

Office of the President and
Chief Executive Officer

Cabinet du président
et chef de la direction

February 27, 2009

Dear Members of Parliament:

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





LEE RICHARDSON

Member of Parliament
Calgary Centre

OTTAWA K1A 0A6
March 10, 2009

Honourable Perrin Beatty
President & CEO,
The Canadian Chamber of Commerce
420 - 360 Albert Street
Ottawa, Ontario
K1R 7X7

Dear Mr. Beatty:

Thank you for your recent letter concerning Private Member's Bill C-300.

As a private citizen and more recently as Chairman of the House committee on International Trade, I have travelled extensively and had the opportunity to observe first-hand the operations of Canadian companies around the world. With very few exceptions, none of late, I have been proud of the Corporate Social Responsibility of Canadian companies.

Last year, for example, the Committee on International Trade visited Colombia and heard testimony from a broad range of employers, employees and Government representatives, including trade union leaders, journalists and also Canadian companies working in Colombia.

The praise for Canadian companies was resounding and unanimous. The success of these Corporate Social Responsibility initiatives is shared by employees and employers.

Further legislation would be punitive, redundant and unnecessary.

Sincerely,

A handwritten signature in black ink that reads "Lee Richardson".

Lee Richardson, MP
Calgary Centre



CHAMBRE DES COMMUNES
HOUSE OF COMMONS
Canada

The Honourable
John McKay,
P.C., M.P.
Scarborough - Guildwood

Ottawa
Room 549-D
Centre Block
Ottawa, Ontario
K1A 0A6
Tel: (613) 992-1447
Fax: (613) 992-8968
mckayi@parl.gc.ca

Constituency
3785 Kingston Road, Unit #10
Scarborough, Ontario
M1J 3H4
Tel: (416) 283-1226
Fax: (416) 283-7935
jmckay@johnmckaymp.on.ca

March 17, 2009

Honourable Perrin Beatty
President & CEO
The Canadian Chamber of Commerce
360 Albert St.
Suite 420
Ottawa, ON
K1R 7X7

Dear Mr. Beatty:

Thank you for your letter of February 27 regarding Bill C-300.

I am pleased that you share the Bill's goal of ensuring "best practices." As I said in my speech the ideal would be for the Government of Canada to introduce a Bill that would mirror and expand on C-300 and respond to the tabling of the report of the Roundtables in March 2007 and re-tabling of the report in March 2009. To date the Government of Canada has not responded and hence the necessity of C-300. There has also been M-283, a motion on the same subject matter by my colleague Dr. Bernard Patry.

As you know there has been a groundswell of support for these initiatives with over 200,000 postcards being sent to MPs and Senators under the auspices of an NGO called Development and Peace. As well, quite a number of other NGOs have supported C-300 including but not limited to the Canadian Council for International Co-operation, Amnesty International and the Evangelical Fellowship of Canada.

The thrust of your argument seems to be that the guidelines are fine as long as there are no meaningful consequences. It seems incongruous that taxpayers, many of whom have spoken eloquently and forcefully against the behaviour of certain Canadian companies, should be obliged to finance and support those companies that comply as well as those that don't. The argument you put forward is that there is no reward for good behaviour and no penalty for bad. That doesn't seem to be sound public policy or a good way to go about changing behaviour.

.../2

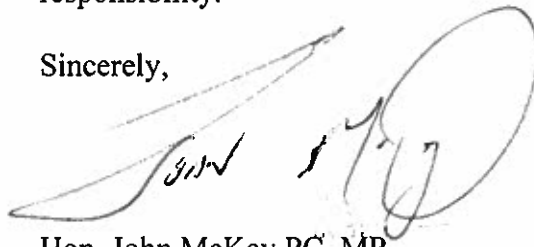


A company's reputation is an important component of its goodwill. Surely you would agree that a company that works at protecting and enhancing its reputation by good corporate social responsibility (CSR) policies and environmental policies should not be treated by the Government of Canada in the same manner a company that doesn't. A company that practices good CSR has much to gain from C-300. There will be a clearly delineated set of guidelines, a mechanism for dispute resolution, and a process for gazetting the findings. Surely that would be an improvement upon the current hodgepodge of conflicting guidelines with no meaningful repository of responsibility. Credit worthiness should be enhanced for those who comply, not restricted.

I too would have preferred a broader and more timely roundtable process but for whatever reason the Government of Canada chose the process that it chose and has to date not responded to the recommendations.

I acknowledge that we are currently experiencing a difficult economic environment. However, both you and I would agree that it would be unjust for offenders to prosper and companies that comply to flounder. My hope is that the Bill will provide much needed clarity to expectations and a transparent, accountable path to compliance. Rather than add complexity it is my hope that the Bill will strip away useless, unenforceable regulations and provide clearly defined means of compliance. I, like you, wish to see Canadian companies be the exemplar of human rights and environmental standards. Many are already leaders in their fields and I am sure that the Chamber recognizes these leaders and wants to encourage all Canadian companies to adhere to the highest possible standards of corporate social responsibility.

Sincerely,



Hon. John McKay PC, MP
Scarborough-Guildwood

*Thank you for lunch.
I thought that it was
a useful dialogue.*

