

Annual Report 2004:

Canada's National Contact Point
for the OECD Guidelines for Multinational Enterprises

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Introduction

The OECD Guidelines for Multinational Enterprises is an instrument of the Organization for Economic Cooperation and Development (OECD). The recommendations set forth in the Guidelines are a voluntary, multilateral framework of standards and principles on responsible business conduct.

As a member of the OECD and signatory to the Guidelines, Canada is obligated to establish a national contact point (NCP). The role of the NCP is to promote awareness of the Guidelines and ensure their effective implementation. This report provides a summary of the activities undertaken by Canada's NCP in the past year (June 2003 - June 2004).

The Canadian Policy Context

The Guidelines continue to be an important element of the Government's approach to promoting corporate social responsibility (CSR). A number of government departments are active in this area, through activities such as information dissemination, facilitation of dialogue among interested parties and support for the development of international norms. The Guidelines are a central part of these activities, their contribution heightened by the fact that they represent the shared views of thirty-eight national governments on what constitutes appropriate corporate behaviour. The business community in Canada is promoting CSR as well, with an increasing number of enterprises adopting codes of ethical conduct and related management strategies. The Guidelines offer a frame of reference for private sector initiatives and the NCP serves as a mechanism to facilitate cooperation between the government and the business community in the promotion of CSR. The Guidelines and NCP also provide a forum for engagement with other key stakeholders, such as labour groups and non-governmental organizations (NGOs) on CSR issues.

The Guidelines make an important contribution to the Government's policy on promoting sustainable development. Achieving sustainable development requires the responsible engagement of all sectors of society, including the business

community. The Guidelines encourage corporations' contribution to sustainable development and help to strengthen the basis of mutual confidence between enterprises and the societies in which they operate.

Thus, while our NCP has a clear mandate to implement the Guidelines, its activities also support broader policy objectives of the Government.

Institutional Arrangements

The key responsibilities of Canada's NCP are to promote the Guidelines, respond to inquiries and contribute to the resolution of problems that may arise in relation to the operations of multinational enterprises. Important guiding principles for the NCP's activities include visibility, accessibility, transparency and accountability.

Canada's NCP is an interdepartmental committee of the federal Government. It comprises representatives from a number of departments, including International Trade, Foreign Affairs, Industry, Human Resources and Skills Development, Environment, Natural Resources, Finance and the Canadian International Development Agency. The diversity of the issues covered by the Guidelines and the potentially broad spectrum of public interest (business, labour, NGOs) in Canada underscores the importance of structuring the NCP in this way. Other departments and agencies participate in NCP activities as well. Export Development Canada is a frequent participant in NCP meetings and communications. NCP representatives exchange communication frequently and meet as required, depending on the issues at hand.

The Canadian NCP's key business and labour interlocutors on the Guidelines are the Canadian Council for International Business (CCIB), the Canadian Labour Congress (CLC) and the Confédération des syndicats nationaux (CSN). The NCP also has frequent contact with domestic and international NGOs.

Information and Promotion

a) Information and Promotional Tools

The Canadian NCP web site is a useful tool for promoting the Guidelines. It has also become an efficient way to communicate information on the Guidelines to our overseas missions. All of our embassies and high commissions have been informed of the Guidelines and the importance of this instrument for the promotion of CSR. Overall, the web site offers a convenient point of reference for a growing number of Canadian organizations and businesses that are seeking information on CSR. The site, which receives about 100 visits per week, was updated in January 2004.

An official Government of Canada brochure on the Guidelines continues to be distributed to a number of stakeholder organizations, including business, labour and NGOs. The brochure is available on-line from the NCP web site and the

virtual Publications Catalogue of the departments of Foreign Affairs and International Trade.

b) Promotion with Social Partners

The Canadian NCP is pursuing a more strategic approach in the promotion of the Guidelines with the business community. More focus is being given to the extractive sector (mining, oil and gas). Because Canada is a major player in the global extractive sector, both the Canadian Government and the Canadian industry share an interest in maintaining a positive image of Canada in this sector, and ensuring that Canadian businesses contribute positively to the broader social and environmental objectives of the communities in which they operate. Promoting the Guidelines in this sector is a concrete way for the Government to engage Canadian companies in supporting these objectives. In the coming year the Canadian NCP plans to advance this strategy.

Activities were undertaken in the past year with the Canadian mining sector. In November 2003 the NCP attended a meeting with mining officials to discuss the CSR activities of the Mining Association of Canada (MAC) and the Prospector's and Developer's Association of Canada (PDAC). It was agreed that the NCP, MAC and PDAC should explore opportunities for cooperating in the promotion of CSR. In March 2004, an official from Canada's NCP made a presentation on the OECD Guidelines for MNEs to a meeting of about thirty-five CEOs of mining companies and executives of the Mining Association of Canada. The venue for the meeting was the annual PDAC conference in Toronto, a large event which attracts individuals, companies and governments world wide with an interest in mining.

Canada's Trade Commissioner Service includes CSR as an important aspect of its promotional activities. Guidelines brochures are made available to companies that participate on trade and investment promotion missions abroad. The missions normally attract many Canadian firms interested in doing business abroad and as a result are an excellent forum for the promotion of the Guidelines in cooperation with the business community.

Industry Canada continues to promote the OECD Guidelines as part of its suite of CSR activities to strengthen the capacity of Canadian businesses to develop and use CSR practices, tools, and knowledge to achieve positive social, environmental and economic performance results. For example, in its most recent Sustainable Development Strategy, the Guidelines were used to help shape departmental commitments for the next three years. Commitments include:

1. broadening and deepening CSR promotion to make the CSR approach more mainstreamed;

2. developing the knowledge base with respect to CSR tools, voluntary standards, best practices, and data bases, and;
3. augmenting CSR reporting by industry. A variety of action item commitments will be pursued to help meet these commitments.

Environment Canada is actively collaborating with the private sector, academics, non-governmental organizations and other government departments to explore CSR principles and policies that encourage and support corporate sustainability leadership and are broadly aligned with the principles of the Guidelines. These activities are outlined in Environment Canada's Sustainable Development Strategy and include: ascertaining where the business case for environmental and social performance is strong and seizing opportunities to advance CSR when they arise; encouraging, advancing and recognizing CSR best practices; developing and disseminating CSR tools, reporting approaches and domestic and international voluntary standards; and, supporting the development of human capital and human resource skills to strengthen CSR expertise.

Export Development Canada (EDC) meets frequently with its customers, various business associations, NGOs, and other stakeholders on CSR issues as part of its efforts to promote ethical corporate conduct and continue a dialogue with these groups. Issues relating to the Guidelines, such as the environmental and social impacts of projects, anti-corruption and anti-bribery efforts, and human rights are discussed. During the course of these discussions and by its undertakings to promote the Guidelines through its web site, the distribution of the NCP's Guidelines brochure, speeches, and other communications vehicles, EDC supports the NCP's efforts to promote the recommendations of the Guidelines within the Canadian exporting and investing community.

In February 2004, members of the Canadian NCP met with about thirty representatives of the Canadian human rights NGO community to talk about the Guidelines. Members of the Canadian labour community were present as well. The discussion provided an opportunity for the NCP to raise awareness of the Guidelines among the groups present. Increasingly, questions are being raised by the NGO community about the application of the Guidelines to human rights violations abroad.

In May 2004, the NCP was invited to make a short presentation on the Guidelines at a panel discussion hosted by the Canadian Institute of International Affairs. The subject of the discussion was Global Trade and Investment: For Whose Benefit. The UN Panel of Experts report on the DRC was an important part of the discussion. Those in attendance, about sixty, included academia, media and NGOs. The NCP can expect more invitations to participation in such events as the profile of the Guidelines increases.

Guidelines brochures were circulated at a number of events during the year. The brochures are also included in Canadian delegation kits for international

meetings dealing with CSR, such as Globe 2004 held in Vancouver in March 2004.

c) Promotion Within the Government

Promoting the Guidelines within the government is an essential aspect of the NCP's responsibility to raise awareness of the instrument. A number of departments and agencies interact directly with the business community, labour groups and NGOs through their programs and consultative activities. This is an important channel for alerting these groups of Canada's commitment to support the Guidelines.

In September 2003, the Deputy Ministers of the departments of International Trade and Foreign Affairs transmitted a message on the subject of CSR to all Heads of Canadian Missions abroad (high commissions, embassies, consulates). The message included a recommendation to promote the Guidelines with Canadian companies operating abroad and provided links to on-line reference material and tools to enable the missions' staff to effectively promote CSR, including the Guidelines.

The departments of Foreign Affairs and International Trade provide information sessions on the Guidelines for overseas trade officials. The provision of Guidelines information is also a part of human rights training for government officials preparing for overseas postings. A formal training program on CSR targeted at trade officials is planned. In March 2004, a pilot training initiative, which included a session on the application of the Guidelines abroad, was held at the Canadian Embassy in Manila, Philippines.

Industry Canada continues to specifically recognize and promote the Guidelines within the context of its new Sustainable Development Strategy. This involves working in international fora, such as the OECD, and conferences (e.g., Globe 2004) to improve the Department's knowledge and understanding of CSR and related practices. Industry Canada works closely with a number of other key federal departments to build more cooperation and collaboration on the promotion of CSR practices. This interdepartmental group collaborates closely with the NCP.

Environment Canada works closely with other federal departments on the development and implementation of projects to support and advance CSR principals and practices relevant to the Guidelines. This includes the administration of an MOU between the departments Natural Resources, Industry, Foreign Affairs, International Trade and Environment for collaboration on projects that specifically relate to: development and dissemination of information that supports CSR and sustainability decision-making; increasing understanding of the business value of CSR and sustainability; and, development and dissemination of information on the use of CSR and sustainability tools to a broad range of companies.

The Canadian International Development Agency is integrating the promotion of CSR into private sector development programming. In this context, they are generating greater awareness amongst officers of the role of CSR, including instruments such as the Guidelines, in development.

Inquiries

A number of inquiries about the Guidelines were received by the NCP in the past year. Inquiries received via e-mail are often from think-tanks and academic institutions looking for information on Canada's experiences with the Guidelines. Other inquiries come through meetings with businesses or NGOs. Often such inquiries are about the nature of the Guidelines and their possible application in certain situations. The media made a number of inquiries in the past year as well, mostly related to the UN Panel of Experts Report on the Democratic Republic of the Congo. As well, the Guidelines are occasionally raised in the public's correspondence with Ministers.

Implementation in Specific Instances

a) UN Panel of Experts Report on the DRC

Canada is one of ten OECD member countries home to companies listed in Annex 3 of the Second UN Panel of Experts Report on Illegal exploitation of natural resources and other riches in the Democratic Republic of Congo (DRC), released in October 2002. The listed companies, including eight mining companies from Canada, were alleged to be in violation of the OECD Guidelines for MNEs in respect of their activities in the DRC.

A coalition of NGOs contacted the NCP by letter on December 5, 2002 to register their concern about the activities of the listed Canadian companies. In a follow-up meeting with the NCP, the NGOs requested that their letter be considered as a formal request for a "specific instance" procedure under the Guidelines.

The NGOs were informed by letter, dated March 27, 2003, that the NCP would await receipt of information from the Panel before proceeding with a formal "specific instance" procedure. The information was requested from the Panel through the OECD Committee on International Investment and Multinational Enterprises (CIME), the body responsible for overseeing implementation of the Guidelines by NCPs. As no information was ever received by the Canadian NCP from the Panel, a "specific instance" procedure of the type contemplated under the OECD Guidelines could not proceed. Nevertheless, the Canadian NCP maintained a dialogue with the interested NGOs and involved companies and held several meetings with both sides to discuss the Guidelines and the UN Panel of Experts process.

The Panel was instructed by the UN Security Council to prepare a final report and, in doing so, undertake consultations with the listed companies to clarify the nature of their activities in the DRC. The final report was released in October

2003. Seven of the eight Canadian companies were listed as issues “Resolved - no further action required.” One company was listed as “Pending Cases with Governments” and enquiry by the government was requested by the report. The NCP accepted the conclusions of the Panel’s final report and is in the process of following up with the “eighth” company. A representative of the NGO coalition group was informed of the NCP’s approach in a February 2004 meeting.

b) Burma

The Canadian NCP received a formal complaint on November 19, 2002 from a national Canadian labour group regarding the operations of a Canadian mining company in Burma. The complaint, which is focussed on elements of the Guidelines chapter on Employment and Industrial Relations, was reviewed by the NCP and is considered as a “specific instance” under the Guidelines. The specific Guidelines recommendations covered by the complaint respect forced labour and the right to organize. There was also a third complaint concerning “ecological damage”, although no specific recommendation was identified.

The NCP contacted the labour group and the company and offered to facilitate a dialogue between the two sides. The labour group responded favourably. The company did not reply positively or negatively to the NCP’s offer. NCP follow-up initiatives are underway.

Concluding Remarks

The OECD Guidelines for Multinational Enterprises are a central element of the Government’s approach to promoting corporate social responsibility, domestically and internationally. The interdepartmental structure of the NCP facilitates the promotion of the Guidelines within the Government and with departmental constituencies, including business, labour and NGOs. The NCP looks forward to further promotional activities in the coming year.

Business operations in countries suffering from conflict or weak governance have been the source of recent “specific instances” raised with the Canadian NCP. Unique challenges are associated with managing these types of “specific instances”. Further action will be undertaken to bring the outstanding instances to a conclusion.