

Canadian Firms/Canadian Values Executive Summary

This paper sets out the policy implications of Canadian commercial activities in risky states and assesses the policy options available to the Canadian government to better manage such activities. It is composed of three sections:

- **Chapter 1** defines key terms and addresses the foreign policy and the business case for taking the issue of corporate involvement in risky states seriously.
- **Chapter 2** outlines the strengths and weaknesses of the current Canadian approach to this issue, surveying both corporate and government initiatives.
- **Chapter 3** reviews seven policy options available to Government. These are:
 - Enhanced country briefings to potential investors in risky states.
 - Stronger codes of conduct
 - Revise *Canadian Business Corporation Act* to make it easier to bring shareholder resolutions related to social issues.
 - Revise *Income Tax Act* to disallow deductions for business taxes paid to human rights-violating regimes.
 - Revise *Special Economic Measures Act* to permit human security-related sanctions.
 - Human rights-related regulation via Canadian securities exchanges
 - Harmonize implementation of UN sanctions across OECD.

This paper is intended as the first step in a deliberative process. To that end it concludes with a list of eight questions for discussion and reflection:

1. Do Canadian companies have a duty to reflect Canadian values in their operations abroad? If so, which Canadian actors legitimately give voice to those values?
2. Does the responsibility of Canadian corporations extend beyond observing Canadian and host-country laws and multilateral economic sanctions? If so, what are these responsibilities?
3. In the past, multinational corporations have been accused of excessive political interference in host country politics. Do public expressions of concern over human rights violations in host countries amount to 'political interference'?
4. How should we define 'corporate complicity' in human rights abuses by host-country governments?
5. What would make *you* decide not to do business in a particular country?
6. Is current Canadian law adequate to the task of managing Canadian commercial activities in risky states? Where does it fall short?
7. Surveying the menu of policy options outlined in this paper, which would you recommend to government and business? Which deserve further study?
8. What can Canadian companies do to responsibly manage commercial activities in risky states, once the decision to invest there has been made?