

New York, 27 April 2006 - Remarks at the launch of the Principles for responsible investment

Mr. [Marshall] Carter, [President, New York Stock Exchange]

Ladies and Gentlemen,

I would like to thank Marshall Carter and the New York Stock Exchange for hosting this event.

Just a few minutes ago, I had the honour and the pleasure of ringing the bell to open today's trading here at the New York Stock Exchange. Though my role at the United Nations typically keeps me from taking sides, today I hope my presence helps to trigger the bulls and not the bears!

Not so long ago, it would have been very unusual for a UN Secretary-General to visit a stock exchange and appear before some of the world's leading financiers and investment professionals.

But in recent years, galvanized in particular by the advance of globalization and trade, there has been a profound convergence between the goals of the United Nations and those of the private sector and financial markets.

Today it is increasingly clear that UN objectives – peace, security, development – go hand-in-hand with prosperity and growing markets. If societies fail, so will markets.

Far from being strangers or antagonists, today the United Nations and business are natural partners.

This awareness is at the heart of several recent UN efforts. The UN Global Compact has become the world's largest corporate responsibility initiative. Nearly 3,000 corporate participants and other stakeholders are now involved. Meanwhile, more than 160 banks, insurers, fund managers and others are involved in the UN Environment Programme's Finance Initiative, working to understand the impacts of environmental and social considerations on financial performance. For ethical, commercial and other reasons, more and more companies are embracing corporate responsibility to help them manage global risks.

But a serious gap has become obvious. There is a disconnect between corporate responsibility as a broadly stated management imperative, and the actual behaviour of financial markets, which all-too-often are guided primarily by short-term considerations at the expense of longer-term objectives. With only rare exceptions, the financial community has not sufficiently recognized or rewarded corporate efforts to respond to environmental, labour or human rights challenges, even though such factors can be directly material to corporate performance.

I do not mean to suggest that there has been a lack of interest or desire on the part of investors. Rather, the predominant factor has been the absence of a set of common guidelines that individual and institutional investors can use to assess risks and opportunities fully.

It was with this in mind that, one year ago, I invited a group of leaders from the international investment community to develop a set of global best-practice principles for responsible investment. Today, we launch the results of that exercise: the Principles for Responsible Investment.

The Principles provide a framework for achieving better long-term investment returns, and more sustainable markets. They offer a path for integrating environmental, social and governance

criteria into investment analysis and ownership practices. If implemented, they have tremendous potential to more closely align investment practices with the goals of the United Nations, thereby contributing to a more stable and inclusive global economy.

In a sign that the step we are taking today is truly significant, the senior heads of some of the largest and most influential institutional investors in the world have joined us. Your institutions – from the United States, Europe, Latin American and Asia – collectively steer and safeguard a remarkable \$2 trillion in assets. You have a wide range of constituents, and are involved in many different activities. But what unites you, at least here today, is that you are all now convinced that their fiduciary role gives you a responsibility to include environmental, social and governance criteria in your investment policy- and decision-making.

In signing on to these principles, you are publicly committing yourselves to adopt and live up to them. And you are expressing your intent to channel finance in ways that encourage companies and other assets to demonstrate corporate responsibility and sustainability. In short, you have given a vote of confidence to corporate responsibility – not as a luxury, not as an afterthought, not as a goal to be achieved someday, but as an essential practice today.

The United Nations, for its part, must practise what it preaches. Therefore, I am also pleased to announce that the UN Joint Staff Pension Fund, with nearly \$30 billion in assets, is signing on to these Principles today.

Now it is my great pleasure to invite you, some of the world's most distinguished financial professionals, to come forward and sign the principles. I thank you for your leadership in developing and committing to these Principles. I would also like to urge institutional investors and their financial partners everywhere to embrace and sign the Principles, and bring them to life in their daily activities and decision-making. By acting collectively on the basis of these principles for responsible investment, we can help protect all the world's precious assets.

Thank you very much.