



# ALL HANDS ON DECK: Opportunities for Investment Management Firms to Advance Reconciliation

Investment management firms can play an important role in advancing reconciliation and Indigenous rights recognition as employers, economic actors, shareholders, capital providers and, for those with Indigenous clients, stewards of Indigenous wealth. However, many investment management firms have not explicitly adopted a reconciliation and rights recognition lens to view their investment practices and processes, creating a gap in the responsible stewardship of capital belonging to Indigenous communities and other asset owners interested in supporting reconciliation.

Incorporating reconciliation and respect for Indigenous rights into investment firms' policies and practices is important. The Truth and Reconciliation Commission Call to Action 92 calls upon the corporate sector to adopt the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) as a reconciliation framework and apply its principles, norms, and standards to corporate policy and core operational activities. Indigenous rights – and Free, Prior, and Informed Consent (FPIC) specifically – are financially material issues for investors. Strategically, engaging with Indigenous communities mitigates risk and protects and enhances the value of investments. Central to the investment process is the relationship between Indigenous trusts and other institutional investors as asset owners and their investment managers.

While many investment management firms have endorsed reconciliation in Canada, the degree to which firms support reconciliation and Indigenous rights recognition is not well understood. How should asset owners expect their investment managers to fulfill these roles, and how well are investment managers meeting those expectations? To better understand investment managers' efforts, the Reconciliation and Responsible Investment Initiative (RRII) developed a framework structured around three pillars:

- 1 Internal Organizational Policies and Practices: Fostering Indigenous economic success and building opportunities**
- 2 Client Relations Policies and Practices: Stewarding Indigenous communities' wealth effectively**
- 3 Investment and Stewardship Policies and Practices: Incorporation of Indigenous rights and economic reconciliation into investment analysis and stewardship**

This framework was used to create a survey to identify current investment management practices related to reconciliation and Indigenous rights recognition. The survey was conducted in February and March 2021, and 47 responses were received and analyzed.

The research reveals significant differences in the levels of awareness of – and engagement with – reconciliation and Indigenous rights recognition across the investment management firms that responded to the survey. While almost all respondents acknowledged these roles in some way, the aggregate picture shows clear opportunities for firms to strengthen their actions to promote reconciliation and Indigenous rights recognition. This report offers recommendations for investment management firms to continue walking alongside Indigenous people on this journey towards a shared, more productive, and inclusive future.

Recommendations and related possible actions are summarized in the following table:

RECOMMENDATION	POSSIBLE ACTIONS
<p><b>1. Articulate a clear vision on reconciliation and Indigenous rights, including policies, practices, and outcomes to guide and measure the firm's actions</b></p>	<ul style="list-style-type: none"> <li>• Develop a public statement, grounded in relevant frameworks, laws, and international conventions, articulating the firm's vision of reconciliation</li> <li>• Establish a plan outlining key actions and priorities for advancing reconciliation</li> <li>• Identify outcomes for corporate engagement activity</li> <li>• Collaborate with peers and reconciliation-aligned organizations to identify and share best practices</li> </ul>
<p><b>2. Deepen engagement with Indigenous peoples</b></p>	<ul style="list-style-type: none"> <li>• Organize cultural awareness training and education on the history of Indigenous peoples, UNDRIP, treaties and Aboriginal rights, Indigenous law, and Aboriginal-Crown relations for all firm management and staff</li> <li>• Explore partnership opportunities with Indigenous-led organizations, initiatives, and programs, as well as university programs that focus on building Indigenous leadership in business</li> <li>• Support research about the financial case for investing in Indigenous businesses and employment, and for procurement of Indigenous goods and services</li> <li>• Support the development and/or expansion of Indigenous-led investment products and funds</li> </ul>
<p><b>3. Review firm policies to identify opportunities to expand support for reconciliation and ensure they are consistently implemented</b></p>	<ul style="list-style-type: none"> <li>• Develop internal accountability mechanisms to monitor the firm's efforts to advance Indigenous rights and reconciliation</li> <li>• Identify initiatives and set targets for the training, hiring, and advancement of Indigenous employees</li> <li>• Ensure firm diversity policies are effective in fostering Indigenous representation in senior management and board roles</li> <li>• Prioritize procurement from Indigenous-owned businesses</li> <li>• Incorporate consideration of Indigenous rights and reconciliation into investment analysis</li> <li>• Incorporate guidance related to Indigenous rights into proxy voting guidelines</li> </ul>
<p><b>4. Actively promote reconciliation across the investment chain</b></p>	<ul style="list-style-type: none"> <li>• Support efforts to incorporate relevant indicators related to Indigenous rights into ESG rating systems and methodologies</li> <li>• Seek expanded disclosure from investee companies on relevant metrics related to reconciliation and Indigenous rights</li> <li>• Advocate for meaningful corporate policies on Indigenous rights and FPIC with portfolio companies</li> <li>• Discuss reconciliation and Indigenous rights in regular meetings with clients, in presentations on ESG investing, and in analyst calls to help normalize the inclusion of Indigenous priorities in these conversations</li> </ul>
<p><b>5. Identify opportunities to support economic reconciliation and partnerships with Indigenous communities and businesses across investment portfolios</b></p>	<ul style="list-style-type: none"> <li>• Identify opportunities to provide support to investee companies on their pursuit of equity ownership arrangements with Indigenous businesses, entrepreneurs, and communities</li> <li>• Initiate or support the development of Indigenous-focused investment vehicles</li> <li>• Support company efforts in deepening relationships and partnerships with Indigenous communities, people, and organizations</li> </ul>



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