Driving Improved Company CSR Performance

The global presence of Canadian extractive companies represents a potential force for responsible resource development around the world. Many Canadian companies are committed to high ethical, environmental and social standards - indeed, Canadian industry associations and extractive companies have been recognized domestically and internationally for their leadership on these issues. These companies embody the Canada brand. As companies continue to expand and seek more opportunities in remote areas, including those with weak governance, the social and environmental challenges they face become more complex, and the need to act responsibly more important. The Government recognizes that positive impacts from extractive sector activity in host countries are not automatically realized. Companies must operate responsibly in a conscious and consistent way to mitigate environmental and social risks, including those related to human rights.

The Government's goal in strengthening the CSR Strategy is to enhance the ability of Canadian extractive sector companies to manage social and environmental risks in a manner that aligns with international CSR guidelines and best practices and also brings lasting benefits for those affected by their projects. It is a way of doing business that not only contributes to success abroad but also reflects Canadian values and reinforces Canadian leadership in responsible business practices. That is what it means to do business the Canadian way.

Furthermore, the Government expects Canadian companies to integrate CSR throughout their management structures so that they operate abroad in an economic, social and environmentally sustainable manner. This means that companies should understand the impact of each of their functions on the surrounding economy, community and environment, and adjust their activities and operations to create value for themselves and for other stakeholders.

Effective CSR Right from the Start

To get more fulsome risk assessments for managers and investors, and improve the chances of far-reaching benefits from Canadian investments, the Government of Canada encourages companies to:

- Respectfully engage relevant stakeholders, early on and regularly;
- Understand local customs, culture and expectations, and how they affect, and are affected by, the project;
- Work with stakeholders to determine and communicate environmental, social and economic impact solutions;
- Explore opportunities to build local capabilities;
- Work with locals to develop a joint plan to contribute to local development; and
- Strategically incorporate this information throughout their planning and management structures

The Government of Canada expects Canadian companies operating abroad to respect human rights and all applicable laws, and to meet or exceed widely-recognized international standards for responsible business conduct. For those companies working or exploring opportunities in jurisdictions where local laws are not aligned with Canadian values, the Government of Canada encourages them to find ways to reflect Canadian values that also respect local laws. If this is not possible, companies may wish to reconsider their investment.

CSR Benefits Extend Beyond Doing the Right Thing

Experience has shown that, particularly for extractive sector companies operating in challenging environments, those that go above and beyond basic legal requirements to adapt their planning and operations along CSR lines are better positioned to succeed in the long term, and to contribute to a more stable and prosperous environment for all affected parties. This is best done as early as possible, taking into consideration the project's life cycle from initial exploration to closure and beyond. As exploration firms are often the first point of contact with communities, they have an important role in setting the tone for stakeholder relations over the life of a project. Having these firms recognize the need to integrate CSR into their activities will help them establish good stakeholder relations and will make their projects more attractive to investors.