

**STATEMENT OF
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on behalf of
**CAITEUR GROUP INC.
AND CAITEUR GROUP CLIMATE CHANGE INSTITUTE**

at the
**NATIONAL ROUNDTABLES ON CORPORATE SOCIAL RESPONSIBILITY
AND THE CANADIAN EXTRACTIVE SECTOR IN DEVELOPING COUNTRIES**

Toronto, Ontario, Canada
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My name is Patricia Hoyte, and I am the CEO of Caiteur Group Inc. and the co-chair of its internal think tank division, Caiteur Group Climate Change Institute based here in Toronto. I thank the Steering Committee and the Canada Parliamentary Standing Committee on Foreign Affairs and International Trade for the opportunity to speak here today.

Caiteur Group focuses on practical business frameworks to meet the global challenges of climate change and the corporate social responsibility requirements of the business community. Hence our statement presented today takes a very pragmatic and industry-actionable approach.

Caiteur Group proposes strengthening the corporate social responsibility (CSR) requirements of the Canadian mining and oil & gas sector operating in developing countries in three areas.

First we recommend integrated CSR reporting standards for publicly listed companies that would extend the reporting best practices that are applied in those companies' operations in Canada to their operations in developing countries. To be cost-effective these reporting standards should only be applied where relevant and as appropriate. The integrated CSR reporting standards would provide the Canadian extractive industry with a basis for global CSR reporting that would counter the lack of reporting requirements and governance in developing countries. In addition this measure would build on the significant progress in sustainable development reporting already made by the Mining Association of Canada, the Canadian Association of Petroleum Producers and their member companies here in Canada. This measure should begin as a voluntary regime, but may require regulation to ensure consistency and uptake.

Second we recommend the development of leading CSR performance indicators and metrics to help the extractive industry better predict the operational outcomes, risks and remedial actions necessary to meet their CSR requirements. Currently most of the key performance indicators used in CSR and sustainable development are lagging indicators that demonstrate historical performance. However lagging indicators are not as useful in predicting future performance and risk exposures. This requires leading indicators. Given the dominance of the Canadian mining industry on the world stage and the huge projected growth prospects of the extractive industry as a whole, it is both beneficial and critical for Canadian companies to develop forward looking indicators that would help them 1) predict the environmental and social impacts of their activities abroad and 2) take early remedial action.

Third we recommend a larger role for risk management in CSR and the adoption of more sophisticated risk management tools, techniques and governance by Canadian extractive companies. The inherent operating challenges of the extractive mining and oil & gas industry operations require day-to-day risk management and oversight in areas such as tailings facility management and greenhouse gas (GHG) emissions. This becomes even more difficult to manage when combined with the physical challenges and the governance challenges of operating in developing countries. Caiteur Group therefore believes that a more robust overall risk-based approach by Canadian companies, along with open dialogue and involvement of developing country partners, can significantly reduce the occurrence of negative social and environmental impacts of industry activities abroad. Canadian companies will need to invest in the tools and infrastructure necessary to foster a robust risk-based management approach to CSR.

Caiteur Group also sees a need for greater help by the Canadian government in capacity building in developing countries. This would help strengthen the actions taken by Canadian industry as they work alongside their public and private sector partners in developing countries.

The World Bank 2002 Governance Indicators rank Canada at a high 92.2 ranking compared to a 24.4 ranking for Least Developed Countries (LDCs). These are composite indicators of measures such as government effectiveness, regulatory quality, and voice and accountability. Given this wide discrepancy in governance, the Canadian government must also play a supporting role alongside the Canadian mining and oil & gas industry to promote the principles of CSR in developing countries. In addition, developing countries also need to be encouraged to join the world community in implementing and monitoring minimum levels of CSR requirements within their borders and ensuring those requirements are met.

Caiteur Group acknowledges the work of the United Nations Secretary General Kofi Annan's UN Global Compact, the International Finance Corporation and the Equator Principles, and the OECD Guidelines. We believe that the additional external and internal operating and reporting tools and standards we are recommending at this Roundtable will further help the Canadian extractive industry in meeting CSR requirements abroad.

I would like to note in closing that the mandate of the Roundtables is to present back to Parliament, "ways to strengthen approaches to managing the external impacts of international business activities to benefit both businesses and the communities within which they work."

We thank the Roundtables and the Standing Committee of Foreign Affairs and International Trade for advancing this critical debate.

Thank you.