

Forum on Poverty Alleviation and the Role of the Business Sector

A decorative graphic consisting of a solid teal horizontal bar that spans the width of the slide. Below this bar, on the right side, there are several horizontal lines of varying lengths and colors, including teal and white, creating a stepped, modern design element.

Some quotes...

- **Bill Gates:** “If we can find approaches that meet the needs of the poor in ways that generate profits for business and votes for politicians, we will have found a sustainable way to reduce inequity in the world.”
- **Bill Gates (cited by Harvard Magazine):** “Given the power of capitalism, he was interested in areas where it had fallen short. For instance, many people in the world are plagued by diseases, but too poor to buy medicines, so the market fails to provide incentives to develop cures for them. We spend 10 times more on male baldness than on malaria, which kills one million children and sickens 200 million people annually, undercutting their education and economic progress. Nor do governments fund drug discovery, per se.”
- **John Mackey (Whole Foods Market):** “Free market capitalism is one of the most powerful ideas we humans have ever had, But we can aspire to even more. Let's not be afraid to climb higher.”

Why does a company profit-maximize?

- “奪命金” 的故事 – **Social Investors -> Social conscious companies**
- **Who are the social investors?**

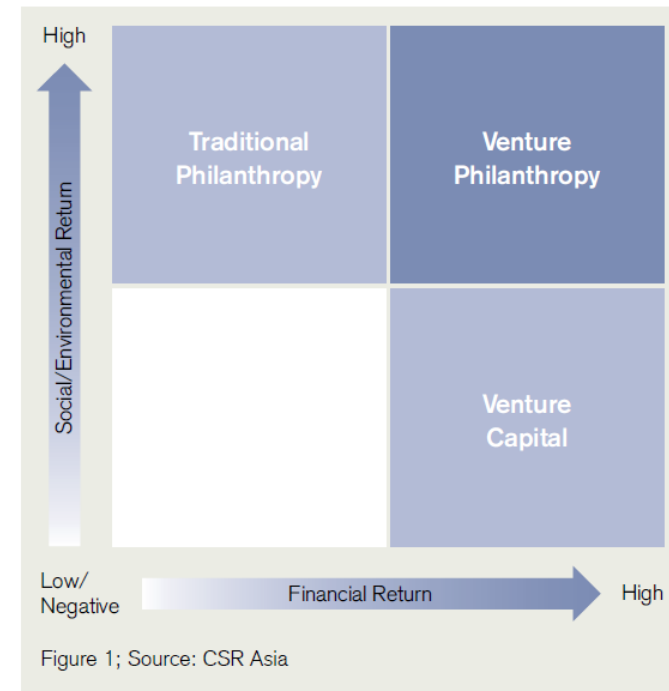
A matter of definition: doing good vs. avoiding bad...

Based on JP Morgan's report:

- What defines and differentiates impact investments?
- Impact investments are investments intended to create positive impact beyond financial return. As such, they require the management of social and environmental performance (for which early industry standards are gaining traction among pioneering impact investors) in addition to financial risk and return.
- We distinguish impact investments from the more mature field of socially responsible investments (“SRI”), which generally seek to minimize negative impact rather than proactively create positive social or environmental benefit.

Crossroads - from two angles

- **As a new asset class –**
 - JP Morgan, the Rockefeller Foundation, Global Impact Investing Network
- **As a strategic philanthropy. Business enterprise as a sustainable charity -**
 - Credit Suisse Report,
 - Acumen Fund,
 - Mohammed Yunus,
 - Bill Gates,
 - Ashoka



Reflection: Does double bottom line really make sense?

- **Financial Impacts and Social Impacts**
- **Contention: Every company can either have positive social impact or negative social impact. Some companies just choose to ignore.**
- **Double bottom line is to rectify the social “negative externalities”.**

Measuring social impacts

- **Impact Reporting and Investment Standards (IRIS) – aim to allow investors to compare social and environmental activities, outputs and outcomes across investments (e.g., student to classroom ratio, number of full-time female employees).**
- **Challenges:**
 - **Each projects have different variables?**
 - **Quantifying the unquantifiable...?**

Looking ahead

- **CSR and Impact Investing are just “prototypes”, or baby-steps forward.**
- **Cultural change of individual and institutional investors and corporate managers (when saving millions of lives are priced more highly than saving the bald heads).**
- **Government as a facilitator.**

Reference Articles

- “反思資本主義 企業只求盈利？” 黃元山，經濟日報，2013年04月25日
- “大政府抬頭 社會公義未必增”，黃元山，經濟日報，2013年05月23日
- “創效投資（**Impact Investing**）：把社會價值帶回市場經濟”，黃元山，信報月刊，2012年1月
- “覆憤怒荷馬：我討厭浪費”，黃元山，iMoney 2012年5月5日
- “寫給老友的信 - 做善事有幾絕望？”黃元山，iMoney 2012年6月12日