

# Oxford Public International Law

## **The Ten Principles of the UN Global Compact, 1st January 2000, OXIO 286 United Nations [UN]**

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### **Subject(s):**

Individuals and non-state actors — Sustainable development — Soft law — Subjects of international law

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## Core Issues

1. The nature of United Nations Global Compact (UNGC) as a Public-Private Partnership.
2. The commitment of corporations to international human rights, labour, environmental, and anti-corruption standards.

The voluntary nature of the Ten Principles of the UN Global Compact.

This headnote pertains to: The Ten Principles of the UN Global Compact, an act of an international organization. [Jump to full text](#)

## Background

The role of corporations in sustainable development has evolved greatly. For many years, the international community has debated the need for involvement and regulation of companies. In 1972, the United Nations Economic and Social Council (ECOSOC) stated '[t]he international community has yet to formulate a policy and establish effective machinery for dealing with the issues raised by the activities of ... corporations' (ECOSOC Resolution 1721 (LIII), para 4).

In response, numerous UN agencies and programmes have embarked on the establishment of Global Public-Private Partnerships ('GPPPs') between international organizations ('IOs') and the private sector. GPPPs are voluntary agreements between transnational and international public actors and non-state actors on a set of governance objectives, norms, or practices. GPPP's with IOs such as the United Nations (UN) are a transnational phenomenon, as they are not contracts attached to national legislations. The complementary interests between the parties lead to an interdependent relationship based on trust and reciprocity, which is not grounded on legal responsibility. Parties agree on the rules, duties, and operating procedures forming a collaborative network where IOs operate without formal public authority.

GPPPs rest on voluntary agreements such as memoranda of understanding instead of a formalized agreement. They are connected to international law as they use these norms to derive and justify their governance objectives. Instead of formulating new norms they focus on standard-setting and the voluntary fulfilment of existing regulations.

One of the highest profile examples is the UN Global Compact (UNGC), an initiative launched by the UN Secretary-General in 2000, to 'advance UN values and responsible business practices ... among the global business community' (UNGA Resolution 70/224, preambular para 24). The UN recognized the UNGC's governance framework in 2007 (UNGA Resolution 62/211, para 9).

The UNGC fashioned a two-dimensional mechanism to influence the activities of multinational corporations. The first dimension is constituted by the development of standards of conduct operating as a voluntary normative framework for national and multinational companies. To enter the UNGC, enterprises are invited to adhere, through a letter of intent (Sample Entry Letter for Companies to the United Nations Global Compact), to one or more of the Ten Principles of the UN Global Compact ('Ten Principles'). The adherence is complemented by the commitment, also contained in the letter of intent, to produce an annual Communication on Progress ('CoP').

The second dimension offers various platforms for companies and other stakeholders to further engage in supporting UN goals and achieving the Ten Principles. Some examples are the creation of further GPPPs, the development of tools and research, and the participation in local networks, sharing expertise and helping hold businesses accountable to their commitments. These mechanisms allow the mobilization of resources—financial resources, technology, and know-how—from the private sector, and the involvement of non-business participants including academic institutions, municipalities, civil society, and public organizations. Non-business participants also adhere through a letter of commitment to the UNGC and must produce a communication on their activities every two years.

At the core of the UNGC lies the Ten Principles, an informal instrument that invites the private sector to respect and support universal values and elementary principles contained in various instruments of international law. In this context, the Ten Principles are an important contribution from an international organization to international law, as they enforce the normative legitimacy of its associated values and principles for non-state actors.

## Summary

The backbone of the Ten Principles was formed by basic principles of international law expected—by the UNGC’s network—to be respected and promoted by corporations. The principles comprise four areas of international law:

(i) Human Rights—Principles 1 and 2 are derived from the Universal Declaration of Human Rights. Companies are to 'support and respect' international human rights and ensure they are 'not complicit' with other persons (natural or physical) in human rights abuses. [Principles 1 and 2]

(ii) Labour—Principles 3–6 derive from the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. Companies are called to 'uphold' four fundamental categories of labour principles and rights: (a) 'freedom of association'; (b) the elimination of 'forced labour'; (c) the 'abolition of child labour'; and (d) the 'elimination of discrimination'. [Principles 3–6]

(iii) Environment—Principles 7–9 derive from the Rio Declaration on Environment and Development ('Rio Declaration'). They state that '[b]usinesses should support a precautionary approach to environmental challenges'. [Principle 7] Companies are also called upon to act to promote 'greater environmental responsibility' and the 'diffusion of environmentally friendly technologies'. [Principles 8 and 9]

(iv) Corruption—Principle 10 is derived from the United Nations Convention Against Corruption. It encourages businesses to 'work against' corruption, including extortion and bribery. [Principle 10]

## Analysis

The Ten Principles prompt signatories to respect and support universal values. Being voluntary, the signatories’ commitment is a complement for governments’ international duties; however, since signatories are not subjects of international law, they are not subject to international responsibility for breaching the Ten Principles.

At the core of the Ten Principles’ approach is the idea that sustainability begins with a principles-based approach to doing business (Guide to Corporate Sustainability, page 11). The UNGC relies on the standard-setting role of soft law and allows signatories to

participate in the practical fulfillment of existing legislation with differentiated but complementary accountability as regards states.

In this sense, it is not the purpose of the Ten Principles to directly apply international law to corporations or to extrapolate states duties with corporate duties. The purpose is to allow corporations to pragmatically participate in the fulfilment of international law and its development.

Signatories are allowed to choose which principles they want to endorse. The Ten Principles are derived from other international law instruments that provide them with further context and definitions. However, the language used is not that of legal norms but of broader open-ended principles. A good example is Principle 7: '[b]usinesses should support a precautionary approach'. Precaution is defined by reference to the Rio Declaration. Nonetheless, the Ten Principles do not explain how the precautionary principle has to be interpreted by the international business community. The text allows for members to interpret the meaning and develop it, relying on other rationalities. While this is not equivalent to legal responsibility, market-led changes have arguably been the most powerful driver of many GPPPs, as involved corporations often regard sustainability as a route for competitive advantage and a key driver of brand-building and long-term risk mitigation (Guide to Corporate Sustainability, page 35).

The Ten Principles aim to pragmatically influence corporations, relying on social influence rather than coercive mechanisms. Adhering companies are expected to publish, once a year, on the UNGC website, a report of the steps taken to comply with the Ten Principles and the lessons learnt in the process of their incorporation in the company's strategies, policies, and procedures. Under these conditions, signatories are free to publicize their participation in the UNGC, which may have an impact on their public image. If they do not submit a CoP, companies are listed as 'non-communicating'. Signatories may be permanently removed from the website after failing to report more than two times.

The UNGC has also developed policies offering the possibility for stakeholders to submit complaints of 'systematic or egregious abuses' by signatories regarding the aims of the UNGC and the Ten Principles. Examples may include being involved in gross corruption or serious human rights violations. If a complaint is considered pertinent, the UNGC will require the company concerned to take action in order to remedy the situation with the objective of aligning their actions with the commitments undertaken. Ultimately, the UNGC may remove the company from the list of participants and indicate so on the website.

## **Impact**

Criticism of the Ten Principles has focused on the lack of evaluation of their implementation. Activists fear that the Ten Principles may become an instrument used to promote public image without significant achievement being made in the promotion of universal values. Openness, and the use of broad language and interpretation mechanisms, have also generated criticism. Critics suggest that fundamental values, like human rights, should never be proposed as facultative provisions. However, within their structures, GPPPs place the emphasis on the state as the duty-bearer. Openness and flexibility are preferred in order to find common denominators and to identify where international law has fallen short and how it can be improved.

Despite its weaknesses regarding the enforcement of the Ten Principles, the UNGC has initiated the development of solutions to global challenges by blending public authority with the private sector's know-how, technologies, and resources. The many projects being developed under the UNGC, including further GPPPs and networks, could be a

demonstration that the creation of hard law is not the only relevant way to achieve pragmatic transformations.

The normative value of the UNGC and the Ten Principles is grounded in the installation of global values and a culture of sustainability. They do not have the same impact as hard law, but they constitute a force to build upon. Within the UN context, voluntary initiatives have been key to enabling the evolution of the international agenda. At present, the UNGC has 12,000 signatories in 170 countries, including 9,000 companies. To unlock its full potential, however, scholars have suggested that the UNGC needs to scale its values and coordinate its efforts with other voluntary mechanisms, states, and stakeholders.

## **Further analysis of Relevant Materials**

### **Leading Comments**

A Clapham *Human Rights Obligations of Non-State Actors* (Oxford University Press 2006)

G Kell 'Chapter 34: Relations with the Private Sector' in J Katz Cogan, I Hurd, and I Johnstone (eds) *Oxford Handbook of International Organizations* (Oxford University Press 2017)

S Mariko 'Global Accountability of Transnational Corporations: The UN Global Compact as a Global Norm' (2015) 8(1) *JEAIL* 29-45

E Morgera *Corporate Accountability in International Environmental Law* (Oxford University Press 2009)

J E Viñuales *Foreign Investment and the Environment in International Law* (Cambridge University Press 2012)

Davor Muhvic 'Legal Personality as a Theoretical Approach to Non-State Entities in International Law: The Example of Transnational Corporations' (2017) *Pécs Journal of International and European Law* 7-18

Karin Buhmann 'Regulating Corporate Social and Human Rights Responsibilities at the UN Plane: Institutionalising New Forms of Law and Law-Making Approaches' (2009) 78 *NordicJIL* 1-52

Maria Fernanda Penedo, Analysis, Sample Entry Letter for Companies to the United Nations Global Compact, 23 April 2018, OXIO 361

## Materials Cited

### **International Labour Organization**

Declaration on Fundamental Principles and Rights at Work (19 June 1998)

### **United Nations Conference on Environment and Development**

Rio Declaration on Environment and Development (13 June 1992) UN Doc A/CONF.151/6/Rev.1

### **United Nations Economic and Social Council (ECOSOC)**

Resolution 1721 (LIII) The impact of multinational corporations on the development process and on international Relations (28 July 1972)

### **United Nations General Assembly (UNGA)**

Resolution 70/224: Towards global partnerships: a principle-based approach to enhanced cooperation between the United Nations and all relevant partners (22 December 2015) UN Doc A/RES/70/224

Resolution 62/211: Towards global partnerships (19 December 2007) UN Doc A/RES/62/211

Resolution 58/4: United Nations Convention against Corruption (adopted 31 October 2003, entered into force 14 December 2005) UN Doc A/RES/58/4

Universal Declaration of Human Rights (10 December 1948) UN Doc A/RES/217(III) A; UN Doc A/810, 71

### **United Nations Global Compact**

Guide to Corporate Sustainability (December 2014) [[https://www.unglobalcompact.org/docs/publications/UN\\_Global\\_Compact\\_Guide\\_to\\_Corporate\\_Sustainability.pdf](https://www.unglobalcompact.org/docs/publications/UN_Global_Compact_Guide_to_Corporate_Sustainability.pdf)]

## Related Materials

### **United Nations Global Compact**

The Global Compact Leaders Summit Final Report (24 June 2004) [[https://www.unglobalcompact.org/docs/news\\_events/9.1\\_news\\_archives/2004\\_06\\_24/GC\\_Summit\\_Final\\_Report.pdf](https://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2004_06_24/GC_Summit_Final_Report.pdf)]

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### **Source text**

Original Source PDF

## **Source:**

[<https://www.unglobalcompact.org/what-is-gc/mission/principles>]

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

## **Human Rights**

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

Principle 2: make sure 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;

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.