 June 2020, www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/the-next-wave-of-healthcare-innovation-the-evolution-of-ecosystems?cid=other-eml-alt-mip-mck&hlkid=3d2ba19d90774fd28e8623cee0994170&hctky=2789483&hdpid=4e089b99-d0e8-4e83-9302-3a00103a5fbd&fbclid=IwAR2WnA19s73T3wFrKXYjNO1FyDzIE-VBXSrnZNSlo4UAwPqzza8kZfXn4U4k

new normal. It has also hastened the demise of some traditional industries and models of operations. And some of the manual jobs that have been automated may never come back again. Hong Kong people have to develop and hone their skills to meet the needs of a post pandemic economy. We need more coordinated efforts amongst the employers and the education institutes to develop the digital literacy of the young generations. There is room for more industry-education partnerships in offering apprenticeship and internship programmes. The CLP Power Academy could be a good model. This will not only help businesses in their digital transformation processes but also create new career paths and opportunities for young people.

The government can incentivize digital skill development investments by the private sector. For example, the UK government, in collaboration with the manufacturing industry, launched a £20 million Made Smarter North West pilot to help SMEs navigate and adopt digital tools, including robotics and automation.⁷³ Workforce Singapore (WSG) opens up more than 2,000 training places under its Adapt & Grow initiative to support five sectors hit hard by the COVID-19 outbreak. The initiative places displaced workers in new jobs either in a different company or within the same one. Employers who participate in the programme receive wage subsidies and training support. There are new place-and-train programmes for rank-and-file roles in retail and food services businesses, as well as a professional conversion programme (PCP) in digital operations for mid-career professionals, managers, executives and technicians in the affected industry sectors.⁷⁴

A new paradigm of Public-Private-NGO Partnership

In the wake of the pandemic, it is tempting and may indeed be necessary to ask for a greater role from the government. But what we have seen in the last few months is that businesses could bring more agility and market knowledge to the task than

73 Wan-Lae Cheng, André Dua, Zoe Jacobs, Mike Kerlin, Jonathan Law, Ben Safran, Jörg Schubert, Chun Ying Wang, Qi Xu, and Ammanuel Zegeye, "Reimagining the Post Pandemic Future", *McKinsey & Company*, 14 August 2020, www.mckinsey.com/industries/public-and-social-sector/our-insights/reimagining-the-postpandemic-economic-future?cid=other-eml-alt-mip-mck&hlkid=523478d8cfda4cd9b359a58ac3327795&hctky=2789483&hdpid=a2bb6b07-2fc5-4661-a827-c2fd777a3439

74 Rachel Phua, "Government ramps up reskilling efforts for sectors hardest hit by COVID-19", *Channel News Asia*, 12 March 2020, www.channelnewsasia.com/news/singapore/training-retail-food-services-supply-chain-coronavirus-business-12529444

governments can. Governments alone cannot address the scale and complexities of the world's challenges. The pandemic has also underlined the value of the civil society and individuals in the communities. Going forward, we need a new model of public-private-NGO collaboration with more trust, innovation and more efficient allocation of resources. We need a new mindset from public and private sector organisations alike on the roles of businesses and how they can create a sustainable business by contributing to the wellbeing of the society. Take healthcare as an example. In Hong Kong, we still face the crunch of 90% of the population looking to 10% of the medical profession in the public sector to deliver essential and other healthcare services for them. There is still considerable scope for the private healthcare system to alleviate the pressure of the public hospitals. And together with this, we need to innovate the insurance industry to support the switch.

Future is Now

The Hong Kong Council of Social Service started the Caring Company Scheme some 16 years ago. It is high time for businesses to demonstrate that they do care about their impact on different stakeholders. The way businesses deal with their customers, their employees and the broader community in a crisis is likely to leave a lasting impact in customers' minds.⁷⁵ This is the time when customers look for responsible capitalism. And caring for customers starts with thinking first about employees and their families. Some top management teams are taking pay cuts with a view to keeping everyone else on the pay cheque. Some are offering training and support to enable employees to overcome the current challenges and to prepare them for the future when business picks up again. These companies will build more resilient and more loyal workforces, ushering in a more sustainable manpower and business model. Indeed, a majority of the businesses interviewed in this study believe that engaging the workforce in a more caring way can be the first step to doing good and doing well.

75 Rachel Diebner, Elizabeth Silliman, Kelly Ungerman, and Maxence Vancauwenberghe, "Adapting Customer Experience in the time of the Coronavirus", *McKinsey & Company*, 2 April 2020
www.mckinsey.com/business-functions/marketing-and-sales/our-insights/adapting-customer-experience-in-the-time-of-coronavirus?cid=other-eml-alt-mip-mck&hlkid=d50bef124faa476c88600211ac015d3e&hctky=2789483&hdpid=19289b5b-5d9f-4245-a701-2aef6fe6388e

The world will never be the same again after the COVID-19 pandemic. The question increasingly is not whether we will return to normal, but whether we really want to return to normal. The choices that businesses make now could change their future and our lives for years to come.

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