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Item 6 of the provisional agenda*

**Discussion on the Due diligence assessment of the Sustainable
Human Settlements Foundation**

Due diligence assessment of the Sustainable Human Settlements Foundation

Report of the Executive Director

1. The present report is in accordance with the request¹ from the Executive Board to provide a due diligence assessment of the Sustainable Human Settlements Foundation, with additional reference to the prior decision² of the Executive Board and the prior reports³ of the Executive Director.
2. The due diligence assessment is included as annex 1 of this report.
3. The due diligence assessment was reviewed by the Risk Oversight and Advisory Committee of the Secretariat. The minutes of the relevant meetings of the committee are presented as annexes 2 and 3 of this report.
4. The Risk Oversight and Advisory Committee recommended the following provisions for consideration in the proposed contribution agreement between the Sustainable Human Settlements Foundation and UN-Habitat.
 - 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.
 - 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

* HSP/EB.2023/10.

¹ [HSP/EB.2023/7](#), decision 2023/1, paras. 7-8

² [HSP/EB.2022/22](#), decision 2022/5, paras. 19-21

³ [HSP/EB.2023/INF/4](#); [HSP/EB.2023/INF/3](#)

- v. Extractive industries
 - vi. Fossil Fuels
 - vii. Genetically modified organisms
 - viii. Chemicals
 - ix. Herbicides & Pesticides
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- 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.
 - d. The Sustainable Human Settlements Foundation will be certified within two years by a globally recognized sustainability certification such as the ISO14000 series.
 - e. The Sustainable Human Settlements Foundation will be listed within two years on a globally recognized sustainability index or award scheme.
 - f. The Sustainable Human Settlements Foundation will provide the list of its investment portfolio and investors upon request, if not publicly available.
 - 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.
 - h. The Advisory Board of the Sustainable Human Settlements Foundation will invite members from the UN-Habitat Executive Board.
 - i. The Advisory Board of the Sustainable Human Settlements Foundation will invite members who are recognized as leaders in sustainability.
 - 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.
 - k. The contribution agreement is to include an indemnity clause.
 - 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.
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