



UN-HABITAT

Agenda item 4

Due diligence assessment of the Sustainable Human Settlements Foundation

Second session of the Executive Board for the year 2023
8 June 2023



[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;



**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](#)

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



Recommendation to proceed, with conditions

Due diligence



Risk Oversight and Advisory Committee

- ✓ Deliberation of due diligence and reputational risk



Recommendation to proceed, subject to provisions



Recommended provisions

- 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
 - v. Extractive industries
 - vi. Fossil Fuels
 - vii. Genetically modified organisms
 - viii. Chemicals
 - ix. Herbicides & Pesticides



Recommended provisions

- 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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