

CHALLENGES TO APPLY PRINCIPLES FOR RESPONSIBLE INVESTMENT

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A stylized silhouette of a mountain range in a teal color, located in the bottom right corner of the slide.

IMPORTANCE OF ESG CONSIDERATIONS

Global development thus far has been successful in raising gross world products but at the expense of:

- ◆ Environmental degradation globally;
- ◆ Increase income inequality and poverty;
- ◆ Failure of corporate governance to apply responsible ethical values, which has pushed global financial crisis;

ESG SOUND BASED DEVELOPMENT

All decent nations agree that development must mainstream environmental, social and corporate governance considerations.

The constraints are:

- ◆ Market failures to identify ESG factors;
- ◆ Policy failures to apply ESG considerations into development policies;
- ◆ Institutional failures to enable mainstreaming of ESG considerations;

VARIOUS EFFORTS

Global communities have developed:

- ◆ International Standards (ISO) for environment, social development;
- ◆ Equator Principles have been developed by IFC for bankers and investors;
- ◆ International Business Council for Sustainable Development has developed code of conducts;
- ◆ World Bank, UN Agencies, Civil Societies have developed appropriate indicators;

THE CURRENT BASIC FLAW

- Control of world resources are unequal with
- ◆ Developed countries with 20% of population control 80% world resources;
 - ◆ Developing countries with 80% of population controls 20% world resources;
 - ◆ World Bank, IMF, World Trade Organizations are based on "dollar votes"
 - ◆ UN based on "country votes" are ignored in vital global development issues;

Principles of Responsible Investment

1. UNEP Finance Initiative with the Global Compact to promote *Principles for Responsible Investment* is appreciated; It requires efforts to overcome market, policy and institutional failures that hampers global equitable development;
2. It requires healthy global financial architecture as its frame of implementation