

## **What We Have Learned Working with Canadian Resource Extraction Companies in Latin America**

1. It is all about who gets what piece of the extractive sector's revenue pie. Governments (national and local), NGO's, communities impacted by these companies operations, and other interest groups, real objective (often disguised in lofty statements about health, safety, environment, destruction of culture etc) is to extract as much money and benefits as possible for their constituents.
2. Resource extraction companies with good CSR/Sustainability practices are generally more profitable, better managed and, are not afraid to report their failures along with their successes.
3. To be successful, CSR, Environment/Sustainability must become an integral part of a company's corporate culture. This must be Board mandated, led by the CEO, and driven down to the rest of the organization.
4. Communities impacted by extractive industry projects can either be your strongest ally or, worst enemy, depending on your environmental and community relations strategies and programs.
5. Resource extraction companies should negotiate their social license to operate before initiating operations. After operations have started, it will be more problematic.
6. There is a strong, well financed, and organized anti mining movement which has the support of many Canadian, U.S., and European NGO's. Many of these NGO's are funded directly, and indirectly, by Canadian and other European governments. All resource extraction companies are potential targets. Those companies that have genuine community support and operate to the highest international standards are less likely to be effectively targeted.
7. There are two groups of NGO's involved with the extractive sector: (1) those that oppose ALL resource extraction activities and (2) those whose mandate is to help the communities impacted by resource extraction and are willing to work with extractive companies to improve conditions. You cannot work with the first group to develop "responsible" extractive resource projects.
8. The Government of Canada has attempted to dialogue with each of the resource extraction sector constituents (companies, communities, NGO's) separately to better understand their needs and aspirations but, has not been successful in finding common ground. What is lacking is a consensus building exercise that unites the legitimate public and private sector

institutions with legitimate civil society institutions to develop sustained responsible extractive resource programs.

9. The Canadian indigenous peoples experience with resource extraction companies is not relevant to most developing countries and should not be promoted by Canada as a viable option for developing countries for the following reasons: (1) In Canada the landowner owns the mineral rights. In most developing countries the mineral rights are owned by the state; (2) Treaty rights in Canada force the resource extraction companies to negotiate with Canada's indigenous peoples. In developing countries, the indigenous peoples have no such rights; (3) Most successful indigenous business people working in the Canadian resource extraction sector are fully tasked and do not have the time and resources to make any meaningful contribution to helping a nascent indigenous businesses outside of Canada.
10. Compliance with ILO 169, is often interpreted completely differently by the resource extraction companies and the communities impacted by their operations which often leads to conflict.
11. Foreign resource extraction companies are held to a higher standard than their counterpart domestic firms by national and local governments.
12. National and local governments have weak public sector institutions and are often not transparent in the way they operate. Mining royalties paid to the central government are not seen by the local communities as providing any benefit to them. Sustainable and visible community programs supported by the resource extraction company are the most effective demonstration of support.
13. Resource extraction businesses cannot succeed in countries that fail. Business needs to assist national, and in particular, local governments in the delivery of essential services.
14. Successful environmental and community development resource extraction projects must be sustainable, and capable of being managed by the community.
15. In developing countries, there is little or no culture or, legal requirement, for good environmental and sustainability practices. Regulatory agencies are poorly staffed and poorly equipped to effectively assess and regulate environmental proposals to international standards. This leads to extensive delays in the permitting process, and opens the process to improper external influences.
16. Far too little value is placed on the importance of good CSR/Sustainability policies and programs in relating to local communities. Typically, mining companies spend less than

.02% of their operating expenses on community relations and development programs, yet, continuing problems with local communities often cost these companies millions of dollars annually in lost revenue.

17. Most small to mid sized extractive industry companies do not have effective environmental and social development staff and have inadequate or, no corporate policies for social and environmental sustainability.
18. Many small to mid sized resource extraction companies operating in developing countries did not earn their social “license” to operate nor, do they operate in compliance with industry and international standards with respect to environment and social development.
19. Development banks and other large international financial institutions that typically fund these projects are becoming the change agents from poor to non existent environmental and social programs and projects, to comprehensive and sustainable community relations and development programs. The Government of Canada has a role to play here through EDC, CIDA, NR CAN, and DFAIT.
20. Financing for resource extraction companies should only be offered when there is a demonstrated commitment to properly planned, and well executed social and environmental sustainability policies and programs.
21. Increasingly, investors are demanding evidence of well documented CSR, Community Relations, Environment/ Sustainability strategies and programs before investing. Companies that do not comply are increasingly paying the price in the market place.