

IN THE EARLY 2000S, A SMALL GROUP OF US entrepreneurs found themselves disillusioned with the lack of safeguards around a socially responsible business they had built from scratch and then sold—only to see its social commitments dismantled by the new owners.

They decided to do something about it. In 2006, they created a new, certified incorporation structure, the so-called benefit corporation or B Corp. Together they founded the first B Lab, to help other entrepreneurs and businesses adopt and maintain the status.

B Labs have since spread all over the world, including the Asia-Pacific region, where interest in the concept is growing, spurred on in part by the rise of demand for transparency around environmental, social and governance activity.

In the APAC region, Australia and New Zealand have over 650 certified B Corps between them. Meanwhile China and Japan, the region's two largest economies, have fewer than 50 each. So the regional B Corp movement has been both growing but slow to gather steam. Entrepreneurs and movement insiders in Hong Kong and Singapore are lately working to turn that around.

B Corp certification enshrines some environ-



B CORP Takes Root in APAC

mental or social purpose as a fundamental objective, alongside profits. It also provides transparency in reporting and helps manage stakeholder expectations toward outcomes that are good for the community, environment and investors.

Though overshadowed by the broader ESG movement, the number of B Corps has grown steadily to nearly 7,000 worldwide, with most located in North America and Europe. The list includes multinationals such as Nestlé and Patagonia.

B Corps in the APAC region span a range of industries from hospitality and cosmetics to software design and apparel. Most are small or medium-sized private businesses, but many sell products globally. A handful have listed on stock exchanges in Australia, Hong Kong and Singapore.

One reason B Corp certification is becoming attractive to these entrepreneurs is that both the

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**DANIEL DEL RE
REPORTS.**

rigor and transparency are seen as ways to better compete on a global stage, according to Gilbert Lee, Co-Chair of B Lab Hong Kong and Macau, the local B Corp certifying group.

“The B Impact Assessment [that companies undergo to become certified] could be used as a management tool to guide strategic development,” says Lee. “It is very prescriptive, very detailed.”

The assessment is updated every three years or so, keeping companies on their toes. “It makes you run a better business,” says Lee, who runs a B Corp offering

executive leadership training. “That appeals to young and less-developed companies in Asia.”

As sustainability credentials come under more scrutiny from investors and regulators, companies in Asia also see the third-party validation and ongoing requirements of B Corp certification as a way to avoid charges of greenwashing. That naturally extends to the multinationals that are their customers. Those companies are accountable for sustainability within their supply chains and the B Corp badge helps reassure them that their APAC vendors won't get them into trouble.

Lee aims to have 100 B Corp certified companies in Hong Kong by 2027, up from 25 today.

Founded in 2013, the Hong Kong-based fitness and wellness business The Art of XYZ elected to become a B Corp in 2021. Among its other advantages, the structure helps define its approach to employee compensation.

“We have a vision of creating an environment where employees can also be investors, receiving compensation based on equity in the business,” said XYZ founding instructor Bridge Hudson. A Vancouver native, he says his own values are in line with this goal. “I believe businesses and corporations have a responsibility to lift up and improve the lives of their employees.”

XYZ has recently raised capital from a local high-net-worth investor who was attracted in part by the company's B Corp status.

Meanwhile, Singapore currently counts 41 locally headquartered B Corps and that number is set to grow. “It's definitely gaining momentum,” says Keith Tan, a tech entrepreneur whose “fulltime side gig” is running B Lab Singapore. “We're getting a lot of inbound inquiries, still primarily from small- to medium-sized enterprises.”

A native Singaporean, Tan is working to set up partnerships with the Singapore Fashion Council and other local industry associations to promote B Corp certification. Food and beverage businesses as well as fashion firms are top targets.

For these companies, B Corp's “Business for Good” logo on product labels can act like a seal of approval. It's especially appealing to local firms looking to break into popular export markets, such as Australia, the European Union, New Zealand and the United Kingdom, says Tan.

Tan is also promoting B Corp certification in the finance sector. “There are several fintech firms among the ‘pending Bs’ in our stable,” he says. “They tend to be consumer facing, and fintech as a sector has a strong impact focus because of the

B Corp certification is attractive to Asia-Pacific entrepreneurs for the rigor and transparency it provides, allowing them to better compete on a global stage.

democratization of finance and access to markets.” Another motivation for Singaporean entrepreneurs is financial. Many institutional investors, including the growing number of impact investors and family offices in Singapore serving the affluent, want to invest sustainably.

B Corp adoption in Asia could be poised to get a big boost if local stock exchanges recognize certification as a way for companies to satisfy ESG listing requirements. Both B Labs in Hong Kong and Singapore have met with the local exchanges, but there is no immediate prospect of a regime to recognize certification.

Gilbert Lee hopes that a critical mass of locally headquartered B Corps will motivate the Stock Exchange of Hong Kong to take certification seriously over the new few years.

When asked how B Corp certification can compete with market-based ESG frameworks popular with listed companies, Lee points to two factors. One is that certification requires a broader view of stakeholder value than market-based ESG frameworks focused on non-financial risk factors.

The other factor comes down to a defining aspect of the B Corp movement.

“Disclosure-based regimes rely on what companies choose to report,” said Lee. “We believe it's better to have third-party verification.” ♦

DANIEL DEL RE is a Partner in Brunswick's Hong Kong office and a former journalist.



HONG KONG ENTREPRENEUR
Bridge Hudson is a founding instructor at a health and wellness studio owned by The Art of XYZ, one of a wave of B Corp businesses appearing in the city.