

PERSPECTIVES

The PERSPECTIVES section of APERIO features diverse view points of guest editorialists from various constituencies relating to Canadian extractive operations in Canada and abroad.

FOLLOW THE US ON CORPORATE ACCOUNTABILITY

This article written by PWYP-Canada's Coordinator, Ousmane Dème, was featured as an op-ed in the July 28 edition of "Embassy".

The American new Dodd-Frank *Wall Street Reform and Consumer Protection Act* was signed into law by President Barack Obama on July 21 after its adoption by Congress.

It includes a landmark provision requiring oil, gas and mining companies registered with the US Securities and Exchange Commission—including 90 per cent of the world's largest internationally operating oil and gas companies as well as eight of the world's 10 largest mining companies—to publish how much they pay to foreign countries and the US government.

This information will give citizens of resource-rich countries a powerful tool to hold their governments to account and try and ensure that natural resources generate benefits for everyone, rather than a select few.

In addition, a passage tucked into the bill's "Miscellaneous Provisions" will require companies manufacturing products such as cell phones and laptops to submit an annual report to the Securities and Exchange Commission disclosing whether their products contain gold, tin, tungsten or tantalum from the Democratic Republic of the Congo or adjacent countries.

If so, they have to describe what measures they are taking to trace the minerals' origin, and to ensure that their products do not contain "conflict minerals." The sale of such minerals has fuelled a nearly 15-year war in DRC.

The new law is a major success for Publish What You Pay (PWYP), a global coalition of 600

development, environmental, faith-based and human rights organizations operating in over 50 countries. The coalition works to promote greater transparency in the oil, gas and mining sector.

In many countries rich in natural resources, citizens have little or no information about how much money is being paid to their governments from natural resource extraction. With this far-reaching new law, citizens now have a reliable tool to help ensure the wealth created from natural resources is used for essential services such as health, education and economic development opportunities, and not to fuel conflicts.

The adoption of the Dodd-Frank *Wall Street Reform and Consumer Protection Act* adds to a growing list of mandatory and voluntary initiatives that are part of a global push for corporate accountability.

For instance, the extractive Industries Transparency Initiative (EITI) sets a standard for companies to publish what they pay and for governments to disclose what they receive. The initiative is currently being implemented by 30 countries.

In 2007, Norway became the first developed and OECD country to implement EITI domestically. The United States House of Representatives is also considering the Extractive Industry Transparency Disclosure Act, which would require EITI implementation domestically; it would also support disclosure requirements for corporations trading on US security exchanges.

Similarly, the European Parliament has amended the Transparency Obligations Directive (TOD) to recommend that all member states promote extractive company disclosure of payments to governments listed on European stock exchanges.

Moreover, the International Accounting Standards Board (IASB) is considering a rule change to make disclosure of payments to governments standard in the 110 countries that use IASB rules.

In Canada, a new bill has been tabled in Parliament that would create higher standards for Canadian mining companies receiving government support and operating in developing countries. Yet some are showing resistance to this crucial bill, arguing that Canada's mining industry is already held to high CSR standards by domestic and international institutions.

The reality is that Canada is lagging. The resistance to implement EITI, the weaknesses of the Canadian response to the 2006 National Roundtables on Corporate Social Responsibility and the demonization of Bill C-300 are among the signs showing a lack of leadership in this domain.

In addition to passing Bill C-300, Canada must follow the example set by the US Congress. The government should adopt legislation obliging companies to reveal their financial dealings here and abroad, including provisions requiring disclosure of payments broken down by government, country, project and type of payment, and measures requiring companies registered with the Toronto Money Exchange (TMX) to submit annual reports demonstrating that they are not dealing in conflict minerals.

Canada is a global leader in the energy and mining sectors, but not when it comes to demonstrating corporate openness. It's time Canada lived up to its commitment to promote transparency in extractive industries by adopting similar rules as our largest trading partner.

Knowing that the TMX is regarded as the Mecca for the global mining sector, we must be at the head of the platoon to promote and support reforms, not the tail.

MEDIA WATCH

- Amnesty International released its latest video from its Business and Human Rights programme which provides viewers with information on the importance of Bill C300. To watch the video, [click here](#).
- PWYP-Canada now has its own facebook group. To join the group and support PWYP-Canada, [click here](#).
- In the September 29 2010 issue of *Embassy*, Jose Luis Abarca describes how his father Mariano Abarca, an environmental and social activist in Chiapas, Mexico, was killed by two ex-employees of the Canadian mining company Blackfire Explorations after he refused to stop speaking out over the negative impacts the mining operation was having on the local community. To read the article, [click here](#).
- KAIROS has created an online petition to support Bill C-300. Supporters can send a letter which will be automatically sent to their MP, along with the leaders of the Conservative, Liberal, NDP and Bloc Quebecois parties. To visit KAIROS' website and help pass Bill C-300, [click here](#).
- John McKay, the Liberal MP sponsoring Bill C-300, wrote an op-ed in the September 29 edition of *Embassy*. The article focuses on the importance of Bill C-300. To access the article by visiting the *Embassy* website, [click here](#).
- An October 1, 2010 article in the *Vancouver Sun* written by Keith Gerein describes a pro-Alberta oilsands bill that was introduced by two U.S. Republican senators. The senators who introduced the bill, entitled the *Oilsands Energy Security Act*, recently toured Alberta. For more information, [click here](#).
- The Revenue Watch Institute recently released the Revenue Watch Index, a report containing the results of its assessment of openness in oil, gas and mining management among 66 countries. To access this pioneering new measurement of government public disclosure in managing oil, gas and minerals, [click here](#).
- Paul Dewar, MP for Ottawa Centre with the NDP party, has recently introduced Bill C-571 entitled *An Act Respecting Corporate Practices Relating to the Purchase of Minerals from the Great Lakes Region of Africa*. The first reading took place on September 30th. To view the current text of Bill C-571, [click here](#).

CONTACT YOUR MP AND ENCOURAGE THEM TO SUPPORT BILL C-300!

The 3rd reading of Bill C-300 takes place on October 27, 2010. Supporters are urged to contact their MPs and urge them to vote in favour of Bill C-300, which will help ensure that Canadian extractive companies operating in developing countries are acting responsibly in terms of environmental and human rights practices.

Not sure who your MP is? Visit the following website to find out:

<http://www2.parl.gc.ca/parlinfo/compilations/houseofcommons/memberbypostalcode.aspx?menu=hoc>

What's Being Said About the Dodd-Frank Act?

"We know that countries are more likely to prosper when governments are accountable to their people. So we are leading a global effort to combat corruption-which in many places is the single greatest barrier to prosperity, and which is a profound violation of human rights. That's why we now require oil, gas and mining companies that raise capital in the United States to disclose all payments they make to foreign governments. And it's why I urged the G-20 to put corruption on its agenda and make it harder for corrupt officials to steal from their people and stifle their development".

- **President Barack Obama, in a speech addressing the United Nations**

"Other important capital centres like the U.K., Germany, Canada and Australia should live up to their commitment to promote transparency in extractive industries by adopting similar listing rules".

- **Karin Lissakers, RWI's director and a former U.S. representative at the International Monetary Fund**

"The depletion of conventional oil reserves and the declining grades of mineral resources such as gold are forcing oil, gas and mining companies to intensify their efforts to develop resources in countries with poor governance, weak rule of law, and high levels of corruption," said. "The resource payment disclosures required by the Dodd-Frank *Wall Street Reform and Consumer Protection Act* are necessary to evaluate the reputational, regulatory and taxation risks involved in operating in an era in which all the easy to access resources are gone."

- **Bennett Freeman, Senior Vice President of Sustainability Research and Policy of Calvert Asset Management Company, Inc.**

"Canada's exploration and mining industry welcomes the disclosure requirements found in the US *Wall Street Reform and Consumer Protection Act (HR 4173)*... We also look forward to working with the US Government and other stakeholders to implement HR 4173 mining transparency provisions. "

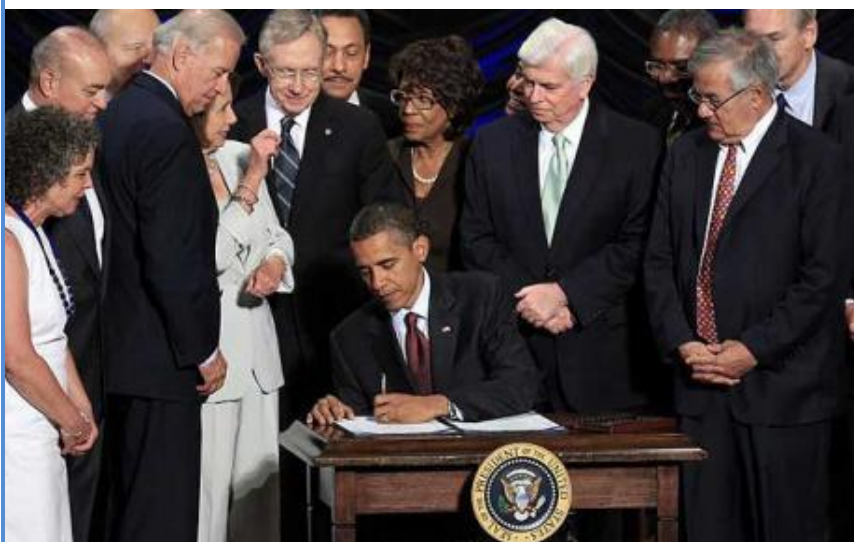
- **Tony Andrews, Executive Director, Prospectors and Developers association of Canada (PDAC)**
Gordon R. Peeling, President & Chief Executive Officer, Mining Association of Canada (MAC)

"Securities and regulators always look south of the border to see what new developments are. We are one jurisdiction where prodding may not even be necessary because we adopt a 'follow the leader' approach...In this case its interesting, because both countries are part of an initiative called EITI (Extractive Industries Transparency Initiative) – and what the US has now done is walking the talk on EITI. It is now requiring the sorts of disclosure that the EITI program was set up to promote. Canada joined the same program last year, and it hasn't brought into effect any new regulations to require this reporting...I think the pressure is going to mount on Ottawa to make a move towards it".

- **Ian Thomson, Programme Coordinator on Ecological Justice and Corporate Accountability for KAIROS**

"This law allows civil society organizations to access information necessary to demand accountability from governments on the use of revenues from extractive industries and contributes to the reduction of armed conflicts related to natural resource mining oil and gas. It discourages the marketing of minerals from the Congolese armed groups responsible for gross violations of human rights in eastern Democratic Republic of Congo. "

- **Maître Jean Claude KATENDE, National Coordinator of PWYP-DRC and President of African Association for the Defence of Human Rights (ASSADHO)**



President Barack Obama signs into law the Dodd-Frank *Wall Street Reform and Consumer Protection Act* on July 21, 2010.

Photo Source: Telegraph.co.uk

Highlights from the Canadian Responses Supporting the Country-by-Country PWYP Disclosure Requirements for the International Accounting Standards Board

Kiska Metals Corporation: This question is applicable to mineral exploration companies as well as companies involved in extractive activities, so it deserves an answer. Initial surveys of interested parties show strong disagreement with this recommendation, although it can be acknowledged that, providing the categories are reasonably general, payments to various governments could be disclosed in the financial statement notes without undue recordkeeping hardship.

Website: <http://www.kiskametals.com/>

Husky Energy: We do not object to the proposed Publish What You Pay disclosure requirements. Currently, the Company's Management's Discussion and Analysis (MD&A) and other publicly available documents outline the Company's performance on a country-by-country basis, which discusses revenues, production, royalties and oil reserves specifically for its international operations where the Company has production sharing agreements with local governments. As such, the Company would view the incremental costs to include the required disclosures as minimal.

Website: <http://www.huskyenergy.com/>

Northwest and Ethical Investments L.P.: As a supporting investor to the Extractives Industry Transparency Initiative, we support the Publish What You Pay campaign and agree that relevant disclosure requirements should be incorporated into any IFRS for extractive activities. The concerns about current disclosure identified in point 6.7 - that it is voluntary, not standardized, and not audited or traceable to financial statements - are valid. They need to be addressed for the benefit of communities, companies and investors. In countries where extractive activities are providing little benefit to public accounts, whether because of a generous royalty regime or because of corruption, companies run the risk of future tax or royalty increases, and diminishing community support for extractive projects. Standardized reporting of Publish What You Pay information would allow investors to compare payments made to governments in different countries, and to conduct proper assessment of these risks. We believe Publish What You Pay reporting is justified on cost-benefit grounds, but also note that under the terms of the new financial reform act, disclosure of extractive industry transparency information will become a requirement for extractives companies registered in the United States.

Website: <http://www.northwestethical.com/>

UPCOMING EVENTS

- The EITI Board will meet on October 19, 2010, in Dar Es Salaam, Tanzania.
- The 14th International Anti-Corruption Conference will be held on November 14, 2010, in Bangkok, Thailand. The theme of the conference is "Restoring Trust: Global Action for Transparency".
- The Global Conference of the EITI will be held March 2 and 3' 2011, in Paris, France.

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