

Bill #4
The Business Ethics Act
Moved By: Minister of Revenue

WHEREAS The Canadian approach [for companies working abroad] is "promoting internationally recognized, voluntary guidelines for corporate social responsibility performance and reporting";¹ and

WHEREAS Canada has steadfastly resisted pressure to directly regulate companies' behaviour abroad, even when they're operating in jurisdictions with abysmal human rights records;² and

WHEREAS Consumers know that businesses exist to make a profit. But increasingly, consumers say they care about the social and environmental impact of a business's operations.³

THEREFORE HER MAJESTY, BY AND WITH THE ADVICE AND CONSENT OF THE YOUTH PARLIAMENT OF MANITOBA, ENACTS AS FOLLOWS:

Purpose

1. The purpose of this Act is to:
 - a. Establish **LABOUR**,
 - b. Enact ethical guidelines for companies operating in Canada,
 - c. Enact ethical guidelines for companies that import into Canada,
 - d. Mandate Environmental Impact Reports, and
 - e. Create sanctions for violations of environmental offenses.

LABOUR established

2. As of January 1, 2020, the Government of Canada will establish Leading Active Banning of Operations of Unethical Repute [**LABOUR**].

Mandate and powers of LABOUR

3. The mandate of **LABOUR** is:
 - a. to create regulations with respect to ethical business practices;
 - b. to publish the regulations annually;
 - c. to ensure compliance with the regulations; and
 - d. to investigate the accuracy of Environmental Impact Reports.

Structure of LABOUR

4. **LABOUR** will consist of the following members:
 - a. philosophy graduates with majors in ethics;
 - b. environmental scientists and engineers;
 - c. political economists; and

¹ Marcus Gee (2012). For Canadian Companies Overseas, a Heart of Darkness. *The Globe and Mail*. Retrieved from <http://www.theglobeandmail.com/news/national/time-to-lead/for-canadian-companies-overseas-a-corporate-heart-of-darkness/article573681/>

² Matthew McClearn (2014). The Slave of Eritrea. *Canadian Business*. Retrieved from <http://www.canadianbusiness.com/global-report/the-slaves-of-eritrea/>

³ James Epstein-Reeves (2011). Consumers Expect CEOs to be Held Accountable and Take Action on CSR. *Forbes*. Retrieved from <http://www.forbes.com/sites/csr/2011/11/07/consumers-expect-ceos-to-be-held-accountable-and-take-action-on-csr/>

- d. graduates with human rights majors.

Ethical regulations for businesses operating in Canada

- 5. Regulations published by **LABOUR** must include the following:
 - a. all internships must be paid;
 - b. labour outsourced by a Canadian parent company must meet Canadian standards for labour rights, including workplace health and safety;
 - c. no business operating in Canada may purchase goods or services from a company using indentured servitude or slave labour; and
 - d. businesses operating in Canada may no longer export goods that are banned for distribution in Canada.

Application to companies importing goods

- 6. Businesses importing goods into Canada must abide by **LABOUR** regulations.

Environmental Impact Report required

- 7. All businesses operating in Canada are required to submit an Environmental Impact Report to **LABOUR** annually.
- 8. The Environmental Impact Report must contain:
 - a. detailed information on the environmental impact of the company's operations,
 - b. disclosure of any and all incidents that caused environmental damages,
 - c. solutions for reducing the business's environmental impact, and
 - d. progress on the solutions reported in the previous year's report.

Regime for addressing reported environmental damage

- 9. Businesses operating in Canada that report environmental damage will be given 5 years to remove the cause of the environmental damage.
- 10. Outcomes of steps taken to eliminate reported environmental damage must be reported in the business's Environmental Impact Report, including:
 - a. steps taken that improved, had no effect, or worsened environmental outcomes; and
 - b. inaction.

Exceptions

- 11. If the complete elimination of reported environmental damage will take more than 5 years to implement, the business may appeal to **LABOUR** for an extension.
- 12. If the complete elimination of reported environmental damage is not scientifically possible, the company will be required to allocate 10% of its annual income to research on impact reduction and damage mitigation.

Penalties for businesses operating in Canada

- 13. The following penalties apply to businesses operating in Canada.
- 14. Failure to comply with any regulations implemented by **LABOUR** pursuant to this act may result in:
 - a. a fine of no less than \$10,000, of which the businesses executives are responsible for 30%;
 - b. a sentence of no less than five years for the business's decision makers, including but not limited to:
 - i. chief executive officers,
 - ii. members of the board of directors, or
 - iii. managerial staff.

15. In the event of environmental damage exceeding or in which clean-up would exceed \$50,000, the corporation must pay a fine of a minimum of 50% of its annual income.
16. If sentenced under this Act, the offender is barred from returning as an owner, shareholder, or employee to the business that violated the Act.
17. Failure to submit an Environmental Impact Report will result in a fine no less than 10% of the businesses' income for that fiscal year.

Penalties for businesses importing into Canada

18. The following penalties apply to businesses importing goods into Canada.
19. Failure to comply with any regulations implemented by **LABOUR** pursuant to this act may result in:
 - a. on the first incident of non-compliance:
 - i. a tariff proportional to the company's revenue, and
 - ii. the value of the good they are seeking to import;
 - b. on subsequent incidents of non-compliance:
 - i. the penalties listed above, and
 - ii. a ban on importing goods into Canada.
20. Revenue collected from tariffs will be directed towards victims of the company's violation of **LABOUR** regulations.
21. **LABOUR** will consider the immediate need for the import in question when deciding whether to find a business importing into Canada in violation of this Act.