



Investing in Sustainable Development



**Opening remarks by
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Secretary-General of UNCTAD
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Excellencies,
Ladies and Gentlemen,

It is an honour for me to welcome such a high-level gathering of capital market leaders to Geneva for the 2014 Sustainable Stock Exchanges Global Dialogue. This session gives us a vital opportunity to hear from capital market leaders how they can contribute to the sustainable development agenda.

Our objective is to engage with the critical question of how policymakers, stock exchanges, investors and other capital market stakeholders can together help to tackle some of the twenty-first century's biggest sustainability challenges.

United Nations Member States are seeking to identify and address many of these challenges by formulating Sustainable Development Goals, or SDGs, for the period after 2015. The scope of the proposed goals is global, covering both developed and developing economies. But obviously the needs are greatest in the world's poorest countries where resources are fewest.

Those of you here today already focus on sustainability. We expect the outcome of today's session to include new ideas and new commitments for practical steps forward.

Momentum is already building among stock exchanges. Currently almost half the world's exchanges offer at least one index integrating social and/or environmental issues. Nearly one-third of the exchanges provide either sustainability reporting guidance or training to their listed companies. And a small pioneering group of leading exchanges require comprehensive reporting of environmental and social issues for at least some if not all of their companies.

This illustrates emerging best practice among a group of exchanges to promote sustainability reporting and sustainable business practices.

The policy landscape is also supportive. Of the 32 regulators represented on the board of the International Organization of Securities Commissions, for example, more than one-third have introduced at least a limited sustainability reporting initiative.

Nonetheless, the world's sustainability challenges are enormous. As a result, further progress by exchanges and their regulators is particularly important given the wider sustainable development context and the expected introduction of the Sustainable Development Goals in 2015.

At present, financial markets are not hard-wired to drive capital towards sustainable businesses and the achievement of the Sustainable Development Goals. This can and should change.

There are currently several obstacles to investment in sustainable development. These generally relate to the failure of markets to price

accurately negative social and environmental costs, or to a lack of transparency on sustainability performance. UNCTAD's Action Plan for Investing in the Sustainable Development Goals – the topic of our 2014 *World Investment Report* – examines these obstacles more closely and proposes a number of ways to overcome them.

While some of the broader challenges lie outside your remit as capital market policymakers and stock exchanges, you do have practical options at hand today to promote sustainable business.

UNCTAD and our co-organizers – the UN Global Compact, the United Nations Environment Programme and the Principles for Responsible Investment – can help. We continue to develop the Sustainable Stock Exchange platform to provide a mechanism for policymakers, exchanges, investors and others to share best practices and help define the role of stock exchanges within the global sustainable development movement.

Stock exchanges around the world are responding to our call for cooperation. They join the Sustainable Stock Exchange initiative as Partner Exchanges to commit themselves to work in this area, to share experiences, overcome common challenges, and engage with key capital market stakeholders. Today there are more than 16,000 companies, with approximately \$36 trillion in market capitalization, listed on these Partner Exchanges.

We will continue to reach out to stock market stakeholders – policymakers, exchanges, investors and companies. We will continue to work towards closer alignment between market signals and sustainable development goals. That is the twenty-first century challenge for global finance. That is your challenge as capital market leaders.

I wish you successful deliberations and I look forward to the outcome of your meeting.

Thank you.