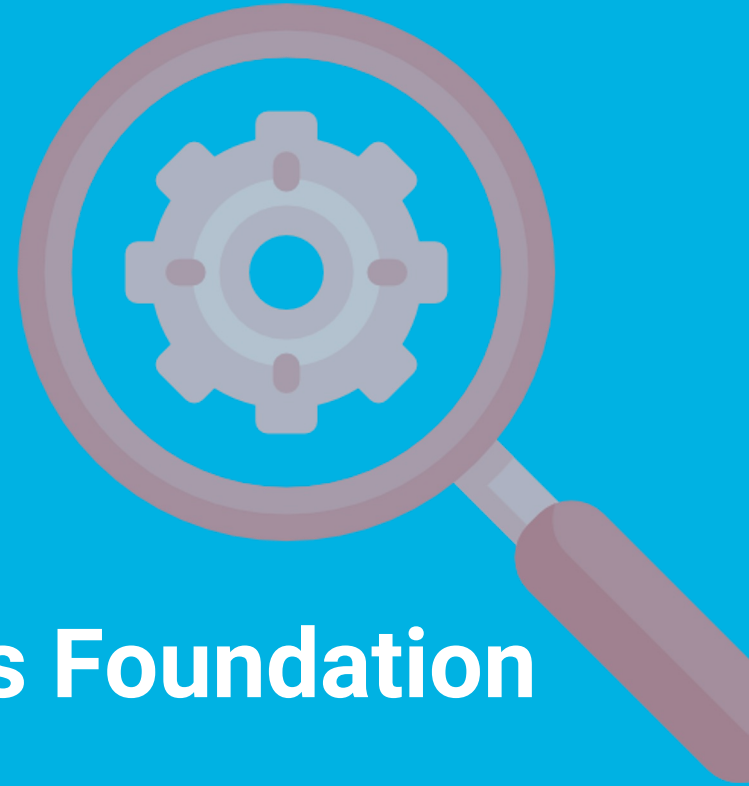




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[HSP/EB.2023/7](#): Decision 2023/1

7. *Requests* the Executive Director to provide for consideration by the Executive Board at its second session of 2023, pending a decision by the Bureau, **a due diligence assessment of the Sustainable Human Settlements Foundation**, to be conducted by the Private Sector Partnership team of UN-Habitat with the support of the Legal Office, the Office of the Executive Director and relevant technical units;

8. *Also requests* the Executive Director **to re-establish the Risk Oversight and Advisory Committee**, as outlined in the Enterprise Risk Management Implementation Guidelines, to monitor the Sustainable Human Settlements Foundation;



[HSP/EB.2023/9](#)

19. The Executive Board *took note* of the report by the Executive Director on the due diligence assessment of the Sustainable Human Settlements Foundation and *decided* to **discuss the report further at its third session of 2023.**



**UNSDG
Common
Approach to
Prospect
Research
and Due
Diligence for
Business
Sector
Partnerships**

ANNEX 1

When partnering with the private sector, UN-Habitat follows internal guidance, based on a system-wide approach:

- ✓ Scope and definitions
- ✓ Integrity, transparency, accountability
- ✓ Shared values and complementarity
- ✓ Sustainability and advancement of UN goals
- ✓ Exclusionary criteria
- ✓ Due diligence process

References

1. [UNSDG Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships](#)
2. [UN-Habitat Guide to Partnering with Private Sector](#)

Risk Oversight and Advisory Committee

Recommendation to proceed, with conditions



- ✓ Human rights
- ✓ Positive screening
- ✓ Negative screening
- ✓ Qualitative screening

Due diligence

Recommendation to proceed, subject to twelve provisions



- ✓ Deliberation of due diligence and reputational risk

Recommendation A

The contribution agreement will have an **initial duration of one year**, subject to extension. Breach of the contribution agreement, including these provisions, is grounds for termination of the agreement.

Response

The recommendation is **noted** by the Executive Director. Considering market conditions, the initial duration is preferred to be **ten years with a standard termination clause** of one month's notice.

Recommendation B

The Sustainable Human Settlements Foundation is **prohibited from receiving investments from, and investing in**, the following sensitive sectors and industries:

- i. Military, armaments, and weapons manufacturing
- ii. Tobacco and alcohol
- iii. Gambling (excluding lotteries with charitable objectives)
- iv. Breast milk substitutes
- v. Extractive industries
- vi. Fossil Fuels
- vii. Genetically modified organisms
- viii. Chemicals
- ix. Herbicides & Pesticides

Response

The recommendation is **accepted** by the Executive Director.



Recommendation C

The Sustainable Human Settlements Foundation will publish annually an **environmental or sustainability report** based on the Global Reporting Initiative, disclosing information on its environmental, corporate social responsibility policy and performance.

Response

The recommendation is **accepted** by the Executive Director.

Recommendation D

The Sustainable Human Settlements Foundation will be **certified** within two years by a globally recognized sustainability certification such as the ISO14000 series.

Response

The recommendation is **accepted** by the Executive Director.



Recommendation E

The Sustainable Human Settlements Foundation will be listed within two years on a globally recognized **sustainability index or award scheme**.

Response

The recommendation is **noted** by the Executive Director. Given standard timelines to implement such a listing, the implementation will be **preferably within two years and not more than three years**.

Recommendation F

The Sustainable Human Settlements Foundation will provide the list of its **investment portfolio and investors** upon request, if not publicly available.

Response

The recommendation is **accepted** by the Executive Director.



Recommendation G

The Sustainable Human Settlements Foundation will provide **externally audited financial statements** on an annual basis by a globally recognized audit firm, effective after the first year of operation.

Response

The recommendation is **accepted** by the Executive Director.

Recommendation H

The **Advisory Board** of the Sustainable Human Settlements Foundation will invite members from the **UN-Habitat Executive Board**.

Response

The recommendation is **accepted** by the Executive Director.



Recommendation I

The **Advisory Board** of the Sustainable Human Settlements Foundation will invite members who are recognized as **leaders in sustainability**.

Response

The recommendation is **accepted** by the Executive Director.

Recommendation J

Personnel of UN-Habitat will not be involved or associated with the investment activities of the Sustainable Human Settlements Foundation, and will have no role in the decision making, management, or administration of the Sustainable Human Settlements Foundation or its investments.

Response

The recommendation is **accepted** by the Executive Director.



Recommendation K

The contribution agreement is to include an **indemnity clause**.

Response

The recommendation is **accepted** by the Executive Director.

Recommendation L

The use of the **name and logo of UN-Habitat** is subject to the approval of the head of the External Relations, Strategy, Knowledge and Innovation Division of UN-Habitat, or the designated official.

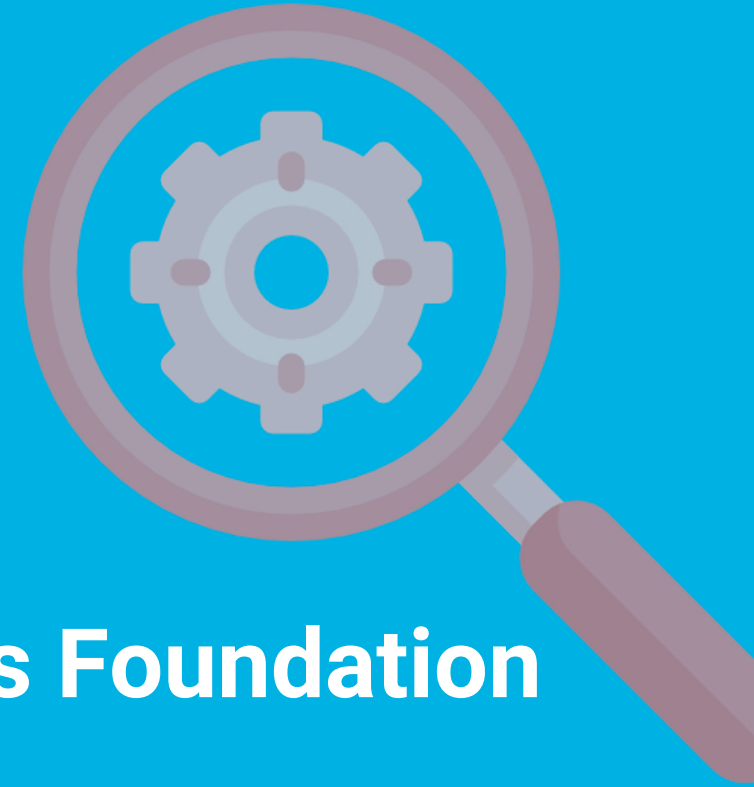
Response

The recommendation is **accepted** by the Executive Director.



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