

ECONOMIC COMMISSION FOR EUROPE

EXECUTIVE COMMITTEE

Ninety-third meeting
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Due Diligence Review of Private Sector Entities Engaging with UNECE

For Information

Note by the Secretariat

Due diligence review of private sector entities engaging with UNECE

At its ninety-second meeting, held on 23 June 2017, EXCOM requested the secretariat to develop a Framework for the engagement with private sector entities for its consideration. Such a Framework is presented to the ninety-third meeting in informal document 2017/40 for its consideration. Furthermore, the Executive Secretary wishes to inform member States that she intends to establish a due diligence review of private sector entities engaging with UNECE that will serve as a risk mitigation approach and would complement the aforementioned Framework. Details are presented below for the information of member States.

EXCOM is invited to take note of the due diligence review process of private sector entities engaging with UNECE.

Background

1. Member States have called on the UN Secretariat to “strengthen due diligence and risk management measures to safeguard the reputation of the Organization and ensure-confidence-building” with respect to developing partnerships with the private sector “which places greater emphasis on transparency, coherence, impact, accountability and due diligence, without imposing undue rigidity in partnership agreements.”^a

2. At present, no standard exists beyond the guidelines issued by the UN Ethics Office.^b UN Secretariat departments are expected to develop an appropriate due diligence process for engaging with private sector entities to operationalize the important role that the business sector can play in support of the 2030 Agenda for Sustainable Development. In line with efforts to enhance engagement with private sector entities as contained in the UNECE Resource Mobilisation Strategy approved by EXCOM in September 2016 (EXCOM/CONCLU/86), the Secretariat intends to establish the following process to serve as due diligence review of private sector entities engaging with UNECE that will cover all areas of work.

Principles

3. The ten principles of the UN Global Compact, the provisions of the UN Charter and the UN regulations and rules are the exclusionary criteria against which all partnerships between UNECE and private sector entities will be assessed:

– Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Ensure that they are not complicit in human rights abuses.

– Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

^a A/RES/70/234 paras 13-14

^b Guidelines on a principle-based approach to the cooperation between the United Nations and the business sector (2015)

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

– *Environment*

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

– *Anti-Corruption*

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

4. In addition to the Global Compact principles, the review will also confirm:

- Whether the company is a member of the UN Global Compact; and
- Risk incidents and risk exposure of a company in the past ten years.

Approach

5. For cooperation/partnership agreements (with no financial contributions), the prospective partner will complete a self-assessment based on the UN Global Compact principles, duly certified by the most senior official of the private sector company.

6. All proposals for strategic partnerships (with no financial contributions) will be submitted to UNECE senior management for approval prior to any agreements being committed to external parties.

7. For financial contribution agreements, in addition to a self-assessment by the prospective partner, UNECE will commission a mandatory check from at least one reputable entity that provides such assessments. The costs for undertaking this external review will be charged to the prospective private sector partner and will be included as part of the planned Donor Agreement.

8. The Executive Office will coordinate the due diligence measures and prepare a report to the Executive Secretary, who will ultimately determine if the entity is deemed compliant or non-compliant. Whilst these measures are proposed to help mitigate risks, all measures imply a residual level of risk.

Information of EXCOM

9. Extrabudgetary projects and activities which are proposed with private sector entities will be submitted to EXCOM for consideration only upon completion of the due diligence review. Compliance with the due diligence review, as confirmed by the Executive Secretary, will be indicated in the EXCOM project template.

10. Due diligence reports are confidential and will not be submitted to EXCOM. Upon request by member States, they will be made available for review.