TUAC

Trade Union
Advisory Committee
to the OECD
*Commission*
*syndicale consultative*
*auprès de l'OCDE*

**BASED IN PARIS 2018**
FOUNDED IN LONDON 1948

# Engaging the OECD in Discussion on the Future of the Firm

## The role of due diligence, social dialogue and corporate accountability mechanisms

TUAC Roundtable, 9.30-13.00, 8 November 2018
Room CC15, OECD Conference Centre

Registration: **tuac@tuac.org**

**OVERVIEW AND AIM OF THE SEMINAR**

The OECD plays a prominent role globally in standard-setting and providing guidance on responsible business conduct (RBC), in particular through its Guidelines for Multinational Enterprises (MNEs) and Due Diligence Guidance. Beyond RBC, however, a broader conversation on the purpose of the firm and the governance of corporations may be warranted. At the Ministerial Council Meeting of 2017, the OECD Secretary-General's Strategic Orientations called for "moving towards a stronger corporate accountability framework, including the possibility of providing companies with a social license to operate".

Trade unions strongly believe in the need to strengthen the social contract society has with private corporations. At the last annual OECD-TUAC consultation in December 2017, the TUAC called for the OECD to engage in a dual track policy discussion on "the Future of Work and the Future of the Firm".

This half-day seminar will be held back-to-back with a major OECD conference on the Future of Work and the challenges of non-standard forms of work (7 November). It will aim to foster an informed debate on the Future of the Firm – more concretely it will address the implications of the recent general OECD Due Diligence Guidance, as well as holding a forward-looking conversation on corporate accountability. The seminar is open to members of the permanent OECD delegations and the OECD Secretariat, as well as trade unions, business and NGOs.

## *9.30-11.00 Panel Session 1:*

# "Ensuring social dialogue and due diligence become mutually reinforcing"

The OECD MNE Guidelines set out the standard of business behaviour expected of companies by adhering governments. The recent general Due Diligence Guidance provides a common reference to help companies meet their responsibility to conduct due diligence to avoid and address negative impacts.

Social dialogue has a key role to play at all stages of due diligence: identifying and assessing risks to the human rights of workers; prevention and mitigation; monitoring; and providing access to effective remedy. Agreements between companies and trade unions, for example, provide an effective way means of companies conducting due diligence, including by supporting cross-border dialogue with regard to supply chains.

> *What can be done to ensure that due diligence and social dialogue become mutually reinforcing and effective in strengthening RBC, both within companies' own operations and global supply chains? What are the pitfalls to avoid in the design and implementation of due diligence? Which approaches should be followed – regulatory, agreements between trade unions and companies, other initiatives? And what should companies, governments and the OECD do to reinforce due diligence and social dialogue?*

Moderated by: ***Kirstine Drew,*** Senior Policy Advisor, Trade Union Advisory Committee to the OECD (TUAC)

Speakers:

→ ***Sharan Burrow,*** General Secretary, International Trade Union Confederation (ITUC)

→ ***Gabriela Ramos,*** OECD Chief of Staff & G20 Sherpa / Juan Yermo, OECD Deputy Chief of Staff

→ ***Rob Johnston,*** Assistant General Secretary, International Transport Workers' Federation (ITF)

## *11.15-12.45 Panel Session 2:*

# "Devising corporate accountability regimes for long-term business models and stakeholders"

The private sector is an essential engine for growth and wealth creation. RBC instruments can help. However, corporations also need to be governed and regulated appropriately and held to account for their impact on, and contribution, to economic prosperity.

For trade unions, an urgent discussion on long-term business models is required in order to shift away from "corporate short-termism" – corporations under-investing in productive assets & R&D, the workforce (job quality, skills & training), and low-carbon transition, while payments on dividends, share buybacks and executive compensation spiral out of control. Short-termism also fuels regulatory arbitrage for the purpose of evading the relevant or applicable national regimes: the tax collector (tax avoidance and evasion), workers (respect of labour law and collective agreements) and even… minority shareholders and creditors (pyramid group structure, offshore financial centres).

Post-crisis, several policy and regulatory initiatives have addressed corporate accountability and business models. At EU level, a recent company law initiatives aims to promote company mobility in the Single Market, whilst tackling regulatory arbitrage "letterbox" arrangements. Recently, in the US, Senator Warren tabled an "Accountable Capitalism Act".

> *What are the governance mechanisms that can ensure long-term business models? Have post-crisis corporate governance reforms helped reduce the risk for corporate short termism? Can we draw parallels between the policy discussions respectively on RBC, corporate governance and tax (ie. the BEPS action plan)? And what role for the OECD?*

Moderated by: ***Séverine Picard,*** Senior Policy Advisor, TUAC

Speakers:

→ ***Mathilde Mesnard,*** Deputy Director, Directorate for Financial and Enterprise Affairs, OECD

→ ***Renate Nikolay,*** Head of Cabinet of EU Commissioner Jourova

→ ***Luc Prayssac,*** Board Member IRCANTEC and President of the RAIR (Réseau des Administrateurs pour un Investissement Responsable)

→ ***Dan Konigsburg,*** Managing Director, Deloitte Touche Tohmatsu and Chair of the BIAC Corporate Governance Committee

## *12.45-13.00*

# Wrap-up and Closing Remarks

Comments by ***Russel Mills,*** Secretary General, BIAC

Wrap-up by:

→ ***Sharan Burrow,*** General Secretary, ITUC

→ ***Pierre Habbard,*** General Secretary, TUAC