CCL Industries Inc.

105 Gordon Baker Road, Willowdale, Ontario M2H 3P8
Telephone: (416) 756-8500 Fax: (416) 756-8549 www.cclind.com

30 June 2005

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West, Suite 1900
P.O. Box 55,
Toronto, ON
M5H 3S8
jstevenson@osc.gov.on.ca

Re: Request for Comments - Proposed Multilateral Instrument 52-111 and Companion Policy 52-111CP: Reporting on Internal Control Over Financial Reporting.

Dear Sir:

I am the Executive Vice President and Chief Financial Officer of CCL Industries Inc. ("CCL"). CCL is publicly traded and has been listed on the TSX since 1982. CCL has been included in the S&P/TSX Composite Index (formerly the TSE 300) since the early 1980s. CCL is not listed on any other stock exchange.

To put my comments in context, it is important to have a general understanding of CCL and its background. We are an international packaging company with revenues from continuing operations estimated to be Canadian $1.1 billion in 2005 and with a current market capitalization of just over $800 million. We operate directly 38 production facilities, utilizing a variety of I.T. platforms, in North and Central America, Europe and Asia and indirectly 5 more through a 40% equity investment in our European ColepCCL joint venture that we account for proportionally. We operate 4 plants in Canada, 14 in the United States, 4 in Mexico/Puerto Rico, 14 in Europe and 2 in Asia with more to come. Our sales dollars are geographically split with North America at 57% and Europe/Asia at 43% and growing. We operate in 4 countries in North America, 7 in Europe (9 if the ColepCCL JV is included) and two in Asia. We have annual external audit requirements for CCL Industries Inc. in Canada (for statutory and securities commissions filings) and the U.S. holding company (for banking purposes). All of the countries in Central America, Europe (including the ColepCCL JV) and Asia in which we operate also require statutory external audits.

My comments are particularly related to the impact of this legislation on CCL, although there will obviously be other issuers that are similarly affected, so my

comments can also be read more generally in certain instances. I am responding to your request for comments using the specific comment and question numbers that you had identified.

5. Is the guidance set out in the Proposed Internal Control Policy with respect to the scope of the evaluation of internal control over financial reporting in relation to each of the circumstances set out above adequate and appropriate?

The guidance does not appear to be adequate or appropriate. This issue is particularly important to CCL. It is not clear whether our ColepCCL joint venture should be included, given the nature of our investment. Our 60% partner is a private Portuguese investor and has very limited interest in entertaining the costs and effort associated with this activity. Given the differences in culture and corporate law, we cannot force compliance nor is it appropriate to do so in the spirit of this year old partnership. It would seem that the guidance should exclude partnerships in the scoping if one of the major partners is not a public company.

The companion policy indicates that “Management may have the ability to evaluate the effectiveness of internal control over financial reporting extending in the joint venture or VIE even though the Chief Executive Officer and Chief Financial Officer do not have the ability to design internal control over financial reporting extending into the joint venture or VIE.” This could result in a very costly effort to assess internal controls and yet an inability to remediate any weaknesses or deficiencies that are identified.

The requirement to assess internal controls at joint ventures is more onerous than the U.S. requirements as joint ventures are accounted for using the equity method under U.S. GAAP, and therefore can be scoped out.

If companies are required to negotiate for the necessary access to evaluate internal controls extending into joint ventures or VIE’s for newly formed joint ventures as set out in the companion policy, this will put Canadian public companies at a competitive disadvantage.

It is also not appropriate that the exercise of scoping is primarily by formula (requiring a specific percentage of sales or income that must be covered). The scoping should be risk-based and therefore, by definition, should not be based on arbitrary mandated percentages. Both the issuer and its auditors should be provided plenty of room to use professional judgment in the overall process.

11. ***Is it appropriate to require disclosure of any limitations in management's assessment of the effectiveness of an issuer's internal control over financial reporting extending into a joint venture, VIE or acquired business? If not, are there alternative ways of providing transparency with respect to any limitations in management's assessment?***

It is not appropriate to impose disclosure over the limitations of management's assessment of the issuer's internal control over financial reporting for joint ventures and recent acquisitions. Investors, and all other stakeholders, should understand the benefits, risks and limitations of investing in joint ventures and making acquisitions. It is important to note here again that all of CCL's international joint ventures are subject to annual external audit down to the materiality of the joint venture itself. While the local statutory audit does not include an evaluation of internal controls, it does result in the auditor expressing an opinion on the financial statements that are included in the consolidated financial statements of CCL. This activity dramatically reduces the risk at a consolidated level. Since CCL is concerned with managing risk, our international acquisitions generally fall into the category of requiring annual external audit by country and would be subject to internal audit. The mitigation of risk by these activities should be considered.

12. ***Are there any other circumstances under which management may reasonably limit its assessment? Should disclosure of these circumstances be required?***

It would seem appropriate that with management acting in good faith and with the agreement of the external auditors, that if there were extenuating circumstances that practically limit its assessment such as an extreme imbalance between cost and benefit, that no disclosure of such limitations should be disclosed.

15. ***Is the phased-in implementation of the Proposed Internal Control Instrument appropriate?***

It is extremely important that a phase-in of this implementation be applied. However, given the size of CCL and its market capitalization, we should not be in the highest category for compliance. This is a significant effort and resources are very limited for smaller companies and the effort will be costly. In addition, since the finalization of this legislation is a number of months away, the current proposed timelines are not reasonable and should be pushed back by at least two years.

16. ***Does the phased-in implementation adequately address the concerns regarding the cost and limited availability of appropriate***

expertise within reporting issuers and among external advisors and auditors? If not, how can these concerns be addressed?

The current phased-in implementation does not address the cost and limited availability of appropriate resources. There is an extreme shortage of qualified individuals to assist issuers and external audit firms and creates direct competition for resources versus U.S. foreign private issuers who have essentially the same timeline. This shortage is already exacerbating the huge costs associated with this endeavour. Delaying implementation by two years will help ease the demand on resources and allow the cost of implementation to be spread over a couple of years thereby easing the financial burden. This more reasoned timeline will also reduce costs and chaos as issuers, auditors and all other stakeholders will have more time to plan and agree on appropriate approaches to implementation.

17. Are there any costs or benefits associated with the Proposed Internal Control materials that have not been identified in the Internal Control CBA? If so, what are they?

If enacted properly, there should be some unquantifiable benefit by enhancing investor confidence and improving controls over financial reporting. However, the costs of this benefit are staggering if we can use the Sarbanes-Oxley costs as a guideline. CCL competes with many companies and almost all of them are private. We will be incurring additional costs and distracting management at a time when Canadian companies are struggling against aggressive international competitors that are not subject to these guidelines or costs. If we spend $1.5 million on this implementation, it will equate to about 2% of our pre-tax income. This is very significant for investors and impossible to recover from our customers. The ongoing costs will also be considerable and competitively undesirable.

18. Do you believe that the benefits (both quantifiable and unquantifiable) justify the costs of compliance (both quantifiable and unquantifiable) for:

(a) Issuers with a market capitalization of less than $75 million?
(b) Issuers with a market capitalization of $75 million or more but less than $250 million?
(c) Issuers with a market capitalization of $250 million or more but less than $500 million?
(d) Issuers with a market capitalization of greater than $500 million?
(e) All issuers?

Why?

It is highly unlikely that the benefits will exceed the costs for any size market capitalization. There is a fixed cost element to this implementation and therefore, smaller companies will incur relatively higher costs than larger companies. This is not favourable from a competitive point of view generally for smaller companies.

19/20. Do you agree with our assessment of the identified alternatives? What other alternatives, if any, would achieve the objectives identified above?

The list and the assessment of the alternatives are reasonable. However, consideration should be given to a combination of alternatives. For example, combining the status quo with voluntary compliance or entity level compliance would be reasonable alternatives to allow issuers some discretion based on its particular priorities. In this way, issuers can manage this process based on a cost/benefit analysis of each approach.

The impact of this legislation will have a significant effect on Canadian capital markets and the competitiveness of Canadian public companies. Adding this cost and management burden to Canadian business should be considered carefully, enacted only if absolutely necessary, and implemented over an extended number of years.

Yours truly,

Original signed by Steve Lancaster

S.W. Lancaster
Executive Vice President and CFO