The Mining Association of Canada | L'association minière du Canada

September 24, 2014

Mr. Paul Dewar
M.P., Ottawa Centre
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Dewar:

I am writing to follow-up on the conversation we had earlier this summer regarding your private member's bill, C-486 *An Act respecting corporate practices relating to the extraction, processing, purchase, trade and use of conflict minerals from the Great Lakes Region of Africa*.

Let me begin by affirming that the Mining Association of Canada (MAC) supports the objective of assuring minerals being exported from the Great Lakes Region of Africa are produced with the necessary due-diligence to ensure that no armed rebel organizations, criminal entities, or public or private security force that is engaged in illegal activities or serious human rights abuses has benefited from any transaction involving such materials. However, it is the view of MAC and its members that global efforts to combat the trade of conflict minerals must be coordinated to ensure consistency and equivalency between the various tracking and certification mechanisms. Canadian efforts should be explicitly designed to support and strengthen current international frameworks and avoid creating new due-diligence, reporting and assurance requirements. Unique Canadian requirements would be unnecessarily duplicative, inefficient, and, most importantly, complicate the significant progress that has been made in recent years in developing a coherent, effective global due-diligence framework for conflict minerals.

The *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas* has provided business the regulatory confidence to draft and implement comprehensive, industry-specific standards for due-diligence, such as the World Gold Council's *Conflict-Free Gold Standard* and the London Bullion Market Association's *Responsible Gold Guidance*. These standards have become recognized up and down supply chains and now can provide assurance from the mine to a customer that products are conflict free. Not only have they become recognized up and down the supply chains, but the World Gold Council's standard and the London Bullion Market Association's guidance specifically satisfy a key recommendation in the OCED Guidance that industry-specific guidelines should be established.

MAC has been supportive of these efforts to enable mineral producers to provide assurance that their operations do not support unlawful armed conflict. Many of our members have also been actively participating in these initiatives through the World Gold Council to create the *Conflict-Free Gold Standard*.

In addition to participating in the above initiatives, reporting requirements under the Dodd Frank 1502 regulation in the United States are now in place with companies issuing statements under these requirements. These reporting requirements have now established the reporting precedent for companies that are dual-listed on both American and Canadian stock exchanges. In order to avoid creating requirements in Canada that could result in the need for companies to prepare two distinct statements for Canada and the US, it would be necessary to ensure any Canadian requirement has an equivalency mechanism to allow the submission of statements prepared to satisfy the Dodd Frank 1502 requirements to satisfy any newly established Canadian reporting requirement.

Bill C-486 can play a key role in maintaining this momentum. However, in its current form, we believe the bill enacts reporting requirements that are not completely consistent with already established requirements. In MAC's view, Bill C-486 would more effectively contribute to a globally consistent approach by making the following amendments:

- The bill should recognize the various industry programs that are designed to implement the *OECD Due-Diligence Guidance*. The *Guidance* recognizes the need for industry-specific programs to support the implementation of the due-diligence requirements. It does so as it was designed to be guidance for the entire supply-chain and, as such, acknowledges the need for flexibility and adaptation when implementing its principles for specific sectors of the supply chain. For instance, the *Gold Supplement* references the *Conflict-Free Gold Standard*, the *Conflict-Free Smelter Program,* the *Responsible Gold Guidance* and others as 'Industry Programs'. Recognizing these initiatives would make the bill less burdensome for companies to adhere to and act to support the existing initiatives in this space by further legitimizing and embedding what have been to-date voluntary programs.

- The bill should explicitly state that companies can satisfy the reporting requirements proposed by submitting a report prepared under either the *OECD Due-Diligence Guidance*, Dodd Frank 1502 in the United States, or industry initiatives consistent with the *OECD Due-Diligence Guidance*. The bill should also include a mechanism to determine and establish formal equivalency with standards that may emerge in the future.

- Section 4 proposes a current reporting deadline of 60 days after the end of each company's fiscal year. Given the need to have reports independently assured – which involves extensive travel and site visits – 60 days will be insufficient. Amending the bill to allow for a minimum of 90 days would provide more flexibility to companies without compromising the effectiveness of the reporting requirement.

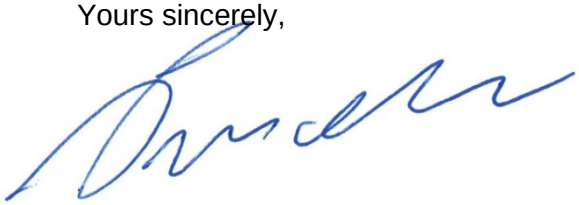
- Section 4 (d) requires companies to report any commercial and financial transactions that have occurred in relation to the designated mineral to which the company was a party. This requirement departs from the OECD Guidance which allows for commercially sensitive information to not be reported. This requirement potentially compromises commercially sensitive information and makes it difficult to recognize a report prepared under the OECD Guidance as equivalent to satisfy potential Canadian requirements. It should also be noted that Canada is working to develop a comprehensive reporting requirement for companies to disclose payments to governments which already greatly enhances financial transparency. As such, this requirement should be removed from the bill.

- Section 4 (b) requires the publication of third party audits for all companies while the OECD Guidance specifies that this requirement only applies to refiners and is based on a risk assessment to determine whether there is a need for each refiner to publish their audits. C-486 should be amended to be consistent with the OECD Guidance.

- Section 4 (e) requires that companies include a description of facilities used by the company to process the minerals covered by the reporting requirement. This is inconsistent with the requirements of the OECD Guidance and should be removed.

On behalf of MAC, I would be happy to discuss any elements of this letter with you in more detail.

Yours sincerely,



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