

THE UN GLOBAL COMPACT: FROM AN INSUFFICIENT PROGRAMME DESIGN TO THE BLUEWASHING EFFECT*

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SUMMARY: 1.- Introduction, 2.- What is the United Nation Global Compact?, 3.- An Overview of Criticisms, 4.- The Bluewashing effect, 5.- Some conclusions.

1.- Introduction.

This article moves from the consideration that the actors of globalization and of other global developments are not only states but also non-state actors, such as multinational corporations. Since the influence of the latter has increasingly grown, an interesting debate has developed on the role that corporate actors play in regard to human rights and the environment. In this respect, a specific discussion has developed on the United Nation Global Compact (UNGC or GC), which has been the object of several criticism during the past seventeen years.

The purpose of this paper is to focus on the efficacy of the GC as a learning platform aimed at spreading best practices. In fact, even though the Global Compact is the world's largest network-based voluntary corporate citizenship initiative – with “corporate citizenship” I am here referring to the voluntary commitment of businesses in changing their practices in order to comply with the responsibilities imposed by their stakeholders¹ - it produces, as effect, the so-called “bluewashing”² phenomenon due to the way the GC is designed.

Therefore, it is necessary to examine the UNGC in its core elements - by paying special attention to the governance structure, the Communication On Progress (COP) system, and the delisting mechanism - in order to determine why several criticisms have arisen and how they flow into the bluewashing critique.

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¹ J. E. Post, S. L. Berman, *Global Corporate Citizenship in a Dot.com World: The Role of Organizational Identity*, in J. Andriof and M. McIntosh, *Perspectives on corporate citizenship*, Sheffield 2001.

² Since the GC is sponsored by the UN, multinational corporations can take advantage from participating in the initiative and hence benefitting from the UN reputation instead of taking concrete action in order to change their environmental and human rights performances. The term “bluewashing” comes from the colour of the United Nations flag. D. Berliner, A. Prakash, *Bluewashing” the Firm? Voluntary Regulations, Program Design, and Member Compliance with the United Nations Global Compact*, *The Policy Studies Journal* 43 No. 1 (2015) 116.

This article takes the arguments by Rasche³ and Sethi and Schepers⁴ as a starting point for approaching the main critiques on the UNGC. While acknowledging the relevance of some of their claims, I intend to compare them highlighting where some of them results arguable.

I will finally analyze what is the effect that the GC - being a poorly constructed initiative - produce on the real contribution that corporate actors could - *rectius* should – make to the debate on best practices. In conclusion, I will suggest some possible adjustments and solutions which could lead away the UNGC from the bluewashing phenomenon.

2.- What is the United Nation Global Compact?

The United Nation Global Compact is the largest voluntary initiative which challenges multinational corporations to promote human rights, to preserve and respect the environment and to improve labour standards. The UN General Secretary Kofi Annan announced it during his speech at the World Economic Forum in Davos, Switzerland, on January 31, 1999. He prompted the top leaderships of the international business community to take action embracing a set of core values transposed in ten principles (table 1)⁵. Following that, on July 26, 2000, a global corporate citizenship initiative was officially opened in New York, supported by UN agencies, global trade unions, several NGOs and multinational corporations⁶.

Committing to the UNGC principles is a requirement to become a signatory member: companies must, in fact, prepare a Letter of Commitment, signed by the chief executive officer (CEO), to the Secretary-General of the United Nations expressing an undertaking to (i) the UN Global Compact and its ten principles; (ii) take action in support of UN goals; and (iii) the annual submission of a Communication on Progress (a disclosure through which a business informs stakeholders about its efforts to implement the principles of the UNGC)⁷.

Submitting a COP is described as “the heart of [...] company’s commitment to the UN Global Compact”⁸ because it provides information to stakeholders (such as investors, civil society,

³ A. Rasche, “A Necessary Supplement” – *What the United Nations Global Compact is and is not*, in *Business & Society*, 48 No. 4. (2009) 511-537.

⁴ S. P. Sethi, D. H. Schepers, *United Nations Global Compact: The promise–performance gap*, in *Journal of Business Ethics*, 122 (2014) 193–208.

⁵ K. Annan, *Secretary-General Proposes Global Compact on Human Rights, Labour, Environment*, in *Address to World Economic Forum in Davos*, UN press release, SG/SM/6881, 31 January 1999.

⁶ Rasche, *A Necessary* cit. 5.

⁷ UN Global Compact, *Business Application*, <https://www.unglobalcompact.org/participation/join/application/business>.

⁸ UN Global Compact, *The Communication on Progress (COP) in Brief*, <https://www.unglobalcompact.org/participation/report/cop>

governments and consumers) enabling them to make informed choices about the companies they interact with. Indeed, COPs are made available on the GC website right after they are submitted by the participants. They must comply with the minimum requirements provided by the COP Policy⁹: (i) A statement of continued support by the CEO;(ii) A description of practical actions the company has taken or plans to take in order to implement the Ten Principles; (iii) A measurement of outcomes. Since 2011, COPs are categorized into three differentiation levels based on participants' performance (learner, active or advanced). The UNGC "collaborate with other frameworks – for example, the Global Reporting Initiative (GRI) – to ensure that the standards are aligned and that meeting the requirements of one framework helps to comply with the others"¹⁰ implying UN itself do not provide in-depth reviews of the contents nor standardized reporting requirements¹¹. In case a business participant submits a COP which does not meet the minimum requirements, a one-time, 12-month "Learner" grace period will be granted to submit a new COP that meets all requirements; if it fails again it will become a "non-communicating" participant. Not complying with all COP requirements within a year of becoming non-communicating will make such business participant expelled from the GC program. The names of expelled participants are listed on the Global Compact Web site. Nevertheless, all expelled organizations who wish to rejoin the initiative can reapply.¹²

UNCG is then an instrument that encourages companies to take responsibilities and improve themselves learning from each other and other actors. Dialogue and learning events, both at global and local level, are in fact organized in order to achieve this objective: the formers are focused on discussing problems and sharing possible solutions; the latter are characterized by learning and promoting best practices. In those meetings a big role is played by NGOs' which are the main representatives of civil society. They possess specialized knowledge about particular issues and can represent important partners to businesses regarding projects that support the ten principles. Those are called "partnership projects": the public and the private sector work together combining their own skills and resources in order to give solutions to pragmatic issues. Moreover, NGOs represent significant actors in controlling business participants' violations of the ten principles.¹³

⁹ UN Global Compact, *UN Global Compact Communication on Progress Policy*, <https://www.unglobalcompact.org/library/1851>, March 2013.

¹⁰ UN Global Compact, *The Communication on Progress (COP) in Brief*, cit.

¹¹ C. Voegtlin, N.M. Pless, *Global Compact: The CSR and the Role of the UN Global Compact*, in *Journal of Business Ethics*, 122- 2 (2014) 179-191.

¹² UN Global Compact, *UN Global Compact Policy on Communicating Progress*, <https://www.unglobalcompact.org/library/1851>, March 2013.

¹³ Rasche, *A Necessary* cit. 10-11.

Table 1: The ten principles of the UN Global Compact.

Human Rights

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

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;

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;

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

Anti-Corruption¹⁴

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

¹⁴ It should be noted that principle 10 was subsequently added in 2004. United Nations Global Compact, <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

3.- An Overview of Criticisms.

Over the past years UNGC has been receiving several criticism from those who believe, on one hand, that it has no interesting points and “most honorable approach would be for the UNGC to admit its failure and dissolve itself”¹⁵ and those who find it, on the other hand, a great challenge and an important platform for best practices to be shared. The following discussion analyzes two authoritative and opposite viewpoints on what GC was meant to be, is and should be.

Rasche focuses on the “most often mentioned”¹⁶ critiques underlining how they are, somehow, missing the point of the very nature of the initiative:

(a) the UNGC facilitates the capture of the UN by “big business”.¹⁷

He affirms that (1) the UNGC is just one of the several ways in which a partnership between the UN and businesses has been attempted and (2) the UNGC is not a vehicle for companies to gain an influence on the UN’s policy agenda because they already play a significant political role- quite independently of the GC- in issues such as implementing education, healthcare, environmental standards. A collaboration between UN and multinational corporations is then necessary because they are able to act globally giving answers to many problems which cannot be solved nationally by governments, especially in developing countries. Rasche continues arguing that “there is no basic inconsistency between the goals of business and the UN... [since] both are interested in the existence of a stable global market that is sustainable and based on a social consensus of shared values”. He concludes – in my opinion contradicting himself - underlining that the real issue is how businesses can use the UNGC in order to influence and then modify the specific idea of what “good” corporate citizenship is about giving a certain direction to public understanding and expectation. In fact, assuming “The UN is the global institution that approximates most closely to an embryonic form of global government ... and [therefore represents]... the guardian of the global public good and public

¹⁵ Sethi, Schepers, *United Nations* cit. 207.

¹⁶ Rasche, *A Necessary* cit. 13.

¹⁷ Thérien and Pouliot (J. P. Thérien, V. Pouliot, , *The Global Compact: Shifting the Politics of International Development*, in *Global Governance*, 12 (2006) 55-75) argue that “The Compact clearly embraces the corporate trade and investment agenda and therefore represents a break with the UN’s traditional position on issues of economic policy”; Nolan (J. Nolan, *The United Nations Global Compact With Business: Hindering or Helping the Protection of Human Rights*, in *The University of Queensland Law Journal*, 24(2005) 445-466) who states that “[c]lose relations between the UN and big business provides ample scope for ‘capture’ such that the UN, the supposed rule setter, wittingly or otherwise begins to adopt the agenda of business partners without debate or true democratic procedure.”

interests”¹⁸, it’s hard to agree with Rasche’s position previously mentioned: UN and corporations’ interests may sometimes coincide, but often they do not because of the conflict between private goals and economic and social development. Pursuing profit can override indeed public good. Therefore, UN and businesses must not be treated as equal partners. Besides, following what I have just observed, GC – as a program of the UN- should not be governed by a governance system totally biased towards businesses. In fact, even though “The UNGC’s governance structure does give the appearance of a voluntary and demand driven initiative, which calls for a multi-centric governance framework enabling participant ownership, supporting accountability mechanisms, and advancing intergovernmental oversight¹⁹”, it is governed by a top management team.

Sethi and Schepers describe GC’s structure as changing from quite simple and self-determined to complex: the previous Global Compact Advisory Council- consisting of twenty representatives from business, civil society organizations and governments- was replaced by a seven-bodies structure composed of the Global Compact Board, the UNGC Office, the local networks, the Annual Local Networks Forum (ALNF), the Global Compact Leaders’ Summit, the Inter-Agency Team, and the Global Compact Donor Group. Between the latter the real decision-making role is played by the Global Compact Board and the UNGC Office, while the other bodies provide mainly support for events and activities. Then it is clear that businesses, which have seventeen seats (table 2) - while just four each are reserved for Civil Society and International Labor and Business Organizations - play a leading role on the UNGC board. Comparing Sethi and Shepers analysis (dating back to 2012) with the current situation, a slight improvement can be noted, since businesses’ seats decreased from twenty to seventeen. Anyhow, they still represent the majority of the Board members. And it is already clear without considering that Sir Mark Moody-Stuart and Ms. Lise Kingo have a significant background in the global business community²⁰.

“[...] The initiative [GC] needs to ensure that the perspectives of multiple stakeholders are taken into consideration [...]”²¹. An important step towards this direction would be to guarantee a more significant role of non-business participants (i.e. the civil society and labour organizations) in the UNGC governance, since it plays a strategic role in providing ongoing policy advice for the

¹⁸ A. Zammit, *Development at risk: rethinking UN-business partnerships*, Geneva UNRISD 2003, 369s.

¹⁹ Sethi, Schepers, *United Nations Global Compact* cit. 200.

²⁰ Sir Moody-Stuart was Chairman of both Anglo American plc, and Royal Dutch/Shell Group and also Director of Accenture Ltd; Ms. Kingo was Chief of Staff, Executive Vice-President and member of the Executive Management team at Novo Nordisk A/S.

²¹ Rasche, *A Necessary* cit.16.

programme and making recommendations to the Global Compact Office, participants and other stakeholders²².

Table 2: Global Compact Board²³

Chair	H.E. António Guterres Secretary-General of the United Nations
Vice-Chair	Sir Mark Moody-Stuart (Ex Officio) Chairman, Foundation for the Global Compact
Business	<p>Mr. Toshio Arima Director and Executive Advisor to the Board, Fuji Xerox, Japan</p> <p>Mr. Kurt W. Bock Chairman of the Board, BASF SE, Germany</p> <p>Ms. Marilyn Carlson- Nelson Co-CEO, Carlso Holdings, Inc., USA</p> <p>Mr. Robert Collymore Chief Executive Officer, Safaricom Limited, Kenya</p> <p>Ms. Monica de Greiff President, Chamber of Commerce of Bogota, Colombia</p> <p>Mr. Samuel di Piazza Board of Directors, ProAssurance, USA</p> <p>Mr. Fu Chengyu Former Chairman, Sinopec Group, China</p> <p>Mr. Li Decheng Director General and Executive Vice President, China Enterprise Confederation, China</p> <p>Mr. Henrik O.Madsen Chief Executive Officer, DNV GL, Norway</p> <p>Mr. Arif Masood Naqvi Founder and Group Chief Executive, the Abraaj Group, UAE</p> <p>Mr. Gustavo Perez Berlanga President, Global Compact Mexico Network, Mexico and Senior VP of</p>

²²UN Global Compact, The UN Global Compact Board, <https://www.unglobalcompact.org/about/governance/board>.

²³ UN Global Compact, *Brief Bios: Global Compact Board*, <https://www.unglobalcompact.org/about/governance/board/members>

	<p>Restaurantes Toks</p> <p>Mr. Paul Polman Chief Executive Officer, Unilever, Netherlands/United Kingdom</p> <p>Ms. Güler Sabanci Chairperson, Sabanci Holding, Turkey</p> <p>Mr. Francesco Starace Chief Executive Officer, General Manager and Director, Enel SpA, Italy</p> <p>Mr. Dinesh K. Sarraf Chairman and Managing Director, Oil and Natural Gas Corporation (ONGC) Ltd., India</p> <p>Mr. Yaya W. Junardy President, Indonesia Global Compact Network, Indonesia and President Commissioner at PT Rajawali Corporation</p> <p>Ms. Bola Adesola Managing Director and Chief Executive Officer of Standard Chartered Bank Nigeria Ltd, Nigeria</p>
International Labour and Business Organizations	<p>Mr. John Danilovich Secretary General of the International Chamber of Commerce</p> <p>Mr. Philip Jennings General Secretary, UNI Global Union</p> <p>Mr. Jyrki Raina General Secretary, IndustriaALL Global Union</p> <p>Ms. Linda Kromjong Secretary-General, International Organisation of Employers</p>
Civil Society	<p>Mr. Jorge Abrahão President, Instituto Ethos de Empresas e Responsabilidade Social</p> <p>Mr. Cobus De Swardt Managing Director, Transparency International</p> <p>Ms. Inger Andersen Director General, International Union for Conservation of Nature</p> <p>Mr. Pierre Sané President, Imagine Africa International</p>
Other Ex- Officio	<p>Ms. Isabel Garro Chair, Global Compact Local Network Advisory Group</p> <p>Ms. Lise Kingo</p>

	CEO and Executive Director, UN Global Compact Mr. Martin Skancke Chair of the Board, Principles for Responsible for Investment
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(b) The Principles' lack of clarity

Rasche argues against several authors (Deva, Nolan, Bigge, Murphy) affirming that there is no vagueness in GC because it is not a code of conduct and its Principles are not meant to be rules to comply with. It is indeed a voluntary initiative. Such concept is expressly mentioned in the GC Web site²⁴, where it is stated that GC is a platform - based on universal principles - which encourages innovative initiatives and partnerships with civil society, governments and other stakeholders offering a policy framework for organizing and developing corporate sustainability strategies. Also Rasche continues saying that the general character of the Principles can lead to good consequences while "over-specified principles could even turn out to be counterproductive as they would limit the scope of possible solutions right from the beginning". In fact, company approaches are very different and flexibility would let GC initiative to be more adaptable to specific needs of business and non-business participants.

Nevertheless, such perspective represents just one side of the coin. Even though no compliance has to be measured, the ten principles should guide multiple stakeholders toward a specific direction in order to share best practices and implement their own commitment. And it is clearly hard to do so if such framework is so vague, letting insincere and powerful corporations lead the discussion on what good corporate citizenship is all about. Indeed, they would easily circumvent the GC Principles without really doing anything to put them into practice²⁵. At the same time, those who intend to really implement the Compact's Principles have difficulty when it comes to carving out their own path²⁶.

Such consideration lays the foundation for Rasche's last critique.

(c) Does the GC need a monitoring system?

It is the most well-known critique: the GC has not an independent monitoring system to verifying compliance with the ten principles; it therefore implies a lack of credibility and transparency in complying with its mission. Rasche rejects this allegation explaining that the GC is not a monitoring or standard setting organization. From its very beginning, it was "never designed as a seal of approval for

²⁴ UN Global Compact, *Why should a company that has already established its own code of conduct participate in the UN Global Compact?*, <https://www.unglobalcompact.org/about/faq>.

²⁵ S. Deva, *Global Compact: A Critique of the UN's 'Public-Private' Partnership for Promoting Corporate Citizenship*, in *Syracuse Journal of International Law and Communication*, 34 (2006) 107-151.

²⁶ L. A. Tavis, *Novartis and the U.N. Global Compact Initiative*, in *Vand. J. Transnat'l L.*, 36 (2003) 735.

participating companies”²⁷. He keeps arguing that the UNGC would not fit as a code of conduct because would mean to have a static structure which would not allow participants to act flexibly in different environments. Even though he seems to recognize a problem in business participants misusing the initiative, he believes it is well prevented without using a monitoring system. Companies are encouraged to follow the G4-guidelines of the Global Reporting Initiative²⁸ (GRI, launched in May 2013) in order to submit a COP consistent with the Performance indicators organized into three categories: Economic, Environment and Social. Rasche continues affirming that the Communication on Progress allows the Global Compact Office to obtaining an overview of a participant’s bottom-line activities. Such COPs can be used by other NGOs as a basis for investigations and for evaluating businesses’ behavior. Anyhow, Sethi and Schepers highlight that the GC Web site does not include any such complaints, or the results of NGOs investigations, in its participant listings.²⁹

Notwithstanding such attempts of preventing the misuse of UNGC, even the UN Joint Inspection Unit (JIU)³⁰ expressed some concerns in its report, *United Nations corporate partnerships: the role and functioning of the Global Compact*³¹, of 2010. The latter shows that, while some UN agencies³² put in place a rigorous procedure for selecting business partners in order to prevent a reputational risk, the UNGC merely requires a Letter of Commitment by which companies pledge to respect the ten principles in their activities and to publish an annual COP³³. The inspectors continued underlining how the lack of company monitoring could give some businesses, which had been notorious for their violations of human rights, a facilitate access to the benefits of the UN’s reputation. They also noted that several NGO’s, such as Amnesty International, ActionAid, Greenpeace, have criticized the GC for

²⁷ Rasche, *A Necessary* cit. 19.

²⁸ The GRI Sustainability Reporting Guidelines (the Guidelines) “have been developed through an extensive process involving hundreds of reporters, report users and professional intermediaries from around the world.” They offer Reporting Principles, Standard Disclosures and an Implementation Manual for enabling organizations from any sector or location, small or large, to prepare sustainability reports. G4 is the fourth update of the Guidelines: it aims at helping reporters prepare sustainability reports containing valuable information about the organization’s most critical issues and encouraging the dissemination of transparent and consistent information. The main goal is to make such sustainability reports standard practice in order for them to be useful and credible to markets and society. Global Reporting Initiative, *G4 Sustainability Reporting Guidelines: Reporting Principles and Standard Disclosure*, <https://www.globalreporting.org/resource/library/GRIG4-Part1-Reporting-Principles-and-Standard-Disclosures.pdf>, 3-5.

²⁹ Sethi, Schepers, *United Nations Global Compact* cit. 206.

³⁰ It is “the only independent external oversight body of the United Nations system mandated to conduct evaluations, inspections and investigations system-wide”, <https://www.unjiu.org/en/about-us/Pages/default.aspx>.

³¹ UN Joint Inspection Unit, *United Nations corporate partnerships: the role and functioning of the Global Compact*, JIU/REP/2010/9, 14.

³² UNICEF has one of the most effective system of selection: an external firm manages a screening based on pre-selected criteria (company reputation, compliance with human rights and child labour principles, past or ongoing litigation, etc.). Thus, companies receive an evaluation, which has a validity of one year. UN Joint Inspection Unit, *United Nations corporate partnerships* cit. 13.

³³ Id., UN Joint Inspection Unit, *United Nations corporate partnerships* cit. 13.

“lacking teeth” by allowing companies to self-assess themselves³⁴. The JIU inspectors concluded by saying that, even though they cannot confirm that all these allegations are true, they “are of the opinion that minimum selection criteria should be established and all businesses and non-businesses interested in participating in the Global Compact initiative should undergo an entry check”³⁵.

I could therefore argue that there is a serious risk for the COP to be a mere ritual without any proper monitoring of the companies’ activity. Moreover, such lack of the latter can turn the learning platform into a place where bad practices might prevail on good practices. In the words of Sethi, “the Global Compact at best will be a good old boys club and at worst a support group in which like-minded corporations will share their experiences and encourage each other to do better next time.”³⁶

4.- The Bluewashing effect.

The three criticisms previously examined are the necessary preconditions to discuss the “bluewashing phenomenon”, which is just their consequence. “Bluewashing” is the definition used by civil society and other actors to define the attempts of improving the corporations’ reputation through the association with the UN. This term comes in fact from the colour of the UN flag.

Since the launch of the GC many citizen organizations, advocacy and research NGOs have showed their skepticism. Several of them decided to take action forming the Alliance for a Corporate-Free UN³⁷ and sending letters of concerns to Kofi Annan stating that:

“The Global Compact partnership and the Guidelines for Cooperation do not ensure the integrity and independence of the United Nations. They allow business entities with poor records to “bluewash” their image by wrapping themselves in the flag of the United Nations. They favor corporate-driven globalization rather than the environment, human health, local communities, workers, farmers, women and the poor.”³⁸

This critique seems to find in a weak monitoring and sanctioning mechanisms the vehicle which allows companies to gain a socially responsible image without taking any meaningful actions. Seen from this

³⁴ Id., UN Joint Inspection Unit, *United Nations corporate partnerships* cit. 14.

³⁵ Id., UN Joint Inspection Unit, *United Nations corporate partnerships* cit. 14.

³⁶ Deva, *Global Compact* cit.146, quoting : S.P. Sethi, *Setting Global Standards: Guidelines for Creating Codes of Conduct in Multinational Corporations*, Hoboken 2003, 360s.

³⁷ “The Alliance for a Corporate Free UN is a global network of human rights, environment and development groups working to address “undue corporate influence” in the UN and to hold corporations accountable on issue of human rights, labour rights and the environment. Corpwatch serves as the Alliance secretariat. They have produced several reports and articles and are an important focal point for this issue.” quoting R. Gasser, *UN and Business: Where do we stand?*, Geneva 2007, 36s.

³⁸ CorpWatch, *Letters to Kofi Annan Blasting the Global Compact Corporations*, 25 July 2000, <http://www.corpwatch.org/article.php?id=961>.

perspective, Daniel Mittler of Greenpeace, by taking part in the “Public Eye on the Global Compact”, stated that :

“Instead of organizing expensive summit meetings, the UN must ultimately set internationally-binding CSR standards for corporate behavior and see to their adherence. The world does not need more declarations of intent from corporations, but real actions that can be measured and monitored.”³⁹

NGOs and members of the civil society were not the only ones focusing on this phenomenon. Berliner and Prakash⁴⁰ deal with how CG program design influences program efficacy. They examine almost 3,000 U.S. firms over the period 2000–2010, focusing on the efficacy of the Global Compact in human rights (including labor rights) and the environment. They point out that UNGC members perform worse than non participants on crucial environmental and human rights issues that are costly to change. On the other hand, they take action on more superficial areas of human rights and environment performance, but acting just with low-cost policies. UN participants “have tended to adopt symbolic, low-cost steps to convey the impression that they are fulfilling their obligations”.⁴¹

5.- Some conclusions.

This article has critically examined the Global Compact- the United Nation’s voluntary initiative for responsible corporate citizenship- in its core elements and how the inconsistency of its programme design may cause the bluwashing effect. Although the UNGC is not a code of conduct and it was never meant to, it cannot fully comply with its mandate. In fact, the Compact does not provide for a selection process based on pre-set criteria⁴² nor an evaluation system for the Communication on Progress to be verified. This essentially means that the initiative does not provide adequate safeguards for companies’ behaviour and instead open the way for them to taking advantage of the UN’s reputation.

While comparing the opposite arguments by Rasche and Sethi and Schepers, I have analysed the three main critiques directed at the UNGC: they identify, in my view, those weaknesses of the initiative which would finally lead to the bluewashing phenomenon.

a) The Compact may facilitate the “capture” of the UN by big businesses: although it is true that multinational corporations play a significant political role – even without considering their involvement

³⁹ Public Eye, *NGOs Criticize “Blue Washing” by the Global Compact*, 4 July 2007, Geneva at the “Public Eye on the Global Compact”, https://www.publiceye.ch/en/media/press-release/ngos_criticize_blue_washing_by_the_global_compact/.

⁴⁰ D. Berliner, A. Prakash, “*Bluwashing*” the Firm? *Voluntary Regulations, Program Design, and Member Compliance with the United Nations Global Compact*, in *The Policy Studies Journal*, 43 No. 1 (2015) 115-138.

⁴¹ *id.*, Berliner, Prakash, “*Bluwashing*” cit. 132, quoting Lim, Alwyn, Kiyoteru Tsutsui, *Globalization and Commitment in Corporate Social Responsibility: Cross-National Analyses of Institutional and Political-Economy Effects*, in *American Sociological Review* 77 (2012) 69–98.

⁴² UN Joint Inspection Unit, *United Nations corporate partnerships* cit. 14.

in the GC initiative- in several issues, e.g. environmental standards, and their action is able to have a global impact, they remain private actors. It means their interest of pursuing profit can conflict with the public good. That's why the UNGC, as it is designed today, can be a gateway for big businesses to influence the UN and a solution to avoid it needs to be found. Ensuring a more significant role of non-business participants (i.e. the civil society and labour organizations) in the UNGC governance represents one of the pillars that would strengthen the initiative in its structure and functioning.

b) The Principles' lack of clarity fails to guide stakeholders toward a specific direction aimed at sharing best practices and implement their own commitment. In fact, if the GC learning platform is based on vague principles is likely to let insincere businesses to steer the discussion on best practices to their advantage- at the expense of the public good.

c) The GC would need a monitoring system, since COPs, as they stand, could represent a mere formality to be fulfilled, if businesses are not monitored in their activities.

Of course I would agree with those who affirm that monitoring and enforcement are expensive⁴³, but it must not represent an excuse for not taking measures against the bluewashing phenomenon. The evidences are plain to see: business participants take low-cost steps to convey the impression that they are fulfilling their obligations. Moreover, attributing responsibility for violations of the ten principles seems hard. A possible adjustment could be to include the results of NGOs investigations and their complaints in the Compact Web site in order to increase transparency. Such solution, together with the challenge of increasing the role played by members of the civil society in the UNGC's governance structure, could represent the strategic change that the largest voluntary initiative needs.

⁴³ Berliner, Prakash, "*Bluewashing*" cit. 133.