Introduction

OECD Watch welcomes the opportunity to submit feedback into the peer review process of the Canadian National Contact Point (NCP). The intention of our submission is to help the NCP identify ways in which it can further advance the effectiveness of the OECD Guidelines for Multinational Enterprises (the Guidelines) and serve as a non-judicial grievance mechanism, while facilitating remedy for victims of corporate abuses. Our feedback is primarily based on consultations with our members and our own observations of the NCP’s performance and operations in the core criteria of visibility, accessibility, transparency, and accountability.

In 2015, as part of the G7 Leaders Statement, the Canadian government made a commitment to improve the effectiveness of its NCP and to lead by example. In order for the Canadian government to fulfil this commitment, as well as to honour its binding commitment as an adhering country to the Guidelines to have an effective NCP, we encourage the Canadian government and NCP to make use of this peer review process. We positively note that some improvements have been made by the NCP in the lead-up to the peer review, particularly in December 2017, when the NCP improved its website and revised its Procedures Guide to allow for increased transparency of the NCP’s operations and improved predictability in the handling of specific instances. We encourage the Canadian government and NCP to continue this momentum in order to restore confidence in the NCP and reach its full potential to serve as an effective non-judicial grievance mechanism capable of facilitating access to remedy for victims of corporate breaches to the Guidelines.

Civil Society’s Confidence in the Canadian NCP

The Guidelines’ Commentary on the Implementation Procedures of the OECD Guidelines (Paragraph 10) mandates that NCP leadership should be such that it fosters the public profile of the Guidelines, while retaining the confidence of stakeholders. Unfortunately, despite the potential that the Canadian NCP has to serve as a non-judicial grievance mechanism for victims of corporate breaches to
the Guidelines, confidence in the NCP remains very low. This is demonstrated in the 2016 report *Canada is Back. But Still Far Behind: An Assessment of Canada’s National Contact Point for the OECD Guidelines for Multinational Enterprises* published by Above Ground, MiningWatch Canada and OECD Watch. The report evaluates the NCP’s poor track-record in handling specific instances related to the extractive industries and found that significant improvements were needed. Many of the report’s findings were repeated in a statement by the United Nations Working Group on Business and Human Rights, at the end of their country visit to Canada on 1 June 2017, which expressed the following:

“We believe that a number of steps should be taken to enhance the NCP’s effectiveness in providing access to adequate remedies. To address concerns about a perceived conflict of interest between promoting trade objectives and human rights goals, the Canadian government should make the NCP more independent, including by introducing a multi-stakeholder component. The NCP should also be vested with adequate resources to discharge its mandate. The NCP should include findings about any breach of the OECD Guidelines in final statements, improve transparency in its functioning, and try to regain trust of civil society about its utility as a remedy provider. The upcoming peer review of the NCP is an opportunity to address some of these concerns.”

In order to help restore civil society’s confidence in the NCP, we recommend that the Canadian government and NCP address the following concerns as a matter of priority:

- The NCP is not perceived as acting in an impartial manner by many stakeholders due to its location, lack of transparency over its decision-making processes and absence of oversight. We highly recommend that the NCP consider revising its institutional structure to include a multi-stakeholder Steering Board, equipped to provide advisory functions, accept appeals regarding its handling of specific instances, as well to provide oversight to the NCP’s functions;
• The NCP has been ineffective as a non-judicial grievance mechanism that is able to facilitate access to remedy for victims of corporate breaches to the Guidelines, as demonstrated by the very low number of positive outcomes and the general dissatisfaction of the NCP’s performance has been expressed by numerous stakeholders;

• A high threshold for accepting complaints has been used by the NCP, which has gone beyond what is recommended in the Guideline’s Procedural Guidance, when determining whether a specific instance merits further examination. At times, the NCP has rejected specific instances based on misleading claims and criteria not listed in the NCP’s Procedures Guide. Furthermore, the language that the NCP has used when rejecting a specific instance has further exacerbated the situation with language implying that the specific instance was unfounded or unsubstantiated. It is recommended that the NCP only use the criteria within the Guideline’s Procedural Guidance and only reject specific instances that are clearly frivolous; and

• The NCP should improve its accessibility to victims of breaches of the Guidelines, by removing its campaigning and excessive confidentiality restrictions. The NCP should also seek to reduce procedural barriers, such as language and financial barriers, which restrict access to the NCP’s services.

Canadian NCP’s performance on Core Criteria Requirements

According to Paragraph 9 of the Guidelines’ Procedural Guidance, all NCPs are required to operate in accordance with the core criteria of visibility, accessibility, transparency and accountability, in order to promote the concept of ‘functional equivalence’ in the activities of NCPs.

Visibility and accessibility

The Canadian NCP has a website in English and French languages, which contains basic information regarding the NCP, including basic information on how to file a specific instance, a flowchart to the procedures, past annual reports, a summary of specific instances under review, and the final statements of specific instances handled by the NCP since 2000.
While the NCP has made some positive improvements to its visibility in December through improvements to its website, immediate attention should be given to the NCP’s limited accessibility. One of the key barriers facing the NCP’s accessibility is that the NCP restricts all campaigning during the procedures. This restriction unfairly limits civil society’s ability to use to the procedures, given that many civil society organisations are in the business of campaigning in order to raise public and government awareness on issues that may become acute and need immediate public attention. In the NCP’s update to its Procedures Guide in December 2017, the NCP has developed its own definition of participating in “good faith” and in Paragraph 14.2 states that “undertaking public campaigns related to a case during the proceedings…. are not considered good faith behaviour” and can be sanctioned. This clause goes beyond what is required within the Guidelines’ Procedural Guidance and does not explain the type of sanctions that may be used. Furthermore, it hinders the NCP’s ability to handle specific instances in an equitable manner, as similar restrictions are not placed on the company’s ongoing operations that may be causing the harm.

The NCP further places limitations on the languages in which it will handle specific instances, by restricting its services only to French and English languages. Despite Canadian multinational corporations operating around the world, the NCP does not offer complainants the possibility of translation or interpretation services if needed. While the NCP has at times allowed for mediation to be carried out remotely via teleconferencing, the NCP has not offered to help pay for complainants’ travel expenses or offered to hold mediation in the country where the harm occurred, further restricting its accessibility.

Finally, human rights defenders who have used the NCP procedures have at times faced adverse impacts to their safety and rights, which may have been exacerbated through their use of the NCP. For instance, after a specific instance was filed against Ecuacorriente S.A. in 2013 for human rights violations caused by the Mirador Copper Mining Project in Ecuador, in which the NCP rejected the complaint claiming the case was not material and substantiated, those campaigning against the project have suffered increased levels of threat and retaliation, with three vocal critics of the project being murdered. In one case, two former employees of the company that operates the Mirador Project have been charged with the murder of
Jose Tendeza, who was found tied up in a river in December 2014. Had the NCP had protocols in place for the safety and protection of complainants, the violence in this situation could have been potentially prevented or reduced. Furthermore, if the NCP made a commitment to carry out research investigations and had further investigated this case, the NCP may have found the case to merit further examination and could have potentially helped resolve the dispute that was occurring in the first place. However, while the NCP does have budget accessible for carrying out research investigations according to its 2016 Annual Report to the Investment Committee, the NCP does not mention this possibility in its Procedures Guide and has never demonstrated the necessary will to do so.

**Recommendation:** OECD Watch firmly believes that it is up to the complainants -not the NCP- to decide whether or not to engage in public campaigning during the procedures. We recommend that the NCP remove its restrictions against campaigning, in order to improve the NCP’s accessibility and ability to handle specific instances in an equitable manner. Furthermore, the NCP should remove the excessive, and at times unclear, confidentiality requirements as mentioned in the next section, in order to further improve its accessibility.

**Recommendation:** The NCP should modify its Procedures Guide, in order to allow for specific instances to be filed in languages other than French and English, and should make provisions that enable complainants to participate in specific instance proceedings in situations where they otherwise would not. The NCP should consider making funding available for complainants to participate in specific instance proceedings in situations where they would be otherwise unable to do so. This should include accepting complaints in all languages where Canadian companies have operations, as well as assisting with necessary translation, as well as necessary transportation costs and/or offering to hold mediation in the host country when requested by the complainants (as has been done by other NCPs).

**Recommendation:** As Canada has been considered by the Business and Human Rights Resource Centre, as one of the top three countries in the world with companies connected to threats against human rights defenders in 2017,
it is recommended that the NCP develop procedures to protect the activists using the NCP system by developing a safety protocol in order to help identify, prevent, and mitigate possible security risks that complainants may face. This recommendation has also been put forward by the Special Rapporteur on the Situation of Human Rights Defenders, who highlighted the need for NCPs to improve their ability to deliver remedy and safety to human rights defenders.

**Recommendation:** The NCP should be mandated to carry out independent and transparent investigations when necessary to understand whether an issue merits further examination or when necessary to make a determination.

**Transparency and Accountability**

The NCP should strive to increase its level of transparency and apply a better balance between transparency and the need for confidentiality. Some improvements were made in terms of explaining the NCP’s position on confidentiality in its revised Procedures Guide, especially in stating that should a party seek to keep its responses to the NCP confidential, they must provide rationale for doing so. However, the confidentiality restrictions are not always clear in their intentions and can also be considered as excessively restrictive hindering the procedures’ transparency. For example, in the Procedures Guide, Paragraph 13.2 states “Confidentiality of the proceedings will be maintained during the entire NCP process. It is understood that proceedings include the facts and arguments brought forward by the parties.” It is unclear whether this means complainants are not allowed to share with the public the specific instances they filed with the NCP. As a second example, Paragraph 13.5 states “At the conclusion of the procedures, if the parties involved in facilitated dialogue or mediation have not agreed on a resolution of the issue(s) raised, they are free to communicate about and discuss the/these issue(s). However, information and views provided during the proceedings by another party involved will remain confidential, unless that other party agrees to their disclosure.” It is unclear whether the NCP will apply this same rule when drafting its final statement and withhold all information regarding the discussions that took place and/or the agreement that was reached, should one party not agree to its disclosure.

NCP should commit to ensure greater transparency in its handling of specific instances, by ensuring that all decisions are made based on information shared
between the two parties, and when accepting information as confidential, the NCP should provide rationale in its initial assessment and/or final statement explaining why they considered the material provided to be confidential. Furthermore, given the NCP’s failure to always respect indicated timeframes, the NCP should publish all initial assessments, so that there is increased transparency, as well as greater accountability, over the procedures.

One specific instance, Bruno Manser Fund vs. the Sakto Group, illustrates how the NCP has at times not acted in a transparent manner, and furthermore, made misleading claims against the complainants. In this specific instance, the NCP had first decided to accept the complaint for further examination, as was indicated in the specific instance’s initial assessment. Yet, nearly 5 months later, the NCP provided the parties with a draft final assessment that rejected the specific instance without any justification provided. Only after the NCP refused to meet with the complainants and respond to their inquiries, did Bruno Manser Fund decide to publish the draft initial assessment and draft final statement due to what it viewed as scandalous behavior by the NCP, as they felt the NCP had given way to the pressures of Sakto’s legal group. When the NCP finally issued the final statement for the case nearly four months after the draft final statement, they misrepresented the timeline of events, and claimed that Bruno Manser Fund breached the NCP’s confidentiality requirements, in order to (partially) justify the NCP’s decision to reject the case. The NCP never stated in its final statement whether the Sakto Group had agreed to mediation, nor did it provide justifications as to why the material provided by Sakto could not be shared with Bruno Manser Fund.

The NCP has made positive steps to help improve a company’s compliance to the procedures through increased policy coherence and accountability by making access to trade advocacy and economic support contingent on Canadian companies engaging in good faith with the Canadian NCP. For companies that refuse to participate in the procedures or do not act in good faith, the NCP states that it will be taken into account in the Corporate Social Responsibility-related evaluation and due diligence conducted by the Government. Furthermore, in the NCP’s 2016 Annual Report to the OECD’s Investment Committee, it states that in order for a company to receive trade advocacy support from Global Affairs
Canada, a company must sign an Integrity Declaration, which refers to adhering to the Guidelines and engaging with an NCP.

However, confusion remains over what this actually means in practice. The only specific instance in which the consequences has been applied was to China Gold International Resources Corporation for refusing to go through mediation with the Canada Tibet Committee, however, its unclear how long the consequences are meant to be applied for and whether they would be reversed if the company agrees to go through mediation at a later stage. In the specific instance against the Sakto Group, the NCP does not appear to apply the consequences against the company for not acting in good faith during a specific instance filed by the Bruno Manser Fund. Instead, the NCP’s final statement states “the NCP recommends that the company’s actions during the NCP review process be taken into account by the TCS.” There is no further information available as to whether the TCS accounted for the behavior of the Sakto Group and whether consequences were applied. Furthermore, if no consequences were applied, no information has been made available as to why not.

The lack of clarity over the use of consequences in specific instances was also noted by the UN Working Group on Business and Human Rights, who noted during their country visit to Canada in 2017, that “Since this tool is in its early stages, we encourage the government to share more information as to how this lever is working in practice.” Finally, its important to note that while attaching consequences may potentially help get a company to engage in mediation, its important to note that no consequences are placed on companies who are found to be in breach of the Guidelines or who do not respect the agreements reached through mediation. Furthermore, the consequences may not necessarily contribute to improving the situation on the ground for victims of corporate abuses.

The NCP also does not formally commit to carry out follow-up regarding the recommendations the NCP has made in final statements or the agreements reached between the parties. Instead, Paragraph 12.6 of the NCP’s Procedures Guide, allows the NCP to decide based on its discretion whether there will be any follow-up. In order to improve the accountability of the process, the NCP should commit to carrying out follow-up on specific instances that have reached a mediated agreement, at the very minimum.
Finally, the accountability of the NCP remains limited as the NCP rarely engages with its stakeholders, such as its social partners—*which does not include members of civil society*—and does not have very transparent reporting procedures in place. It should be noted that while the NCP does report on an annual basis to the OECD’s Investment Committee, these reports are not shared in their entirety with the public, furthermore, the NCP does not report annually to Canada’s Parliament.

**Recommendation:** The NCP should provide more clarity over the use of consequences in its final statements and on its website, including on how the NCP is applying the consequences and communicating its decisions with the relevant government departments and agencies. The NCP should also consider extending the consequences to ensure that they are applied for both non-participating companies, as well as companies who are found to be in breach of the Guidelines or have not adhered to the recommendations/mediated agreement provided by the NCP.

**Recommendation:** The NCP should seek to make transparency the rule and confidentiality the exception. The NCP should not base decisions regarding specific instances based on information that has not been shared with both parties. The NCP should also commit to publishing all initial assessments on its website, in addition to the final statements.

**Recommendation:** The NCP should improve its accountability, by sharing its full reports made to the OECD’s Investment Committee with the public, and should report to Canada’s Parliament on an annual basis. The NCP should also seek to keep the public informed of its work on a regular basis through improved stakeholder engagement.

**Recommendation:** In order to improve accountability and assist in making sure outcomes are honored after the mediation phase, the NCP should require follow-up to take place at a minimum one-year after mediated agreements and publish yearly follow-up reports describing the steps that have been made to resolve the situation.

**The Canadian NCP’s information and promotional activities**
The Canadian NCP organised one informational activity in 2016 and co-organised two other events, according to its 2016 Annual Report to the OECD’s Investment Committee. Furthermore, the NCP helped present in 50 promotional events both within Canada and abroad in 2016. This is a remarkable number in comparison to the performance of other NCPs.

In order to further advance its information and promotional activities, we encourage the NCP to publish an annual promotional work plan on its website, along with further information regarding the promotional activities it has carried out.

In order to continue to improve the compliance of Canadian companies to the Guidelines, we recommend that the NCP consider promotional activities strategically targeted to the public and private companies that can make the greatest possible difference. In order to do so, we recommend proactively engaging with the sectors more at risk of breaching the Guidelines and also commissioning a compliance study aimed at understanding how many Canadian companies understand the Guidelines and have publicly committed to implementing them. This research can help further guide the NCP’s promotional work.

**Recommendation**: OECD Watch recommends that the NCP publish an annual promotional plan on its website, in order to increase transparency and stakeholder accessibility.

**Recommendation**: Commission research into Canadian companies’ understanding of the Guidelines, in order to help strategically guide the NCP’s future promotional work. We recommend that the NCP studies the following questions 1) What percentage of Canadian companies are aware of the Guidelines? 2) What percentage of Canadian companies have publicly committed to upholding the Guidelines? and 3) What percentage of Canadian companies have set up a robust due diligence system in line with the Guidelines and its sector-specific due diligence guidance?

**The Canadian NCP’s institutional arrangements**

The Canadian NCP’s is a structured as an interagency body of federal government agencies from seven departments coordinated by a Secretariat housed at Global Affairs Canada (GAC). The current location and structure of the NCP hinders
stakeholder confidence due to its perceived lack of independence and the conflict of interest between the NCP’s work and the trade objectives of Canada. The situation was further exacerbated, as the NCP’s former Chair was alleged in November 2017 to have provided strategic advice to an unregistered pro-tax haven lobbyist on how to avoid increased transparency measures, an action which can be viewed as not acting in the spirit of the Guidelines. It has now been officially reported that the Chair of the NCP has since been replaced with Chris Moran.

The NCP’s 2016 Annual Report to the OECD’s Investment Committee states that the NCP has 2 full time staff members and 6 part-time staff members (who are the NCP members from other ministries). While there is a ToR for the NCP, its unclear how decisions are actually made in practice. Paragraph 10.5 of the ToR states “Decision may need to be made from the NCP from time to time on questions relating to the NCP’s fulfillment on its role and other matters. Each of the Permanent Members shall be able to express their views at NCP meetings through their Primary Contacts, or their proxies. The NCP will make every effort to make decisions based on consensus. Where a consensus cannot be reached, the majority shall prevail.” However, there is no information as to who are the designated Primary Contacts, whether all members are involved in each stage of handling a specific instance and little transparency over how decisions are reached.

While the NCP’s ToR allows it to alter its composition if agreed by members, including through the addition of ad-hoc members on a case-by-case basis, the NCP currently has no stakeholder advisory committee or steering board. The NCP does, however, have 3 social partners composed of representatives from trade unions and business associations, with no representation from civil society. It’s unclear what role the social partners play within the NCP, apart from a promotional basis, as no ToR exists and the NCP has not sufficiently engaged them in its activities over the years. The NCP should seek to improve its engagement with civil society and include a member of civil society as one of its social partners.

The NCP is reported to have a dedicated budget. The NCP’s 2016 report to the OECD’s Investment Committee states that the NCP has funds available to hire professional mediators and carry out fact-finding missions, amongst its normal
functioning. The NCP’s ToR also states in Paragraph 14 that permanent members of the NCP will contribute resources to support its functioning. It’s unclear whether members have been contributing adequate resources and whether the human and financial resources are sufficient to ensure that the NCP can effectively fulfil its responsibilities.

**Recommendation:** We strongly recommend that the Canadian government establish an independent multi-stakeholder Steering Board, with both advisory and oversight functions. The Steering Board should have a ToR making it equipped to revise the NCP’s ToR when needed, to oversee and monitor the effectiveness of the NCP, and should have the ability to handle appeals regarding procedural errors during the handling of specific instances, amongst others. Developing a Steering Board will help increase stakeholder confidence in the NCP, in addition to its ability to perform in an independent and impartial manner.

**Recommendation:** The ToR of the NCP should be amended, in order to provide clarity over how the NCP functions, including information related to how the various ministries contribute to the functioning of the NCP and how members contribute to the handling of specific instances, as well as improved transparency over its decision-making process.

**Recommendation:** Greater transparency is needed over the composition of the NCP in order to improve its accountability. As such, we recommend that the names and positions of all NCP members be made available to the public on the NCP’s website and those involved in the handling of specific instances, including potential ad-hoc members, be mentioned in specific instance’s final statement.

**Recommendation:** The NCP should develop a ToR for its social partners and consider the inclusion of a representative from civil society.

**Recommendation:** Ensure that the NCP is equipped with sufficient funding to carry out all of its functions according to the Guidelines, while striving to meet best practice.

**Reflections on the implementation and handling of specific instances**

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To date, the Canadian NCP has handled approximately 20 specific instances since 2001. Since 2011, the NCP had handled 6 specific instances filed by civil society organisations, 1 of which is currently in the initial assessment phase, 3 were rejected, and 2 were concluded. When analyzing the NCP’s handling of specific instances, some common themes arise that merit specific consideration, namely that:

- The NCP rarely uses professional mediators when handling specific instances, despite having funding available for this service;

- When handling specific instances, the NCP has often applied criteria which went beyond that set out in the Guidelines’ Procedural Guidance. For instance, the NCP’s pre-December 2017 Procedures Guide stated that it could use admissibility criteria that are “not limited to” the list provided. The NCP has also applied special conditions at times when determining whether a specific instance merited further examination, including whether both parties were willing to engage in dialogue;

- The NCP has rejected a large number of the specific instances filed, often on non-transparent or dubious grounds. For example: In the specific instance MiningWatch Canada et al vs Centerra Gold, the NCP rejected the case deeming the issue as “material,” while dismissing the complainants’ claims as “unsubstantiated” solely by referring to the company’s assertion that it was not operating in the area on the dates in question despite video and photographic evidence being provided to the NCP demonstrating that the company was operating in the area. The NCP further repeats its claims that the issue is unsubstantiated on numerous occasions in its initial assessment despite never carrying out an investigation into the issue;

- Only 1 specific instance resulted in somewhat of a positive outcome. In the case raised by MiningWatch Canada et al vs Barrick Gold Corporation, which reached a partial mediated agreement, the agreed action points did not cover all issues presented in the specific instance, nor were they ever publishedly shared. Furthermore, three of the parties, including MiningWatch Canada, Rights and Accountability in Development, and EarthRights International, were forced to leave the mediation process upon the insistence of Barrick Gold, which left the complainants in Papua New Guinea without the
support needed to follow-up on the agreed items. The general lack of access to remedy experienced by complainants, even on the agreed action points, and the lack of positive changes on the ground, has contributed to reduced stakeholder confidence in the NCP.

- The NCP has regularly exceeded the indicative timeline for handling complaints. For example, three of its most recent specific instances filed by civil society organisations in the past few years have resulted in significant delays. In the specific instance filed against the Sakto Group, it took the NCP over 9 months before sharing its draft initial assessment. In the specific instance filed by Southeast Alaska Conservation Council against Seabridge Gold corporation, it took the NCP nearly a year to reject the complaint. Finally, in the specific instance filed by Southeast Alaska Conservation Council against Imperial Metals, the initial assessment phase has taken over 1 year and has yet to be prepared according to the NCP’s website.

**Recommendation:** The NCP should strive to serve as an effective non-judicial grievance mechanism that is able to facilitate access to remedy.

**Recommendation:** The NCP should maintain a reasonable standard of substantiation and limit the criteria used when determining whether a complaint is bona fide based on what is in the Guidelines’ Procedural Guidance.

**Recommendation:** When rejecting a specific instance, the NCP should provide detailed rationale for the reasons behind their rejection of the specific instance, while also being clear that a rejection does not mean that the complaint was unfounded and/or that the Guidelines were not breached.

**Recommendation:** The NCP should consider offering the use of independent mediators more often, which are selected and agreed upon by the parties, in order to improve its ability to facilitate positive outcomes of the process.

**Recommendation:** The NCP should try its best to adhere to the indicative timeframe and communicate, as necessary, with the parties involved, when delays occur.

**Conclusion**
This submission advances recommendations that have been previously been made by OECD Watch to the Canadian NCP, as well as all NCPs, in our 2015 report Remedy Remains Rare, our 2017 4x10 Plan for Why and How to Unlock the Potential of the OECD Guidelines, and our 2017 Campaign Demands for Policymakers.

With the new announcement of the establishment of a Canadian Ombudsman for Responsible Enterprises (CORE), who will investigate human rights abuses by corporations, we encourage the Canadian government and NCP to take the steps necessary to ensure that the two bodies can contribute and complement each other’s work when handling specific instances, so that both bodies are effective at contributing to the prevention and mitigation of human rights violations and facilitate access to remedy for human rights violations. We encourage the Canadian government to develop a National Action Plan on business and human rights to help guide and assist the government in making the steps needed to ensure that the Guidelines are taken seriously by companies and that the NCP is able to serve as a relevant instrument for avoiding and remedying impacts.

While OECD Watch hopes that the recommendations made in this submission are considered and acted upon, we encourage the Canadian government to adopt a policy towards ensuring regular peer reviews for the NCP at least once every five years in order to lead to further improvements, as well as a means to achieve functional equivalency.

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