Good morning Mr. Engshuber, Mr. De Romanet, Mr. Gifford, members of the PRI Advisory Council, ladies and
gentlemen. I am so pleased to be with you.

Five years ago, UN Secretary-General Kofi Annan inaugurated the Principles for Responsible Investment. Since
then, many events have demonstrated the complexity of managing risks and financial returns. Investors now
must also manage issues that financial markets have not traditionally grasped - so called environmental, social
and governance factors. These factors are important in and of themselves but as you know, they can also impact
the value of investments.

Each of you would like your investments to improve lives, social welfare and the environment, and to consider
returns in light of these broader goals. It is about people, planet and profit together.

Executing this vision is not always so easy in practice. What is good for one goal might not always be
immediately good for another. For example, preserving land and water can limit short-term opportunities for local
people to farm or earn money. In the long-term, it is important for sustainable livelihoods. I would like to remind
you that 70% of the world's poor people live in rural areas. If we want these people to be better off, that will mean
more cows, pigs and chickens. But more animals means more harmful methane, nitrous oxides and other gases
released into the air and, possibly, more land degradation. Long term this will negatively impact their livelihood.

We also know that no country has reduced poverty without massively increasing its use of energy - with the
obvious negative consequences this has on the environment. Taking good care of the environment, however,
often means extra costs and reduced profits—certainly in the short-term.

So, how to balance this? The good news is that there are win-win approaches. Such as helping the farmer I met
in Rwanda to build a biogas digester. Manure from his two cows now produces clean gas for cooking and light.
He no longer cuts down trees for fuel, and has more time for crops. And, the output of the digester is better
fertilizer than plain manure, improving his corn yields. On livestock, some groups are promoting zero
deforestation beef. And of course, there are similar promising approaches to sustainable energy production,
water use and labour practices.

I do not need to remind you that as investors you have an impact. From my years of work, I have learned that
investing in financial services can be a bit different than investing in a company that makes a product. For the
most part, you only have indirect influence. Even if you can influence how an institution conducts its business,
you have little direct control over what clients of that institution ultimately do with that financial service. A client
may use a loan to buy a chain saw and cut down the whole forest. Or to install water-saving drip irrigation or rain
water harvesting.

In this way, the same loan could be good for the individual and either help or harm the environment. Multiply this
by every small business loan and the impact can be huge because there are so many local enterprises. In India,
SMEs contribute 40% of gross value of manufacturing and 34% of exports. Everywhere, SMEs are the biggest
creators of jobs.

This can present a dilemma of where to start. More than 2.7 billion people and 300 million enterprises around the
world do not have access to any financial services. In low-income countries, only 18 per cent of SMEs have
access to credit lines, payment systems, current and savings accounts, insurance and long-term loans, all of
which can help them grow and thrive.

Is our first priority to solve this problem? Or should we invest in renewable energy to reduce CO2-emissions?
The sensible approach in my view is to combine the two. For that, we urgently need to reach more people and enterprises with a diverse range of basic financial services. Once we have done that, why not twin a credit-line with a bio-gas digester? Or provide technical assistance with a loan to expand a small factory and make it energy efficient at the same time?

We see promising examples everywhere, but they are not yet common-place. Moreover, it is important that services are appropriately designed for the activity of the client. How many times have I seen long-term investments financed by repeated 6-week loans? Or an emergency loan to buy medicine when a savings account or insurance would have been better?

Providing financial products that add real value to customers in a transparent way and at reasonable cost is at the core of Responsible Finance. And this is not only in the developing world ladies and gentlemen. It is here in my home, your home and across the world.

Responsible finance rests on three pillars. The first pillar is regulation, good oversight and the creation of a level playing field in a given country. This is a role for government. The second pillar is the ability of consumers to understand choices, financial products and rights. In other words, consumer capability. The third pillar is what we call self-regulation by the financial industry. Self-regulation should not be just about "do-no-harm", but about "do-them-well", by putting customers at the centre of their activities.

As a previous banker, I have realized that it is very difficult for companies to have a long-term vision unless their shareholders and investors actively pursue it. I believe in institutions that have such a vision, not only on moral grounds, but also for their long-term sustainability. Only with sustainable financial institutions will we grow a strong financial sector and vibrant markets.

This is why this past January we launched the Principles for Investors in Inclusive Finance. PGGM, Triodos, CGAP, the PRI and I developed these to provide practical guidance to help investors build sustainable and responsible financial institutions. Already 51 investors - many of you are in the audience - have signed these principles. I am happy that these Principles are housed at PRI and have a dedicated manager to support implementation.

We have already seen what can happen when financial institutions pay insufficient attention to responsible practices. In several local cases, this led to client over-indebtedness. This of course harms clients rather than helps them. It can also damage trust in the financial industry as a whole and put pressure on financial returns.

In signing, institutions commit to seven principles for investors, including providing a range of services, fair client treatment, transparency and pursuing balanced long-term returns. In short, with these Principles we want to create a global norm that puts client needs at the heart of enterprise and financial services. Some 40 PRI signatories who invest in microfinance are not currently signatories to these Principles. I hope you will do so today, and encourage many others to do the same.

Responsible investment does not end with signatures. What really matters is implementation. This is up to the investors aided by PRI, other social investment networks and of course, the financial institutions themselves.

As I mentioned earlier, there are direct investors, often fund or investment managers, and indirect investors, including pension funds or insurance companies investing in funds. Each of these requires its own set of actions to implement the Principles.

Another issue is how to monitor, measure and report on implementation - and impact. This is especially important so that we can compare practices across the board for investors to learn and simply become better.

To support this, PRI is developing guidance for a Reporting and Assessment Framework. PRI will also be publishing case studies and developing guidance documents. I cannot stress enough how important your active engagement with each other and PRI is in shaping practical and effective industry standards.
With these principles, I hope we can together achieve our first goal: that clients and enterprises are properly served by financial institutions with products aligned to their individual needs. This, in the hope that we can achieve what we are supposed to do as financial intermediaries in the first place: create employment and equitable economic growth.

In the future, I hope that responsible finance will be topped by yet another goal: financial services that take care of individuals, enterprises and our community and environment. I know it is challenging. But I wonder if we have an option not to do so.

Thank you very much.