

1 December 2019

Mr. Achim Steiner
Administrator
United Nations Development Programme
One United Nations Plaza
New York, NY 10017
Via: achim.steiner@undp.org
and sdgimpactstandards@undp.org

Re: Concerns about the SDG Impact Practice Standards for Private Equity Funds

Dear Administrator Steiner:

The signatories of this letter -- 12 representatives of civil society organizations, investors, national human rights institutions and private practitioners working in the field of business and human rights and corporate social responsibility—refer to UNDPs’ public call for comments related to the draft “SDG Impact Practice Standards for Private Equity Funds”. While we warmly welcome and support the aims of this initiative to advance the achievement of the Sustainable Development Goals (SDGs), we are concerned that the process has not involved expertise on respect for human rights. The result is a set of drafts that currently embed some grave flaws and risks with regard to relevant UN standards. We would therefore ask that you create the space and time to engage with experts in this field in order to ensure that UNDP’s admirable goal of guiding private equity fund managers toward investments that advance the SDGs can be achieved in practice.

Collectively, the undersigned appreciate UNDP’s commitment to promote private investments that have positive impacts for people and the planet, and to provide tools to improve measurement of these investments’ contribution to SDG targets. Our organizations have championed efforts to achieve such alignment in a broad range of public and private sector, national and international forums.

With this in mind, we have reviewed the materials on which public feedback are sought: the “Practice Standards for Private Equity”, the “Certification Framework”, and the “Mapping to Principles” (collectively “*the UNDP PE Standards and Certification Framework*”), available at <https://sdgimpact.undp.org/practice-standards.html>. This has raised for us some important concerns regarding the objective, process and substance of the initiative. We have therefore concluded that this is not the right time to offer detailed comments on the drafts, but rather to respectfully ask that UNDP consider the following feedback and adjust its schedule to allow for broader stakeholder involvement.

Concerns regarding the objective: we have notable reservations about UN involvement in the certification of companies.

The UNDP consultation call says, “the UNDP Standards include a tiered certification framework to acknowledge and differentiate good practice in the market, with an SDG Impact Seal that would be awarded based on compliance with certification criteria”. Funds are “encouraged to obtain periodical Certification of [their] adherence to the Standards from a UNDP accredited certifier.”

We believe that a decision to involve the UN in the certification of companies should not be taken lightly. We understand that the proposed certification may be done by a contracted entity and not the

UNDP directly. Yet the UN brand will inevitably be associated with the certification. Without the proper safeguards, checks and balances, this can result (in practice or perception) in conflicts of interests and “blue washing”.

Concerns regarding the process: we are concerned that the process to develop this UNDP PE Standard and Certification Framework has excluded key expertise and interests.

Each of the undersigned is deeply engaged in multiple forums, networks, and activities – including within the UN system – to advance sustainable development in general, the SDGs specifically, and business and human rights. Yet none of us were aware until very recently of this UNDP initiative, or of opportunities to participate in the earlier deliberations and drafting process. At face value, the process would appear to be contrary to UNDP’s own protocols for the development of such standards, and its own policies on stakeholder engagement.

We would urge a much broader consultation process be adopted, including both experts from civil society and all relevant entities and appointed experts within the UN family, including the Office of the High Commissioner for Human Rights, the International Labour Organization and the UN Working Group on the issue of Human Rights and Transnational Corporations and other Business Enterprises.

Concerns regarding the substance: we are struck by the absence from the UNDP PE Standard and Certification Framework of meaningful references to companies’ responsibility to respect human rights.

The drafts lack any express reference to the UN Guiding Principles on Business and Human Rights (UNGPs): the authoritative standard for how all companies – including PE firms – should identify and address risks to people’s human rights across their operations and value chains. This is despite the publication by various national and international institutions, of guidance for investors (some of it specific to PE funds), on the implications of the UNGPs for their own businesses.

While the proposed UNDP PE Standard and Certification Framework notes that entities seeking certification need to adhere to “relevant” provisions of the UNDP’s Social and Environmental Standards (SES), the SES are geared toward UNDP practices in the context of projects and specific types of impact. They do not address the role and responsibilities of companies across the range of internationally-recognized human rights. Nor does the UNDP PE Standard and Certification Framework do so when it merely “encourage[s]” funds to “take into account” their own and investees’ value chains, including “consideration of labor rights and other human rights”. This language is not commensurate with the UNGPs or the many international, regional and industry standards that reflect the same expectations. Indeed this is not, in fact, the language of a “standard” at all.

Our point here is not just one of adherence to international standards – critical though that is. As expressed by a number of UN bodies and experts, the implementation of respect for human rights is the single greatest way in which most firms can contribute to the human dimension of sustainable development. The draft UNDP PE Standard and Certification Framework miss *both* the responsibility and the opportunity that respect for human rights represents.

A request for the time and space for meaningful consultation with relevant experts

Progress by companies towards embedding respect for human rights in their operations and value chains is indispensable to any hope of achieving the SDGs by 2030. We hope you would agree that UNDP should not be involved in certifying private equity companies for standards that fall well below those promulgated by other parts of the UN.

We therefore respectfully ask that you reconsider your consultation process and create both the time and space to benefit from the meaningful participation and technical expertise of the organizations such as ours, and other similarly concerned stakeholders. For the avoidance of doubt, we are not asking for an extended public comment period, but rather a period of time in which a broader set of actors can sit with UNDP and its existing partners to collaboratively address the concerns raised by this letter. We are at your team's disposal to discuss how this might best be achieved.

Again, we are grateful for UNDP's demonstrated leadership and interest in the matter of promoting SDG-enabling investments by PE companies. We look forward to hearing from you.

Warm regards,

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Director
Forest Peoples Programme



Caroline Rees
President
Shift



Paloma Munoz Quick
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cc: Ms. Michelle Bachelet Jeria, High Commissioner, OHCHR
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