

HK's social awareness on the rise

Founder of non-profit venture capital fund sees key role for city in promoting green solutions

By PAMELA LIN in Hong Kong
pamelalin@chinadailyhk.com

A key issue that needs to be tackled in Hong Kong is ensuring business profits go to society instead of corporatizing social welfare, said Francis Ngai, founder and CEO of Social Ventures Hong Kong (SVhk), the city's first non-profit venture capital fund that invests in social mission-based projects and startups. Ngai shared his views on sustainability and how to raise people's awareness on this issue during a discussion in Hong Kong on Oct 12. Under the title, ESG: Greening the Belt and Road Initiative for our planet/for tomorrow/for a brighter future, the event was co-organized by *China Daily* and ERE Exhibits.

"Talking about sustainability is talking about it as an entirety which includes people, planet, productivity and profit," Ngai said.

He said that nowadays people are

better at managing society, as well as discussing the environment and other Earth issues, and they are focused on the sustainable development of society and the people themselves.

"People are what we care about the most," Ngai said. "Going back to the origin, everything starts with the people. So the question comes to how we can get people to change."

SVhk has incubated more than 40 social venture projects and startups since the organization launched in 2007. These social enterprises work to address Hong Kong-based social challenges, including the wealth gap, welfare for the disadvantaged, and issues affecting the elderly.

"Social enterprises are standing in the middle between welfare institutions and enterprises, which means they have more room to explore the potential of innovation and cooperation," Ngai said.

Social enterprises can bring solutions to settle social problems, he added.



Francis Ngai, founder and CEO of Social Ventures Hong Kong, says Hong Kong can become a pioneer of city sustainability in Asia through the Belt and Road Initiative and Greater Bay Area. ROY LIU / CHINA DAILY ASIA WEEKLY

BottLess is a social startup incubated by SVhk. It works to reduce plastic waste and create environmentally sustainable and convenient solutions for refilling water. The startup cooperates with shops and outdoor events in Hong Kong to cut down on the use of plastic bottles.

According to Matthew Cheung Kin-chung, chief secretary for administration of the Hong Kong government, the number of social enterprises in the city has increased threefold in the past 10 years, from about 200 to over 610. There is also an increasing trend in the business sector to invest in and outsource services to social enterprises.

"Honestly, we encounter difficulties that both businesses and wel-

fare institutions may face," Ngai said. "However, to cooperate with different sectors while helping the community encourages us to keep moving forward."

Ngai is impressed with today's young people and their interaction with global enterprises. "We found that the young generation cares how companies contribute to and influence society when searching for a job," he said. "It also facilitates the government and enterprises to think about sustainability."

Ngai hopes that young people will think more about social startups that combine social enterprises with the concept of startups, to focus on not just being profit-driven but also purpose-driven.

Green Monday is another social startup incubated by SVhk, which promotes and enables healthy and sustainable living. The organization promotes the concept of not eating meat for at least one day a week to more than 800 primary and middle schools, as well as restaurants.

"Green Monday has a sense of purpose to carry on their business. Their entrepreneurship is bringing sustainability to society," Ngai added.

Through the promising Belt and Road Initiative and the Greater Bay Area, Ngai believes Hong Kong can become a pioneer of city sustainability in Asia where the combination of purpose, social impact, business and sustainability is getting tighter.

'Follow China green bond guidelines'

Hong Kong told to position itself to serve world's leading issuer of these instruments by following mainland requirements

By DAI KAIYI in Hong Kong
kevindai@chinadailyhk.com

Hong Kong should follow green bond verification guidelines set up by Chinese mainland authorities instead of opting for its own process, and global companies should adopt more compatible standards for environmental, social and governance (ESG) reporting, said Simon Mak, CEO of Ascent Partners.

The founder of the Hong Kong-based corporate valuation and advisory firm pointed out that the Hong Kong Special Administrative Region government subsidizes only local green bond issuers who meet the requirements of the city's self-developed Green Finance Certification Scheme, designed by the Hong Kong Quality Assurance Agency. That means there are many local issuers, of global placements, who cannot

get access to subsidies because they did not adopt the locally recognized certification guideline.

According to Mak, the city's green bond market is currently filled with institutional investors who hold the green bonds long-term, resulting in little market liquidity.

As the Chinese mainland has rapidly emerged as the world's leading issuer of green bonds — accounting for almost 40 percent of the \$81 billion green bonds issued globally in 2016 — Hong Kong should position itself to serve the mainland market by following the green bond issuance guidelines published separately by the People's Bank of China and the National Development and Reform Commission, Mak said.

He mentioned that the current commonly adopted standards for ESG reporting can be divided into two types — stakeholder-based ones



Simon Mak, CEO of Ascent Partners.

like the Global Reporting Initiative standards, and principal-based standards, such as those developed by the Sustainability Accounting Standards Board.

Mak said that education in the field is not only about which stan-

dard should be adopted, but also how to translate ESG data for financial counterparts to understand. He noted that the CFA Institute — the global association behind the certification of Chartered Financial Analysts (CFA) — has in recent years arranged training for financial analysts on how to translate environmental impact into financial impact.

While the principal-based standard, being data-driven, is much easier when it comes to translation, the stakeholder-based standards can present difficulties in the piecing together of conflicting views from multiple stakeholders.

Separately, with no clear sign of mitigating the trade confrontation between China and the United States, the ongoing standoff is expected to keep weighing on global financial markets.

But even if the US-China trade dis-

pute continues to escalate, Mak does not see it much affecting companies' expenditure on ESG reporting — a relatively small outlay in terms of a company's total spending.

The dispute will hurt market sentiment, however, and slow the pace of ESG reporting development — especially at a time when protectionism is rising within major economies, with cross-border adoption and universally unified standards struggling to survive.

For starter entrepreneurs establishing environment-related businesses, Mak suggested building a team from more diversified backgrounds. Rather than hiring only talent majoring in the environment, companies in the industry, to boost their core competency, should also hire talent from spheres such as accountancy and media communications.