

## **Profit with Purpose in Asia**

Moderator Ronnie Chan opened the discussion by pointing to recent global history, and how significant events such as the industrial revolution, the rise in technology and capital, and world wars have shaped society and the way business is conducted. Mr. Chan then posed three key questions. What is “purpose” for businesses in Asia? Who should define it? Where will it lead us in 20 to 30 years? Panelists responded by giving insight into how companies can go beyond responsibility and be more proactive with purpose.

Mr Richard Lancaster, Chief Executive Officer of CLP Holdings Limited, said that in energy there needs to be a balance in terms of profit and purpose, a huge challenge because companies need to ensure energy is affordable while also protecting the environment.

“If energy becomes unaffordable, then billions of people won’t have it,” said Mr Lancaster. “So to have it in an affordable way for huge populations without harming the planet is a major challenge. There are forms of energy such as renewable and nuclear that require enormous investment, so the industry must be profitable from that investment.”

Mr Lancaster cited a question from one of his company’s long-term retail shareholders. As a shareholder, she wants a bigger dividend. As a customer, she wants electricity prices to come down. And as a mother of a CLP Holdings employee, she wants her son to have a better salary. Her question was, how is the company going to do that?

“It was really a crystallised question about what we are talking about,” said Mr Lancaster. “That crystallises the balance we need to strike. We need to invest wisely, look after shareholders and look after employees, but also look out for society. Inevitably, it comes down to balance.”

Mr Henry H.L. Fan, Managing Director of Hong Kong Glory Limited, said profit with purpose has been practised in Hong Kong for many years. He offers the example of Beijing-based China International Trust and Investment Corporation (CITIC Group) setting up operations in Hong Kong in the 1980s with the specific purpose of maintaining the prosperity and stability of Hong Kong in the run-up to the handover from British to Chinese sovereignty in 1997.

“For me, this was a very specific example of Profit for Purpose,” said Mr Fan. “CITIC Pacific invested in specific industries in Hong Kong such as aviation and they also built power plants, and at one time were shareholders in China Light & Power and Hong Kong Telecom. All of them were profitable and also helped

fulfil its purpose of maintaining prosperity and stability in Hong Kong, and we achieved that with the help of the Mainland government.”

Mr Chan pointed out that Profit with Purpose has been part of the corporate culture in the West for many years and he asked Dr Ruth A. Shapiro, Founder and Chief Executive, Centre for Asian Philanthropy and Society, if Asia’s rise in corporate responsibility was a reaction to the West or are Asian companies genuinely socially conscious.

Dr Shapiro points out that the strong family ties that define Asian cultures “are very much part of the corporate and social fabric of the region.” She also gave insight into three notable trends of corporate engagement in Asia and examples of each from the region. These include building the capacity of nonprofits and social enterprises; DIY (do-it-yourself) philanthropy; and shared value and win-win initiatives.

Despite a longstanding culture of mistrust in nonprofits, she said that companies should make better use of nonprofit organizations and social enterprises. She highlighted specific examples such as Rakuten, which has developed an in-house incubator to support social enterprises, and Toyota, which has opened nonprofit management centers throughout Asia.

Mr. Lancaster also offered an example of creating shared value. CLP Holdings has worked with local communities around its solar farms to grow commercially viable crops in the shaded earth beneath the solar panels.

The panelists also discussed the role of the United Nations Sustainable Development Goals (SDGs) in working towards profit with purpose in Asia.

Mr Chan concluded the session by saying “Asia’s traditional history has a lot of things going for it, and making money should not be the only thing.”