

Office of the President and
Chief Executive Officer

Cabinet du président
et chef de la direction

March 5, 2009

Dear Minister:

I am writing to you on behalf of the members of the Canadian Chamber of Commerce operating in the oil, gas and mining sectors that face potential negative impacts from Bill C-300, a Private Member's Bill that has recently been introduced in the House of Commons. Bill C-300 would establish an unnecessary and duplicate process for dealing with complaints against Canadian companies in the oil, gas and mining sectors operating in developing countries and receiving assistance from the Government.

While we share the bill's goal of ensuring that Canadian companies follow the best possible practices here and abroad, this bill raises several serious concerns.

First, this bill preempts the Government's response to the recommendations of the *Advisory Group Report on the National Roundtables on Corporate Social Responsibility (CSR) and the Extractive Industry in Developing Countries*. It is our hope, and that of our members, that this response will focus on providing Canadian companies of all sizes operating in the developing world with access to information and resources to develop further and enhance their social responsibility programs and activities (for example, by bolstering Canadian government consular resources in the area of social responsibility). We find it unfortunate that this bill focuses on punitive measures instead of positive measures to assist Canadian companies and their contribution to sustainable development.

Second, mechanisms already exist to achieve the goals of this bill. Canada has a National Contact Point within the Department of Foreign Affairs and International Trade that is mandated to promote the Organization for Economic Co-operation and Development's

420 - 360, rue Albert St.
Ottawa, Ontario
K1R 7X7

613.238.4000
613.238.7643

www.chamber.ca
info@chamber.ca

(OECD) *Guidelines for Multinational Enterprises* and ensure their implementation. The Canadian Chamber has worked closely with the government over the past period to explore possibilities to enhance this existing and treaty-mandated mechanism, if desired, rather than duplicate it with a new mechanism, and additional level of bureaucracy.

Similarly, and importantly, for companies that access financing from any 'Equator Principle' bank (most major lenders), the guidelines referred to in the bill are already required and enforced. Trying to craft yet another new standard out of a patchwork and proliferation of existing standards is an unnecessary and exceedingly complex exercise, the value of which is, at best, unclear. Finally, the bill suggests a complicated exercise to design a new standard out of existing standards - without regard to the rules and regulations of the sovereign country in which the investment is occurring - a delicate matter requiring some greater consideration than is evident in the bill.

Third, legislation of this type risks the competitive position of Canadian companies and could complicate and threaten financing that is already next-to-impossible to obtain given the current state of global financial markets. This bill contains provisions that may impact on financing and political risk arrangements in place, such as those involving EDC. It is unclear how this might affect the ability of Canadian firms - already facing an extraordinary contraction in available credit - to raise money to keep operations running here and abroad or develop new projects.

Fourth, many members of the Canadian Chamber, to which the provisions of this bill would apply, did not participate in the Roundtable process, and are unaware of the content of the recommendations that emerged. A bill that would have such important possible consequences to the sector must be grounded in a more consultative process.

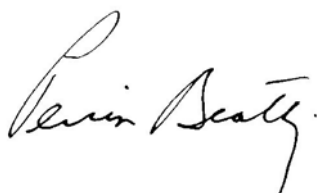


Finally, it is obvious to all that Canadian businesses, particularly those in the commodities sectors, are in the midst of the most punishing economic and financial conditions in memory. Operations are shutting down in Canada and abroad, as commodity prices continue to plummet. Jobs are being shed at an alarming pace as are the taxes paid and other benefits supported by these companies. Now is not the time to add further layers of complex regulations where the need to do so is not clear; nor is it the time to inaugurate a lengthy new bureaucratic process of an indeterminate nature to define further standards. There are already internationally recognized frameworks in place, e.g., International Financial Corporation (IFC) Performance Standards and the Global Reporting Initiative (GRI).

Canadian companies understand – and embrace the idea -- that their activities abroad must respect best practices and provide better lives for the people living in the countries where they operate. The Canadian Chamber of Commerce is pleased to work with our government to ensure they have the tools they need to do so. We ask for your support in this effort and your understanding that positive measures will generate better results than can be achieved through costly and punitive new regulations

Canadian companies need support from the government to encourage their sustainable growth in Canada and abroad, not more bureaucratic burdens, particularly during these challenging economic times. Therefore, I urge you to vote against Bill C-300 and any legislation that could cause additional and unnecessary difficulties for Canada's oil, gas and mining companies.

Sincerely,

A handwritten signature in black ink that reads "Perrin Beatty". The signature is written in a cursive, flowing style.

Perrin Beatty



Leader of the
Government in the Senate and
Minister of State (Seniors)



Leader du
gouvernement au Sénat et
ministre d'État (Aînés)

Ottawa, Canada K1A 0A4

The Honourable L'honorable
Marjory LeBreton, P.C.,c.p.

April 22, 2009

The Honourable Perrin Beatty, P.C.
President and Chief Executive Officer
Canadian Chamber of Commerce
360 Albert Street
Suite 420
Ottawa, ON
K1R 7X7

Dear Mr. Beatty,

Thank you very kindly for your recent letter addressing Bill C-300, a Private Members' Bill by Liberal Member of Parliament John MacKay.

The Government of Canada encourages and expects Canadian companies to meet high standards of corporate social responsibility. Although the Government has previously taken significant steps to promote and support corporate social responsibility by Canadian companies operating abroad, more can be done.

That is why, this March, the Government of Canada announced a new Corporate Social Responsibility (CSR): *Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian International Extractive Sector*.

Building the Canadian Advantage will improve the competitive advantage of Canadian international extractive sector companies by enhancing their ability to manage social and environmental risks. It recognizes that, while most Canadian companies are committed to the highest ethical, environmental and social standards, those that lack this commitment can cause harm to communities abroad and undermine the competitive position of other Canadian companies.

Building the Canadian Advantage will help Canadian mining, oil and gas companies meet and exceed their social and environmental responsibilities when operating abroad. Canadian companies recognize that a commitment to CSR is a commitment to their own success and our Government encourages and expects all Canadian companies working around the world to respect all applicable laws and international standards.

Needless to say, Bill C-300 was made redundant in March when the Government of Canada announced *Building the Canadian Advantage*. Our Government went well beyond what was proposed in Bill C-300, as demonstrated by the new measures we've adopted.

Thank you, Mr. ^{Perri}Beatty, for expressing your concerns about Bill C-300. It is my hope that the Government's initiatives are more in line with the position of the Canadian Chamber of Commerce.

Sincerely,



Marjory LeBreton

Hi Perri - sorry for the "form letter" response -
but it actually addresses the matter!
Yrs.

Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

The Honourable L'honorable
Stockwell Day

APR 27 2009

The Honourable Perrin Beatty
President and Chief Executive Officer
The Canadian Chamber of Commerce
420 - 360 Albert Street
Ottawa, Ontario
K1R 7X7

Dear Mr. Beatty:

Thank you for your letter of March 5, 2009, and for sharing your concerns on Private Member's Bill C-300, *An Act respecting Corporate Accountability for the Activities of Mining, Oil or Gas in Developing Countries*. The Office of the Prime Minister, the Office of the Honourable Lawrence Cannon and the Office of the Honourable Chuck Strahl have also forwarded to me a copy of your letters.

The Government of Canada recognizes the importance of corporate social responsibility (CSR) in a globally competitive, well-regarded extractive sector. The Government of Canada encourages and expects all Canadian companies working internationally to respect all applicable laws and international standards, to operate transparently and in consultation with the host government and local communities, and to develop and implement CSR best practices.

On March 26, 2009, the Government of Canada announced a new policy called *Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian International Extractive Sector*. This Strategy shares the objectives of Bill C-300 to improve the ability of Canadian companies operating abroad to manage social and environmental risks. In contrast to Bill C-300, however, *Building the Canadian Advantage* is a strategy of engagement and proactivity that is the result of a broad-based consultative process.

The Government of Canada has expressed its concern that Bill C-300 would create an ineffective and unnecessarily punitive legal regime for Export Development Canada (EDC) and the Canada Pension Plan Investment Board (CPPIB). These organizations already have strict policies in place aimed at promoting corporate accountability. In 2007, EDC became the second export credit agency in the world to sign on to the Equator Principles, an international benchmark for assessing and managing social and environmental risks in project financing. Moreover, the CPPIB already has a policy on responsible investing by which it engages the companies in which it invests. Bill C-300 also proposes the addition of a third "trigger" for the use of *The Special Economic Measures Act* for grave breaches of human rights, thereby linking the activities of Canadian companies to the way in which a foreign nation chooses to treat its citizens. The

.../2

Government of Canada shares your concern that Bill C-300 could risk the competitive position of Canadian companies abroad and further exacerbate the existing difficulties in obtaining financing in the current economic situation.

Building the Canadian Advantage is a new comprehensive strategy centred on four complementary pillars designed to engage multiple stakeholders and foster different aspects of CSR. To support the Canadian international extractive sector in implementing voluntary performance guidelines, the Strategy creates a CSR Centre of Excellence that will develop and disseminate CSR best practices, information, training and tools. As there is a limit to what companies can provide to support social, health, environmental and educational concerns of the communities within which they operate, the second pillar is designed to enhance the capacity of developing countries to responsibly manage their resources and improve opportunities for economic development. To complement the capacity-building efforts of the first two pillars, the Government will create the Office of the Extractive Sector CSR Counsellor, to assist stakeholders in addressing issues pertaining to the activities of Canadian extractive sector companies abroad. It is important to note that in addition to the new Office of the Extractive Sector CSR Counsellor, the Government of Canada continues to maintain a National Contact Point for the Organisation for Economic Co-operation and Development (OECD) *Guidelines for Multinational Enterprises*, which may similarly address stakeholder concerns regarding Canadian corporate behaviour in any industry.

Building on Canada's adherence to the OECD *Guidelines for Multinational Enterprises*, the Strategy also commits the Government to promoting three widely recognized international CSR performance guidelines: the International Finance Corporation's Performance Standards on Social and Environmental Sustainability; the Voluntary Principles on Security and Human Rights; and the Global Reporting Initiative. In March 2009, Canada was welcomed as an engaged government at the 2009 Plenary meeting of the Voluntary Principles on Security and Human Rights. Canada has traditionally supported a multilateral approach to CSR rather than the unilateral creation of standards or guidelines that may disadvantage Canadian companies internationally. Canada believes that voluntary initiatives are the best way to advance CSR principles in a flexible, innovative and effective fashion while improving the competitive advantage of Canadian companies operating abroad.

As outlined above, the Government remains committed to enhancing its support of CSR-related initiatives. Thank you for sharing your views on this matter.

Sincerely,



Hon. Stockwell Day
Minister of International Trade and
Minister for the Asia-Pacific Gateway

Minister
of Natural Resources



Ministre
des Ressources naturelles

Ottawa, Canada K1A 0E4

MAY - 5 2009

Mr. Perrin Beatty
President and Chief Executive Officer
The Canadian Chamber of Commerce
360 Albert Street, Suite 420
Ottawa, Ontario K1R 7X7


Dear Mr. Beatty:

Thank you for your letter of March 5, 2009, expressing your concern in reference to Bill C-300, a private members bill relating to issues of corporate social responsibility (CSR).

Responsible development of natural resources can lead to wealth creation, economic diversification, social benefits, and poverty reduction in developing countries. Our Government encourages and expects Canadian firms operating abroad to respect all applicable laws and to conduct their activities in a socially and environmentally responsible manner.

On March 26, 2009, the federal government announced its CSR strategy, *Building the Canadian Advantage: A Corporate Responsibility Strategy for the Canadian International Extractive Sector*. The strategy is built around the following four key pillars:

- Endorsement and promotion of widely recognized international voluntary CSR guidelines for Canadian extractive companies operating abroad, including : the Organisation for Economic Co-operation and Development *Guidelines for Multinational Enterprises*; the International Finance Corporation Performance Standards; the Voluntary Principles on Security and Human Rights; and the Global Reporting Initiative;
- Development of initiatives to build the capacity of developing country governments to manage their mineral, oil and gas resources;
- Establishment of an Extractive Sector Counsellor, who will conduct fact-finding and mediation related to complaints on the activities of Canadian extractive sector companies working abroad; and
- Creation of a CSR Centre and other tools to support CSR initiatives of all stakeholders.

Natural Resources Canada is committed to promoting sound CSR practices within the Canadian mining and exploration community, whether they are operating in Canada or abroad, including working with The Mining Association of Canada and the Prospectors and Developers Association of Canada.

Again, thank you for writing.

Yours sincerely,

A handwritten signature in blue ink that reads "Lisa Raitt". The signature is written in a cursive style with a large initial "L" and "R".

The Honourable Lisa Raitt, P.C., M.P.