



Environmental, Social and Governance Project and Indigenous Peoples Engagement Report

STATISTICS CANADA
INDUSTRIAL ORGANIZATION AND FINANCE DIVISION



Statistics
Canada Statistique
Canada

Canada



This report is funded under the Disaggregated Data Action Plan (DDAP). Through the DDAP, announced in Budget 2021, Statistics Canada will work with Canadians to produce better data for better decision making. The DDAP will produce detailed statistical information to highlight the lived experiences of specific population groups, such as women, Indigenous people, racialized groups and people living with disabilities. It will also shed light on diverse populations and their intersections at various levels of geography across Canada.



EXECUTIVE SUMMARY

Several phases of engagement were conducted for Statistics Canada's environmental, social and governance (ESG) project. Engagement activities were carried out with various participants with diverse interests. The most recent engagement activities provided some insight into the limitations of current ESG frameworks with respect to the needs of Indigenous peoples. The objectives of the engagement were to better understand the data needs and gaps with respect to ESG and Indigenous peoples and how to incorporate Indigenous perspectives into ESG.

Engagement participants unanimously agreed that ESG information and data are valuable in assessing and understanding non-financial risks. Throughout the engagement discussions, more than half of the participants pointed to a lack of representation and inclusion of Indigenous interests and values. The majority of participants saw several data gaps that impact their work around ESG, and ESG and Indigenous peoples. All participants welcomed and needed disaggregated data to reflect Canada's ESG interests and the interests of Indigenous peoples.

FINDING

- 1 ESG frameworks should be standardized and include Indigenous peoples' values and interests.
- 2 Data should reflect direct, indirect and cumulative impacts.
- 3 Data should reflect the interconnectedness of ESG issues.
- 4 Engagement should be done early, often and on a continuous basis throughout the life cycle of a project and should encompass consent and capacity building.
- 5 Data users should have access to a range of data products to suit their different needs.
- 6 The development of ESG indicators related to Indigenous peoples should be Indigenous-led.
- 7 Data should be presented in a way that reflects positively on Indigenous peoples and does not perpetuate colonial stereotypes.



TABLE OF CONTENTS

Executive summary	3
Project background	5
Engagement objectives	6
Engagement methods	6
General knowledge of environmental, social and governance information	7
Key findings	8
Additional findings	17
Project next steps	18
Appendix A	19



PROJECT BACKGROUND

The landscape in which businesses operate is evolving because of increased awareness of environmental degradation and the importance of diversity and inclusion, and this is changing the expectations for corporate behaviour. Now more than ever, when making investment decisions, shareholders are looking beyond financial performance to areas such as transitioning to a low-carbon economy or developing a more diverse workforce. It is within this context that Statistics Canada released its experimental environmental, social and governance (ESG) dashboard. The dashboard presents a series of ESG indicators that demonstrate the non-financial performance of a selection of industries.

ESG are three non-financial themes that can be used to inform the long-term risk or return of an investment. The rationale is that industries that are adequately managing their ESG risks will be less vulnerable to changes in regulations or societal expectations and will therefore perform better in the long run. Statistics Canada leveraged existing data sources for a limited number of industries to produce an experimental dashboard. The goal of the dashboard was to provide a sample of ESG indicators to assess users' interest in the data to determine the future direction of the project.

In 2021, Statistics Canada launched a pilot ESG project to provide ESG information based on readily available data. The data were disaggregated as much as possible to reflect the Indigenous population. However, there were still gaps with respect to ESG indicators and Indigenous peoples. These data are necessary to guide decision makers in developing appropriate policies and programs and to address the needs of Indigenous communities and organizations.

To better understand needs around ESG, Statistics Canada engaged with Indigenous organizations; federal, territorial and provincial partners; private sector organizations; regional and national industry regulatory bodies; and sustainability and ESG experts and academics. This report covers the third phase of engagement specifically centred around ESG and Indigenous peoples. Results from the previous engagements are available on the Environmental, Social and Governance (ESG) Program consultative engagement page.



ENGAGEMENT OBJECTIVES

The objectives of the engagement were to better understand the data needs of rights-holders and stakeholders in relation to ESG and Indigenous peoples and the role Statistics Canada could play in meeting these needs. The engagement was focused on understanding data gaps and analytical needs with respect to ESG and Indigenous peoples.

ENGAGEMENT METHODS

PARTICIPANT SELECTION

The majority of organizations that were contacted about engagement were identified based on their interest in ESG and how ESG aligns with the scope of their work (e.g., sustainable finance and ESG, resource development, Indigenous reconciliation, and economic reconciliation). Other participants were drawn from earlier phases of engagement on the project, and some were referrals from current partners working with Statistics Canada. Contacts covered various interests, including federal, provincial and territorial governments; finance, resource and industry organizations working with Indigenous communities; and national and regional Indigenous organizations.

Some participants received introductory presentations upon request to familiarize themselves with ESG and the objectives of the engagement process. Others moved directly to the official engagement activities. Close to 100 participants attended 25 two-hour moderated discussion group sessions.



GENERAL KNOWLEDGE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION

Overall, participants were familiar with ESG and use some ESG information in various capacities in their day-to-day work. Environmental data were frequently mentioned and were considered to inform decision making related to projects and programs. Many participants considered social and governance information to be important and requested more information and data to support social and governance topics related to ESG.

The majority of participants thought that ESG data could be used in a variety of ways, including to inform decision making. More than half of the participants responded that ESG data support decision making in social, financial and economic development programs and policies; policy development; and the need for investment or divestment by providing information on who is impacted and who is benefiting. The data also integrate notions and actionable efforts toward reconciliation. More than half of the participants expect an increase in environmental projects that, according to participants, will likely result in the need for more ESG information to enable appropriate decision making that best fits the needs and interests of various Indigenous rights-holders or communities and other stakeholders while providing methods to measure and understand associated ESG risks.



KEY FINDINGS

FINDING 1

Environmental, social and governance frameworks should be standardized and include Indigenous peoples' values and interests

All participants were awaiting ESG standardization or guidelines in Canada. More than half of the participants consider existing ESG frameworks in their reporting, and some participants report using specific ESG frameworks. Of the ESG frameworks considered, the United Nations Sustainable Development Goals were mentioned the most. Some participants mentioned using International Financial Reporting Standards, while others developed their own reporting criteria.

More than half of the participants from Indigenous organizations reported being aware of various ESG frameworks and indicators, but none reported using them, with most participants expressing their disappointment in the exclusion of Indigenous peoples' interests and values from the frameworks. Some participants highlighted that there is research by Indigenous organizations that relates to ESG and that the ESG dashboard project should be informed by this body of work. Some Indigenous organizations and other participants recommended materials or reports and research for consideration in the future development of the ESG dashboard project (see Appendix A for a list of these resources).

Indigenous organizations raised concerns about how international ESG frameworks align with Western scientific knowledge paradigms that prioritize their methods and concepts over Indigenous knowledge. These frameworks perpetuate Indigenous people as stakeholders in stakeholder obligation relationships. However, these organizations explained that, in Canada, the legal landscape outlines that Indigenous peoples are rights-holders in any development partnership and are therefore in rights-holder relationships.

**FINDING 2****Data should reflect direct, indirect and cumulative impacts****INDIRECT IMPACTS**

Some participants from Indigenous organizations expressed that ESG should go beyond measuring direct impacts to include measures of indirect impacts, as information in any part of ESG has a ripple effect. For instance, when Indigenous women have access to equitable opportunities in education and equitable pay in employment, this feeds into their local economy and community, and social and health outcomes will likely improve. It is therefore important to measure the indirect impacts of a project (e.g., health outcomes) on individuals and communities, in addition to the direct impacts (e.g., employment).

CUMULATIVE IMPACTS

The impacts of a project should not be considered in isolation. For example, cumulative environmental impacts from previous resource projects and changes in climate conditions over time directly impact the resources available for community sustenance, cultural and spiritual connections or relations, health outcomes, and future opportunities for resource development. These examples highlight the need to understand not only the direct impact of a project but the cumulative impacts as well.

TRANSITORY AND ENDURING BENEFITS

Another guideline that emerged around the development of ESG indicators related to Indigenous peoples was the consideration of whether a benefit was transitory or enduring. For example, a development project that brings jobs to a community could be providing a transitory benefit because those jobs may disappear when the project ends. However, if, as part of that project, a road were constructed that connects a remote community with resources or necessities, such as hospitals, nearby towns or jobs, it could be considered an enduring benefit. Short-term and long-term benefits should be considered when developing ESG indicators.

**FINDING 3****Data should reflect the interconnectedness of environmental, social and governance issues****BROAD RANGE OF DATA NEEDS**

More than half of the participants from Indigenous organizations responded that all ESG indicators are equally important and interconnected. Some added that informed decision making requires an understanding of these interconnections and how they impact Indigenous peoples in the short and the long term. A broad range of data is therefore required to fully understand the impact of a project given the interconnectedness of the issues.

More than half of the participants expressed the need for more social and governance data in relation to ESG, such as data that outline what opportunities exist for Indigenous people; the level of training and skills development available to and needed by communities; and the funding, investment and ownership opportunities available to communities.

Most often, Indigenous organizations identified needing data on the following topics:

- the environment and the cumulative effects on water, land and air
- Indigenous stewardship
- population
- employment by age and gender, including for Indigenous people living off reserve and in urban areas
- Indigenous procurement and Indigenous-owned businesses
- Indigenous representation in decision making (e.g., participation on executive boards or in leadership positions of projects)
- the incorporation of Indigenous knowledge in project processes and solutions (e.g., environmental assessments or traditional land use, co-management, and risk mitigation)
- small and medium Indigenous enterprises
- capacity-building opportunities for Indigenous businesses and communities
- consultation and engagement
- the incorporation of Indigenous value systems, co-management practices, equal participation in decision making and community-led solutions.

Most often, non-Indigenous participants identified data on climate risk, greenhouse gas emissions, employment, education or training, income, and representation on boards and in management positions as being useful for their organizations.



FREQUENTLY MENTIONED THEMES

Throughout the engagement, common themes began to emerge through ideas and questions. These themes were compiled into the list below and discussed with participants to determine whether they could be used as broad themes for developing indicators related to ESG and Indigenous peoples.

All participants agreed that common themes need to be considered when developing indicators related to ESG and Indigenous peoples. Some participants expressed that the themes are best approached from qualitative spaces led by Indigenous communities. Some participants recommended further engagement with Indigenous communities and businesses to develop methods of measuring associated risks. Some participants expressed that it is difficult to measure the risks associated with the themes as data are unavailable or inaccessible (e.g., agreements between communities and the resource sector are private).

LIST OF COMMON THEMES

- a. Indigenous sovereignty on land and water rights (historical or modern treaties or land claims agreements)
- b. Policy frameworks that support the implementation of or adopt the United Nations Declaration on the Rights of Indigenous Peoples and the Truth and Reconciliation Commission of Canada's recommendations
- c. Respect of Indigenous peoples' knowledge and their relationship with the land (e.g., water, land, wildlife) and their spiritual practices
- d. Integration of traditional knowledge in community-led solutions within a project and the employment of community members with existing skills (e.g., habitat knowledge [caribou, bison, moose, fish, geese, bears], mitigation strategies, conservation and reporting)
- e. Respect of traditional and cultural practices (e.g., gatherings; powwows; hunting, trapping and fishing seasons) during engagement and relationship building
- f. Awareness of current and historical community issues (e.g., health concerns [access to nutritious food; diabetes; COVID-19; teen suicide; addiction prevention; wellness and mental health; post-traumatic stress disorder and intergenerational trauma from missing and murdered Indigenous women and girls, residential schools, the Sixties Scoop, etc.]) that lead to other impacts (e.g., limited capacity within community governance and engagement or socioeconomic inequities)
- g. Recognition and upholding of traditional land use surveys (e.g., respect of traditional burial grounds and traditional camps)



- h. Language considerations (e.g., use of translation in all engagement activities)
- i. Community-specific trust- and relationship-building plans
- j. Meaningful engagement within the duty to consult or community consultation (e.g., engage early and often, share results and next steps, and always go back to engage again)
- k. Free, prior and informed consent (FPIC) framework
- l. Investment in community-led proactive solutions (e.g., support the self-determination of communities that are looking for funding for traditional land and youth camps, schools or training, clinics, healing lodges and mental health, housing and water infrastructure, and recreation [What investment will be used? Where and how?])
- m. Revenue and benefit sharing
- n. Indigenous investment and ownership opportunities in projects

**FINDING 4**

Engagement should be done early, often and on a continuous basis throughout the life cycle of a project and should encompass consent and capacity building

ENGAGEMENT

More than half of the participants and all the Indigenous organizations recommended that Indigenous engagement be done early, often and continuously, with evolving efforts to establish and sustain long-term and enduring community benefits through the mutual understanding of the parties involved. More than half of the participants recommended that engagement be collaborative, cohesive and meaningful. More than half of the participants agreed that ethical and transparent follow-up processes, ownership and decision-making opportunities, and the keeping of promises are critical to developing mutually beneficial relationships with Indigenous communities.

CONSENT AND CAPACITY BUILDING

All participants recommended that ESG and Indigenous peoples topics be approached from a relationship-building perspective through the lens of FPIC that is determined by each community's interests, goals and priorities. All Indigenous organizations highlighted that each community should outline and determine the definition of consent, with constant and reaffirmed engagement throughout any project. Beyond consent, the majority of participants also recommended that Indigenous community involvement be planned and outlined for every step of a project—development, building, owning, operating and maintenance.

All Indigenous organizations highlighted that FPIC includes support, such as financial support for community legal and administrative needs for informed decision making and the co-development of legal documents, to facilitate consent. Additionally, more than half of the participants recommended supports for capacity development and reporting to better equip Indigenous partners, communities and governments with the tools and resources to advocate for themselves. The majority of participants noted the current capacity challenges Indigenous communities face from survey and engagement burden.

**FINDING 5****Data users should have access to a range of data products to suit their different needs****GRANULARITY AND VARYING LEVELS OF ANALYSIS**

Given the breadth of needs when it comes to ESG data, all participants would prefer to have more granular and disaggregated data, including more ESG data at the regional, territorial or provincial, northern, and community levels.

Participants were also interested in a variety of methods to present data and varying degrees of analysis to meet the needs of more sophisticated users who conduct their own analysis and users who would like to use ESG information but lack the capacity to analyze data. Therefore, all participants were interested in microdata files they can use and analyze themselves and found value in the various methods of data presentation, the data visualization tools, and the descriptive analysis reports that compare data and show trends over time. In other words, there would be a data product to suit the needs of every user, regardless of their capacity constraints.

Participants recommended that various data and products be housed in one location to facilitate ease of access.

QUALITATIVE VERSUS QUANTITATIVE DATA

All participants expressed the need for qualitative and quantitative data to support their work. More than half of the participants highlighted the need for qualitative data to support building relationships with Indigenous peoples by clarifying and contextualizing quantitative data. Some participants expressed that qualitative data should include and factor in Indigenous ways of knowing. Some participants cautioned that comparing Indigenous data with non-Indigenous data could contribute to negative or generalized narratives.

INDUSTRY BREAKDOWNS

More than half of the participants recommended that indicators focus only on specific industries. The following industries or sectors were mentioned: natural resources, mining, oil and gas, green energy, manufacturing, telecommunications, forestry, fisheries, tourism, procurement, shipping, transportation, agriculture, banking, finance and capital flow.

**FINDING 6****The development of environmental, social and governance indicators related to Indigenous peoples should be Indigenous-led**

Statistics Canada sought feedback from all engagement participants on whether issues related to ESG and Indigenous peoples could be captured under the ESG themes or whether an Indigenous theme should be used to capture Indigenous interests. Less than half of the participants recommended that an Indigenous theme be created. However, almost all Indigenous organizations were concerned that creating an Indigenous indicator or grouping Indigenous interests outside the ESG themes could have the negative effects of othering, exclusion, cultural appropriation or tokenism. All Indigenous organizations recommended that Indigenous peoples and organizations lead on defining the indicators that would fall under the Indigenous theme in IESG (Indigenous, environmental, social and governance) or ESGI (environmental, social, governance and Indigenous).

Almost all participants recommended that information or data regarding ESG and Indigenous peoples be made available. In addition, all engagement participants unanimously agreed that Indigenous topics and interests should be incorporated in each of the ESG themes to create inclusive Canadian-specific ESG spaces. Most participants found it more suitable to incorporate Indigenous topics or interests within each ESG data theme currently published by Statistics Canada as a step toward addressing the current limitations of international ESG frameworks that exclude Indigenous peoples. Some participants explained that this approach would facilitate the adoption of and the adaptation to the changes for those already reporting using universal or common ESG metrics.

Most participants from non-Indigenous organizations explained that Indigenous concepts in ESG are ingrained in their work, processes, mandates, and gender equity and diversity plans. Over half of the non-Indigenous participants expressed that remaining aligned with commonly used ESG frameworks and indicators benefits rights-holders by creating spaces for their voices to lead and shape conversations that define reporting on their interests and priorities. This inclusion, or the result of such a change within ESG, will likely generate important data for consideration, especially by Indigenous governments that make decisions in economic development projects.

Some participants saw value in disaggregating existing ESG indicators. Disaggregated data could reflect Indigenous realities (e.g., disaggregating employment data into Indigenous and non-Indigenous). Data under a separate Indigenous theme could come directly from a qualitative space that is shaped by communities and can embed Indigenous value systems in a way that does not prioritize Western science over Indigenous knowledge, thus creating a space in ESG that is entirely Indigenous-led.



FINDING 7

Data should be presented in a way that reflects positively on Indigenous peoples and does not perpetuate colonial stereotypes

More than half of the non-Indigenous participants would prefer comparative data points of Indigenous versus non-Indigenous populations and historical trends to track results over time.

More than half of the participants recommended that data should present positive Indigenous perspectives, such as successful Indigenous businesses or organizations. Some participants highlighted that positive datasets that showcase progress over time within Indigenous communities improve Indigenous outcomes when it comes to employment and training, knowledge transfer, business development, Indigenous project management, and Indigenous decision making.

More than half of the participants expressed that the dashboard needs to provide data that do not perpetuate colonial narratives by using strength-based models to frame information by showcasing the success of Indigenous value systems (e.g., in land use planning, co-management practices and conservation). This approach to data provides examples that highlight the successful work of communities that care for the environment and society and the benefits for communities of participating in decision making (governance) within the ESG framework.



ADDITIONAL FINDINGS

BIAS

While engagement participants raised various concerns related to ESG, and ESG and Indigenous peoples, the majority of the voices and ideas covered in this report are subjective to the interests of those whose work aligns with or uses ESG concepts, measures and methodologies. While most participants had an interest in ESG to some degree, one Indigenous organization outlined that the ESG concepts do not align with its work or the values of Indigenous peoples and therefore do not have its support. Statistics Canada is aware that the limited participation from organizations that do not support ESG topics and methods is a form of confirmation bias within this engagement findings report.

DATA SOVEREIGNTY

More than half of the Indigenous organizations raised concerns over Indigenous data sovereignty, explaining that Indigenous access to tabulated data should not be monetized for Indigenous people and that data or information must be used in a way that is culturally relevant to Indigenous people. Most Indigenous organizations expressed a need for clarity by asking the following questions: (1) Who owns the data? (2) Who benefits? (3) What do Indigenous communities need and want?

ANCESTRAL, TREATY AND LAND RIGHTS

A question was raised about how ancestral, treaty and land rights would be presented in an ESG space. More than half of the participants raised concerns that treaty rights have different obligations from a legal perspective and that industries using ESG frameworks need to better understand and plan when working with Indigenous peoples. Knowledge of treaty and non-treaty geography is important in developing mutually beneficial relationships between industry, the resource sector and Indigenous people. More than half of the participants recommended that Statistics Canada's ESG project include information that shows mapping by treaty, agreement or non-treaty territory.

IDENTIFICATION OF INDIGENOUS BUSINESSES

More than half of the Indigenous organizations raised concerns about how to identify Indigenous businesses. Many Indigenous organizations emphasized the importance of transparency in that process because Indigenous identity appropriation from a business



perspective is used to gain access to grants, funding and tax breaks. This hinders access and limits the available capital for the Indigenous businesses that need it the most. Some participants expressed that the ESG project should position itself in support of Indigenous businesses to allow insights into industry and access to ESG learning opportunities and to provide non-Indigenous businesses with access to Indigenous companies and organizations (e.g., via a link to an Indigenous business registry or directory).

PROJECT NEXT STEPS

Based on this feedback, Statistics Canada will develop a plan for developing and presenting data to inform ESG and Indigenous peoples. The plan will be comprehensive and address survey development, respondent and partner relations, analytical plans, indicator development, and data quality evaluations, along with other statistical program components. Indigenous voices and organizations will continue to inform the development of a suite of indicators that addresses the needs of Indigenous communities and more accurately represents the Canadian context.



APPENDIX A

The following reports were provided by Indigenous organizations to inform the ESG dashboard project:

- First Nations Revenue Source Research Report. (2020). First Nations Financial Management Board. https://fnfmb.com/sites/default/files/2020-11/2020-10-16_fmb_first_nations_revenue_research_report_en.pdf
- Indigenous Clean Energy 2021-2022 Annual Report: Powering Indigenous inclusion and leadership in the clean energy transition. (2022). Indigenous Clean Energy. <https://indigenoucleanenergy.com/wp-content/uploads/2022/09/2021-22-ICE-Annual-Report.pdf>
- Indigenous Sustainable Investment: Discussing Opportunities in ESG. (2021). First Nations Major Project Coalition. https://fnmpc.ca/wp-content/uploads/2021/04/FNMPC_ESG_Primer_2021_Final.pdf
- National Indigenous Economic Strategy for Canada. (2022). https://niestrategy.ca/wp-content/uploads/2022/12/NIES_English_FullStrategy_2.pdf
- National Inuit Climate Change Strategy. (2019). Inuit Tapiriit Kanatami. https://www.itk.ca/wp-content/uploads/2019/07/ITK_Climate-Change-Strategy_English.pdf
- National Inuit Strategy on Research. (2020). Inuit Tapiriit Kanatami. <https://www.itk.ca/wp-content/uploads/2020/10/ITK-National-Inuit-Strategy-on-Research.pdf>
- Ownership, Control, Access and Possession (OCAP™): The Path to First Nations Information Governance. (2014). The First Nations Information Governance Centre. https://fnigc.ca/wp-content/uploads/2020/09/5776c4ee9387f966e6771aa93a04f389_ocap_path_to_fn_information_governance_en_final.pdf
- Roadmap to Investing in Canada: Indigenous Inclusion in ESG. (2021). First Nations Major Project Coalition. https://fnmpc.ca/wp-content/uploads/2021/05/FNMPC_Conference_Overview_v6.pdf
- Strengths-Based Approaches to Indigenous Research and the Development of Well-Being Indicators. (2020). The First Nations Information Governance Centre. https://fnigc.ca/wp-content/uploads/2021/05/FNIGC-Research-Series-SBA_v04.pdf
- The RoadMap Project. (2022). First Nations Financial Management Board. https://fnfmb.com/sites/default/files/2022-11/fnfmb_roadmap_summary_en.pdf
- Toward Net Zero by 2050 Conference Findings and Report. (2022). First Nations Major Project Coalition. https://fnmpc.ca/wp-content/uploads/2022/11/FNMPC_Post-Conf_11022022_web.pdf
- Truth and Reconciliation Commission of Canada: Calls to Action. (2015). Truth and Reconciliation Commission of Canada, Government of Canada. https://ehprnh2mwo3.exactdn.com/wp-content/uploads/2021/01/Calls_to_Action_English2.pdf
- United Nations Declaration on the Rights of Indigenous Peoples. (2007). United Nations. https://social.desa.un.org/sites/default/files/migrated/19/2018/11/UNDRIP_E_web.pdf