

CIBC MELLON



BNY MELLON



# Indigenous Institutional Investors and Market Engagement: Walking Forward

APRIL 2023







## LAND AND ECONOMIC TRADITION ACKNOWLEDGEMENT

We acknowledge that the land on which our company's teams are located includes the traditional territory of many Nations and peoples.

The traditional meeting places of Vancouver, Calgary, Winnipeg, London, Mississauga, Toronto, Montreal and Halifax are home to many Indigenous people, and we are grateful to have the opportunity to work in these communities.

Furthermore, we acknowledge that Indigenous Peoples had extensive trade networks in place prior to the arrival of European settlers, allowing for the movement of people, goods, services, and ideas over vast areas. Indigenous people were not only geographically and demographically the first ones in what is now considered Canada – the meaning of “first” from an economic perspective is that Canada would not have existed without the extensive history and undertaking of the fur trade.

### The history of Canada and its economic growth began with the introduction of First Nation modes of trade with European settlers.

According to “[First Nations Trade, Specialization, and Market Institutions: A Historical Survey of First Nation Market Culture](#),” trade and specialization were common to First Nations in Canada and throughout the Americas in the pre- and early contact periods.

Moreover, public infrastructure, standards, mediums of exchange, and property rights to support markets were also common before contact. First Nations in Canada pre-contact had all the market characteristics required to promote economic growth.

We encourage you to consider and learn more about the history of the land on which you reside today. Educational resources are available, including the detailed “Indigenous Canada” course offered free of charge by the University of Alberta.



Indigenous institutions are seeking to accelerate and advance their investment capabilities. As settlements and trusts endow communities with significant financial and capital investment, institutions and their stakeholders face rapidly rising pressure to balance urgent short term needs against the importance of investing capital to support the needs of future generations.



## Contents:

5. INTRODUCTION
6. TRUTH AND RECONCILIATION AT CIBC MELLON
7. RISING AWARENESS
8. INDIGENOUS ECONOMY AS A SOURCE OF GROWTH AND OPPORTUNITY
10. INDIGENOUS INSTITUTIONS: OPPORTUNITIES TO LEARN FROM AND LEVERAGE PROVEN INSTITUTIONAL INVESTOR MODELS IN CANADA
13. NON-INDIGENOUS ASSET MANAGERS AND ASSET OWNERS HAVE A ROLE IN ADVANCING RECONCILIATION
17. QUESTIONS WORTH ASKING
21. CANADIAN ASSET OWNERS AND RECONCILIATION: LEARNING, LEANING IN...OR WAITING
26. GLOSSARY OF SELECTED INDIGENOUS AND SOCIAL FINANCE TERMS



**JAIMIE LICKERS**

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Jaimie is the Vice-President of CIBC's Indigenous Markets team. With twelve years of experience servicing Indigenous clients in the legal market, Jaimie joined CIBC in 2020. She leads CIBC's Indigenous Trust Services and Indigenous Lending teams, and advises on retail banking for Indigenous clients. Jaimie brings both personal and professional knowledge to our mission to provide accessible and innovative banking solutions for our Indigenous clients. She also works closely with CIBC's Diversity and Inclusion team at CIBC to ensure positive banking experiences for all of our clients. Jaimie is Onondaga and a member of the Six Nations of the Grand River.



**TRISH ROBERTS**

Assistant Vice President, Relationship  
Management and Segment Lead, Indigenous  
Markets and Family Offices

Trish leads the team responsible for developing, sustaining and servicing CIBC Mellon's specialist asset owner relationships, including Endowments, Foundations, Indigenous institutional investors, First Nations entities and First Nation-owned corporations, Family Offices, and other specialized asset owners. She works closely with internal operational groups, consultants, investment managers and global enterprise colleagues across CIBC and BNY Mellon to support delivery of asset servicing and digital solutions for CIBC Mellon's specialist asset owner clients. She is an active volunteer within CIBC Mellon, including as a member and prior chair of the company's Women's Initiatives Network. She more than 30 years of financial services and asset servicing experience.



**GORD KOSOKOWSKY**

Executive Director,  
Relationship Development and Co-Head,  
Asset Manager Segment

Gordon Kosokowsky is Executive Director, Relationship Development and is responsible for business development at CIBC Mellon within the investment fund segment.

He has more than 30 years of experience in Corporate and Institutional financial services, including positions in foreign exchange and trade finance, insurance, capital accumulation / defined benefit plans, institutional investment management, asset servicing, and pension experience.

He joined CIBC Mellon in 2005, and is focused on helping prospective clients find unique solutions to asset servicing and digital challenges using enterprise solutions across CIBC Mellon, BNY Mellon and CIBC.

## Introduction: Truth and Reconciliation

Indigenous peoples, Nations and Institutions have seen significant focus in Canada and around the world, with a rapid rise in attention in recent years driven both by organization and government attention as well as by growing public awareness and calls for action.

In 2015, Canada's Truth & Reconciliation Commission (TRC) released its report with 94 recommendations. The TRC engaged Indigenous and non-Indigenous Canadians to redress the legacy of residential schools and advance the process of reconciliation in Canada. Meaningful reconciliation, as the 2015 Canadian TRC recommended, needs to be seen as a renewed process that asserts Indigenous sovereignty and respects the original intent of the Indigenous-Canadian relationship as one that is Nation-to-Nation.

Recommendation 92 asks the corporate sector and their leadership to adopt the United Nations Declaration on the Rights of Indigenous People. The commission calls for meaningful consultation, long term sustainable opportunities from economic development projects as well as education and training for managers on the history of Indigenous people, intercultural competency, human rights and anti-racism.

On September 30, 2021, Canada marked the first National Day for Truth and Reconciliation. The day honours the lost children and Survivors of residential schools, their families and communities. The creation of this federal statutory holiday was through legislative amendments made by Parliament. On June 3, 2021, Bill C-5, *An Act to amend the Bills of Exchange Act, the Interpretation Act and the Canada Labour Code* received Royal Assent.

Building from this, organizations sought to assess their risks and obligations, to learn more and, in a number of cases, to take meaningful action. Companies are at many stages in this journey, ranging from viewing Truth and Reconciliation as outside their scope of responsibility or fiduciary duty as a matter to address at a later date (for example as resources become available), or as a call to action. For those moving ahead, some have the desire to take action but hesitate to do so for fear of mis-step. Others are moving ahead and taking action to invest capital, attention and implement change. There are organizations with a long history of successful engagement with Indigenous businesses, communities and investors who are leveraging both the foundation of TRC as well as the recent uptick in attention focused on Indigenous communities and reconciliation to advance and expand their efforts.

Many indigenous institutions are seeking to advance their capabilities as institutional investors and allocators. This is timely: as settlements and trusts endow communities with significant sums of financial investment, those institutions likewise face rapidly rising pressure to balance urgent short term needs against the importance of investing capital to support the needs of future generations.

**This research paper builds on primary research into Canada's asset owners, an array of client conversations, and on the foundation of TRC. We summarize CIBC Mellon's understanding of current themes, and seek feedback and engagement. Our goal is to support both Indigenous institutions seeking to advance their engagement with non-Indigenous firms, as well as to provide questions and context for non-Indigenous firms who wish to advance or evolve their efforts related to Truth and Reconciliation. Throughout the paper, we are also pleased to highlight an array of other relevant publications, resources and forums through which both Indigenous institutions and non-Indigenous institutional investors can learn and engage with this topic. Above all, our focus is on moving toward greater shared understanding. We welcome input and feedback at [research@cibcmellon.com](mailto:research@cibcmellon.com).**

## Truth and Reconciliation at CIBC Mellon

Truth and Reconciliation Call to Action Recommendation 92 offers practical guidance to support corporations in taking meaningful steps. In response to Call to Action 92, CIBC Mellon launched a formal effort to better service Indigenous clients with the formation of its Indigenous Asset Servicing business unit, which is designed to help our organization progress across corporate affairs activities, employee education, consultation with clients, recruitment and more. Our efforts have included lessons learned, including providing Indigenous clients with the choice to elect to be serviced either within or outside the Indigenous business unit.

One of the key missions for our newly-created Indigenous Asset Servicing unit is to strengthen CIBC Mellon's ability to attract, retain and engage Indigenous professionals, and to ensure the incorporation of their perspectives to advance CIBC Mellon's service models and asset servicing products. We believe that retaining Indigenous professionals and incorporating their perspectives allow us to better meet the needs of Indigenous Institutions – a market segment where CIBC Mellon has proudly earned and retained a growing array of investment servicing mandates. The CIBC Mellon team has benefited from input from clients, and from the team at CIBC Indigenous Markets to provide context, consideration and insights.

Better understanding the needs of Indigenous institutions is a key function of CIBC Mellon's Indigenous Asset Servicing business unit, and we look forward to continuing our engagement with Indigenous institutions and clients regarding their asset servicing needs.

Across many discussions, several key themes emerged, including a view that practical and meaningful action as well as strong delivery of the core business capabilities contracted are for many clients much more important than performative acknowledgements or demonstrations. That said, for many clients practical and meaningful action includes at its baseline a demonstrated commitment to educate staff and stakeholders regarding the practices, history and needs of Indigenous institutions. **While Indigenous Nations are not a monolith and represent a wide array of histories, traditions and peoples, and Indigenous institutional investors likewise represent a diverse array of institutions, consensus remained in general recognition of the principles endorsed in the Truth and Reconciliation call #92 to organizations:**

Meaningful engagement

Equitable access to opportunity  
(both business and employment)

Education of employees related  
to intercultural competency.

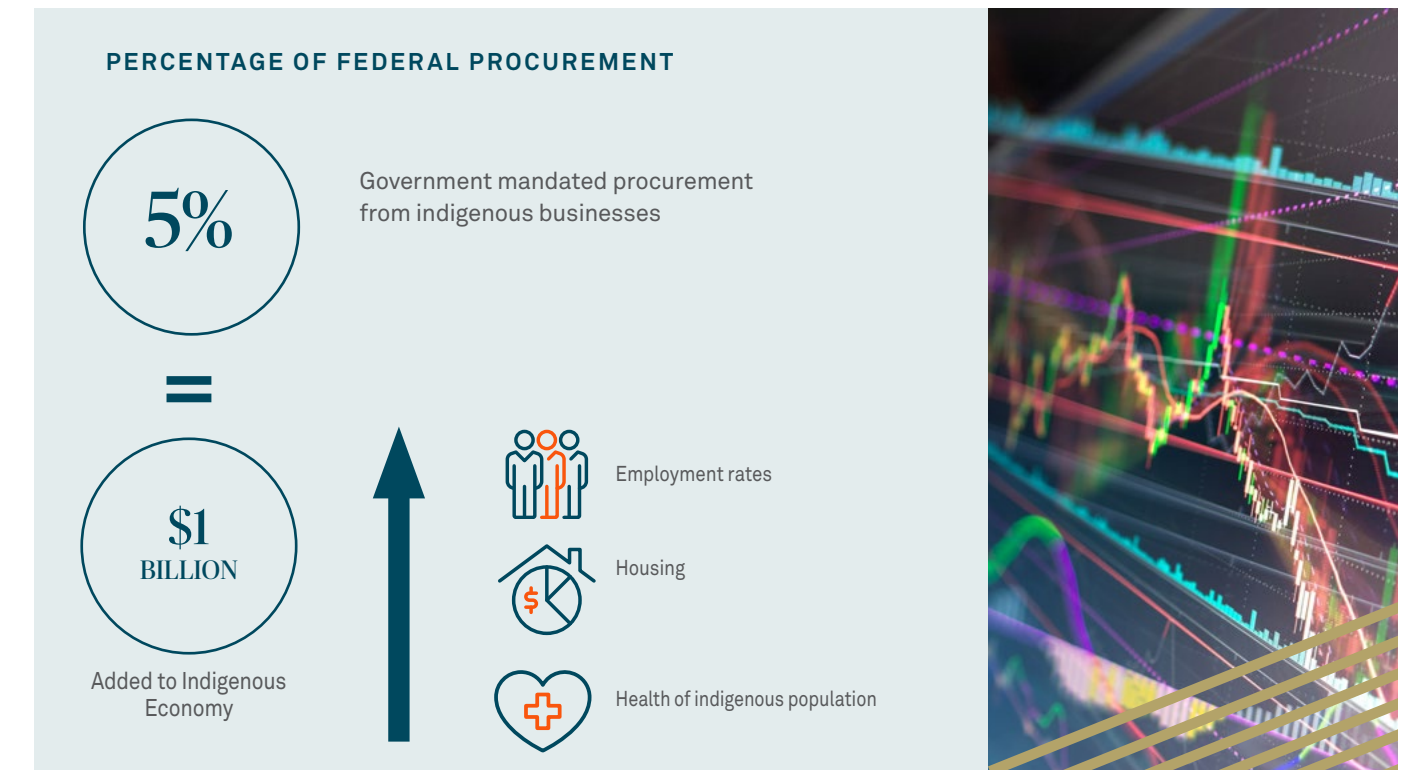


## Rising Awareness

On the heels of a rising collective awareness, there is increasing Indigenous participation in capital markets and supply chains. According to the CCAB's (global change) publication, "[Industry and Inclusion: An Analysis of Indigenous Potential in Federal Supply Chains](#)," the inclusion of Indigenous businesses in supply chains is an important way that governments (and indeed, private enterprise) can support Indigenous business, and expand policy and statements to take action.

According to research incorporated in the 2021 Annual Report from the CCAB, Indigenous businesses currently have the capacity to supply up to 24 per cent of federal procurement. As a result of those findings, the government mandated procurement from Indigenous business to at least 5 per cent. By increasing Indigenous procurement to 5 per cent, the CCAB estimates that \$1 billion would be added to the Indigenous economy, which will in turn improve employment rates, housing and the health of the Indigenous population.

With faster growth among Indigenous populations comes recognition of the need to reconcile, incorporate and address historical barriers to greater Indigenous participation, engagement and service delivery to both Indigenous and non-Indigenous marketplaces.





## The Indigenous Economy as a Source of Growth and Opportunity

The publication, “[All Hands on Deck: Opportunities for Investment Management Firms to Advance Reconciliation](#),” was produced as part of the Reconciliation and Responsible Investment Initiative (RRII) – a partnership between the National Aboriginal Trust Officers Association (NATOA) and the Shareholder Association for Research and Education (SHARE).

According to the publication, Indigenous trustees steward assets collectively worth billions of dollars, held in trust for the benefit of present and future generations of their communities. With support from contracted investment management firms, Indigenous trusts often invest in capital markets on behalf of their beneficiaries.

Furthermore, the publication notes that other institutional investors, such as foundations and universities, are exploring opportunities to support Indigenous peoples by leveraging their investments to advance reconciliation goals. Central to the investment process for Indigenous trusts and other institutional investors is the relationship they have with their investment managers.

Investment management firms play critical roles as employers, economic actors, shareholders, and capital providers – as well as stewards of Indigenous wealth, for those with Indigenous clients. As such, investment managers are in a unique position to contribute to the broad societal aim of reconciliation between Indigenous and non-Indigenous peoples in Canada.

According to Purpose Capital’s report, “[Impact Investing in the Indigenous Context: A Scan of the Canadian Marketplace](#),” Indigenous trusts are the largest sector handling Indigenous assets which are commonly derived from land claim settlements or community benefits agreements. Many of these trusts are managed in a similar way to foundations and faith-based endowments, who invest their principal capital in traditional market investments. Investment incomes are then applied towards their grant-making or into business activities such as social enterprises or for-profit organizations that support indigenous employment. As new trusts are formed and existing trusts’ governance structures continue to evolve, there may be opportunities for dialogue around how these resources could be deployed with greater impact.



The Government of Canada has negotiated settlement claims on more than 600 specific claims. Out of the hundreds of outstanding claims, more than 300 have been accepted for negotiation, and more than 100 specific claims are currently under review or assessment. Even without considering that, Canada has not yet accepted many, and still many more may yet be filed. There could be hundreds or even thousands of claims that have not yet been filed!



Indigenous trusts and other indigenous-led organizations are entrusted with significant assets based on settlements, economic reconciliation, as well as growing assets via investment returns and business activities. They will face new challenges as they scale up. Like other asset owners, Indigenous Trusts will face operational and investment issues, including appropriate asset allocation, balancing short term and long term financing goals, governance and operating models. These organizations will have to balance the dual mandate of making positive impacts to the lives and livelihoods of the Indigenous individuals and communities for whom the assets are ultimately owed, but also to steward capital and grow financial and investment capacity to preserve that capital for the long term.

For some indigenous trusts and organizations, challenges may be compounded by a need to further strengthen Board and Trustee knowledge related to financial matters and fiduciary oversight, helping Board members raise their knowledge of complex capital markets or investment matters in support of the execution of fiduciary duties.

1. <https://www.rcaanc-cirnac.gc.ca/eng/1100100030291/1539617582343>

## Indigenous institutions are advancing expertise, participation and outcomes

Given the increased focus on Indigenous communities across Canada, the intensity of the pressure to both deploy capital urgently to address the problems of today while also preserving capital for future generations cannot be overstated. As one Indigenous institutional investor highlighted, the particular requirements of an “Indigenous fiduciary” require an investment horizon far longer than almost any other capital markets institution: to consider the implications and duties not just to today’s members, or even their children, but for seven generations into the future. These duties come with all the relevant fiduciary exposures, up to and including the risk of future lawsuits against a trust or community by those generations to come.

There are nonetheless opportunities – for example, Indigenous institutions deploying assets against infrastructure projects to produce meaningful impacts to the communities they serve, while also delivering positive capital outcomes over the long term. In recent years, there is a rapid expansion in Indigenous owned and led businesses, rising up to meet the demand from corporations and individuals looking to align both institutional procurement and individual purchasers with their values.

Indigenous institutions are no monolith. For some trusts and communities, increasing institutional financial literacy will be at the forefront. Challenges like educating trustees and board members who lack formal financial education on opportunities, challenges and choices associated with institutional participation in capital and investment markets. Questions of how to receive, manage, invest, secure, safeguard and disburse funds will be at the forefront.

For other institutions, growing their expertise, assets and confidence brings great access to more advanced capital markets structures and instruments – social impact bonds, green bonds or other emerging structures to access additional opportunity for their organizations and underlying stakeholders. These indigenous institutions are in some cases also looking to leverage the rapidly rising appetite from non-Indigenous institutions to make a positive difference in keeping with economic reconciliation to structure and advance their investments activities.

## Indigenous Institutions: opportunities to learn from and leverage institutional investor models in Canada

Indigenous asset owners, managers and community members seek effective solutions, cost-efficient operations reflecting their stewardship obligations and responsive execution as they work to position their organizations to succeed. They will need to structure, scale and design their operations to maximize both opportunity and trust: this will include deciding which aspects of their activities should be delivered within and by the Indigenous business community, and which aspects can or should be delivered by non-Indigenous organizations.

Amid this, Indigenous asset owners may need to deploy diverse solutions that differ from other asset owners, or indeed from one another, as they seek to deliver and defend best practices and the course of action they set for each institution. Across this complexity, Indigenous institutions remain accountable to their beneficiaries and communities, and for the future needs of their communities for generations to come.



Indigenous institutions face unique challenges and opportunities as well as some parallel challenges compared to other asset owners such as endowments, foundations and pension investment funds.



## Operating models in focus: To do in-house or to outsource?

Like other asset owners, Indigenous institutions face difficult and increasingly complex choices about what they chose to do themselves in-house, versus what they outsource. In many cases, Indigenous institutions are also accountable for more than just financial outcomes: often they hold multiple mandates that include addressing urgent community needs (infrastructure, housing, social needs, preserving traditional lands) as well as investing in current needs and future opportunities. Many recognize that the stakes are very high, with long term implications. As such, a focus on learning from and leveraging proven models and approaches from within the Indigenous institutional community as well as from other institutions with demonstrated success driving longer term thinking.

One defining theme that emerged from CIBC Mellon's research within and outside the Indigenous institutional space is that while there is no one size fits all approach, some sizes fit more. While each institution, Nation and organization will have its own specific circumstances, there remain opportunities for institutions to leverage or adapt proven operational approaches that Canadian pension plans and other institutions have developed in collaboration with their suppliers.

For example, many Canadian pension plans operate under what is loosely termed the "Canadian Model<sup>2</sup>," characterized by independent organizations acting at arm's length or separately from governments, and overseen by boards of directors on behalf of both member and sponsor stakeholders. "Canadian model" plans also typically employ high value talent that can deliver strong results. They also seek to design and deliver an investment and operations model that includes both in-sourced activities in areas where the organization sees a key value differentiator, while outsourcing non-core functions to specialist or high scale providers. "Canadian model" plans typically also take a very long horizon view to meeting long-term pension obligations on behalf of members, considering decisions out years and even multiple decades. This is a model the World Bank recognized as enabling longer-term decision making and a key factor in the Canadian model's success. Long-termism is, of course, not exclusive to jointly-sponsored plans, with many large Canadian single-employer pensions, endowments and foundations taking a similar perspective.

**The "Canadian pension model" has become known around the world for delivering results for stakeholders built around key factors such as independent governance, joint sponsorship by employers and employees, greater portions of in-house asset management, a long-time horizon, and most recently higher portions of investment into private market assets.**

2. <https://documents1.worldbank.org/curated/en/780721510639698502/pdf/121375-The-Evolution-of-the-Canadian-Pension-Model-All-Pages-Final-Low-Res-9-10-2018.pdf>

## Canadian asset owners and reconciliation: learning, leaning in...or waiting

Non-Indigenous institutions are increasingly aware of matters related to Indigenous peoples and institutions. For example, in Canada, the incorporation of Indigenous perspectives is part of the ongoing discussion of where and how to incorporate Environmental, Social and Governance factors into investment activities and within the fiduciary duties entrusted to institutional investors.

According to research commissioned by CIBC Mellon comprising over 50 asset owners headquartered in Canada with varying AUM between CAD\$700m to more than CAD\$20bn, a significant portion of Canadian asset owners believe they have the potential – or indeed the duty – to play an important role in fostering Truth and Reconciliation with Indigenous peoples and nations.

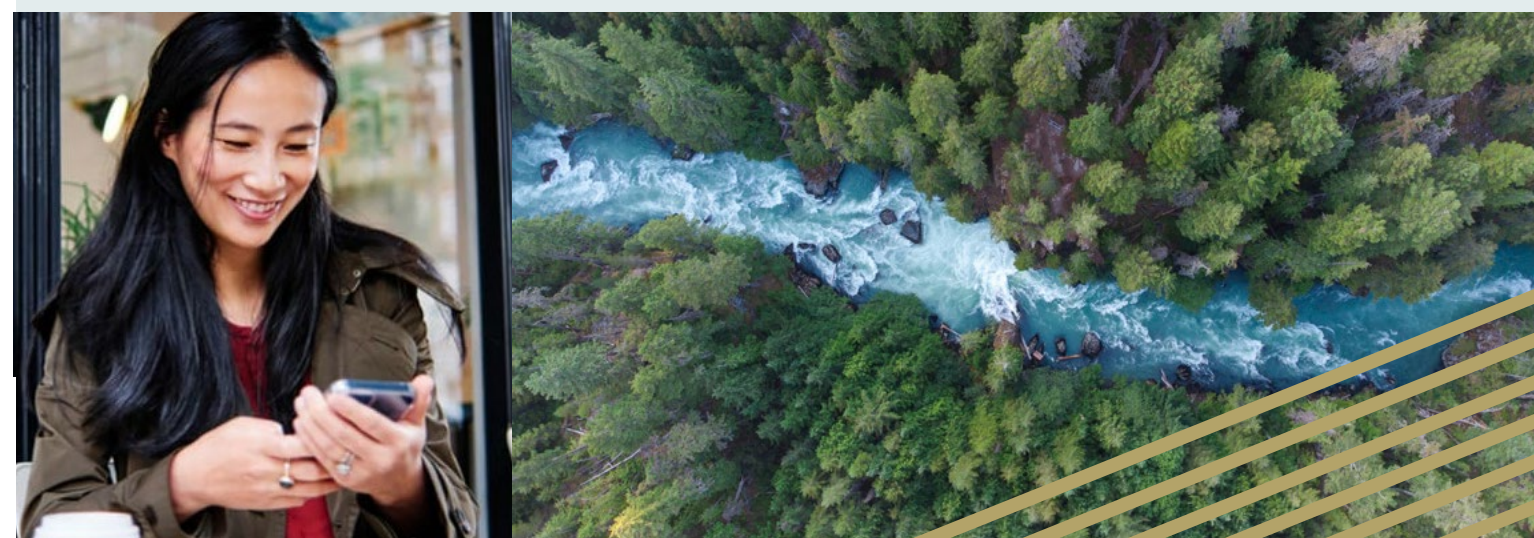
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**Procurement from indigenous businesses will help move the organization in the right direction. We are also increasing services and education to Indigenous people.”**

- CEO OF A MULTI-EMPLOYER PENSION SCHEME

**“We are researching new strategies to address Indigenous stakeholders to ensure our future strategies are aligned with the Indigenous economy goals.”**

- HEAD OF INVESTMENTS, ENDOWMENT

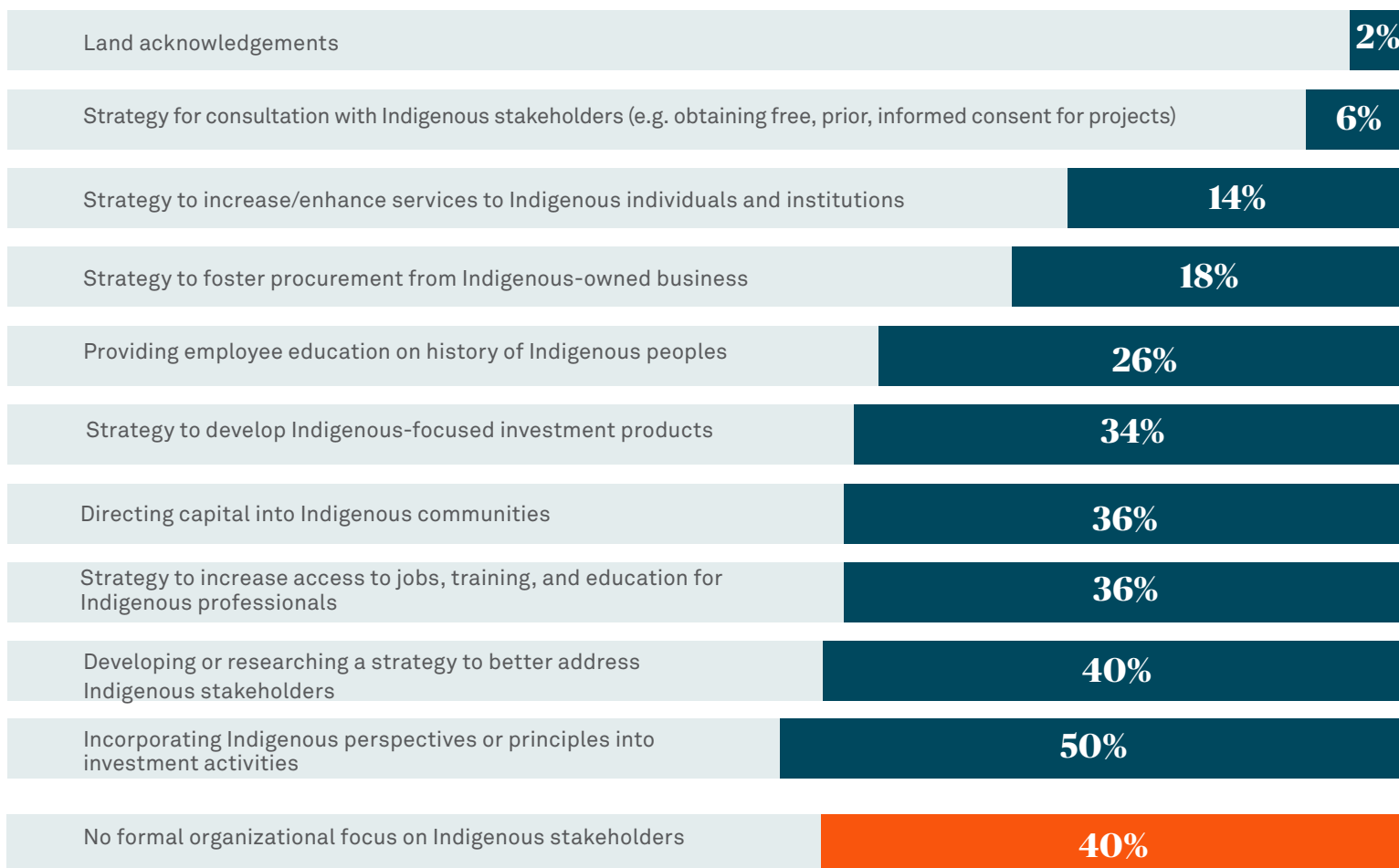


2. <https://documents1.worldbank.org/curated/en/780721510639698502/pdf/121375-The-Evolution-of-the-Canadian-Pension-Model-All-Pages-Final-Low-Res-9-10-2018.pdf>

For a significant number of respondents, work is at an early stage. Half of respondents (50%) say they are now incorporating indigenous perspectives in their investment activities, but tangible moves are less common. For example, only 36% of asset owners are directing capital towards Indigenous communities, and just 34% are developing investment products aimed at this part of the community. Work is underway across the industry, but 40% of respondents concede they have no formal organizational focus on Indigenous members. **Perhaps most challenging is the finding that despite broad statements of intent and action, just 6% of respondents reported the implementation of a strategy for consultation with Indigenous members (e.g. obtaining free, prior, informed consent for projects) – a core principle of the 92nd call to action within TRC.**

According to many asset owners, while Truth and Reconciliation may be important, many noted that it was not their most pressing problem or focus area. Those institutions noting they were not taking action commonly cited focusing on other more pressing business challenges or crises – such as dealing with the pandemic – as receiving prior focus. With the broad reopening, time will tell if institutions will turn their focus to improving their engagement with Indigenous communities.

**WHAT STEPS IS YOUR ORGANIZATION TAKING WITH RESPECT TO TRUTH AND RECONCILIATION/ INDIGENOUS ECONOMIC RECONCILIATION IN CANADA?**



Within these results, we also note that size seems to matter. Organizations reporting more than \$20 billion of assets under management reported significantly higher rates of engagement with Truth and Reconciliation as compared to their smaller peers in the \$700m-\$5b range more than two thirds of the largest investors claimed to be taking action related to incorporating Indigenous perspectives or principles into investment activities, introducing education and directing capital to Indigenous communities.

Conversely, the majority of smaller plans reported that they have no specific focus on the area, with below one fifth of small investors reporting strategies to develop products, enhance services or create Indigenous focused investment products.

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**We thought that it would be more feasible to focus on this aspect, of Truth and Reconciliation, later. However, we do understand that adequate preparation is required to justify our decisions to stakeholders.”**

**- MANAGING DIRECTOR, CORPORATE/SINGLE-EMPLOYER PENSION ENTITY**

Anecdotally, this size-action disparity may be the result of connectivity to larger corporate stakeholders for whom reconciliation is closer to the core strategy. For example, pension plans associated with corporations with active resource development or infrastructure projects for whom Indigenous communities represent key members, are more likely to be under pressure and have access to corporate resources or programming. For others, it is a matter of size: larger institutions have larger employee complements, and are more likely to be able to tap an individual or expert with the interest, expertise or insight to drive this forward.

**Canadian asset owners appear to be aware of the principles of truth and reconciliation, but for most there are other more pressing problems. Others seem concerned to not move in error and are choosing instead to wait for clearer standards or for others to chart the way. A few are taking cautious steps.**

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**We are still trying to identify the areas within our organization that would need improvement under Indigenous economic reconciliation in Canada.”**

**- CHIEF INVESTMENT OFFICER, GOVERNMENT ENTITY/AGENCY**



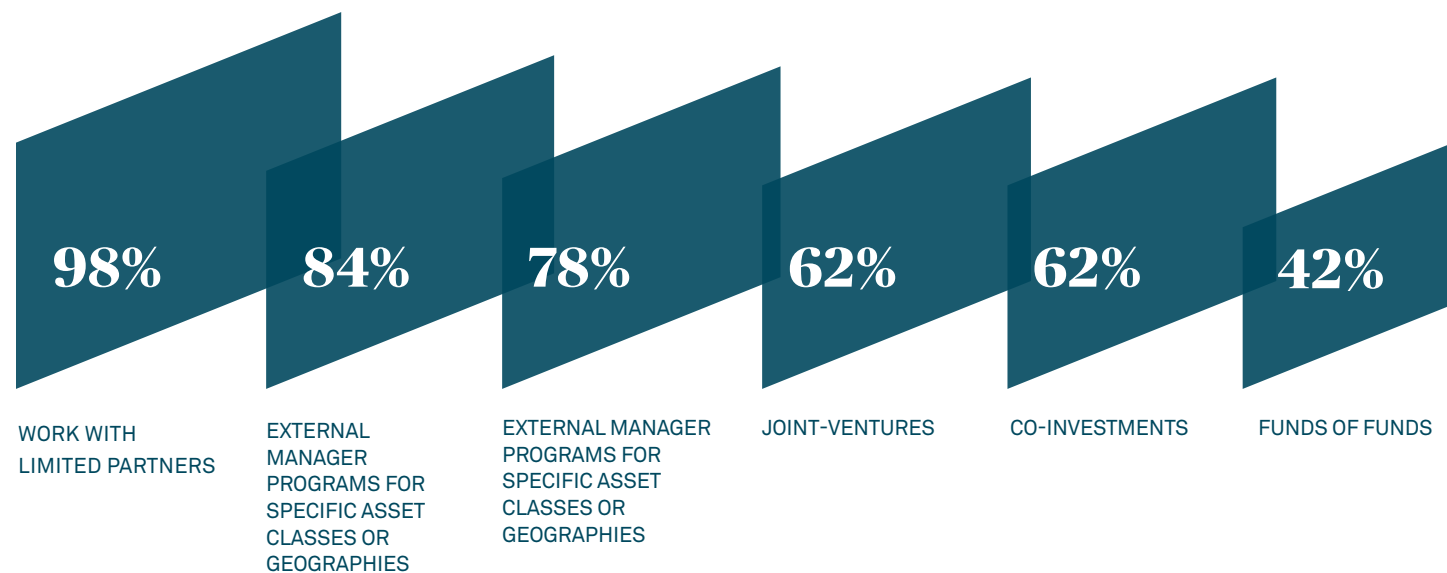


## Canadian investment models: Opportunities for Indigenous Investors

Indigenous institutions may wish to consider operational and strategic choices undertaken by Canadian and global asset owners and asset managers and incorporate those practices/strategies into their own approaches. In particular, Indigenous institutions will need to assess whether their growing assets and capital resources will afford them opportunities to expand into new investment frontiers – both in terms of asset classes and investment operating models

Some 98% of pension plans currently work alongside other limited partners (LPs) to invest in funds, while 78% hold co-investments. Joint ventures (62%), external manager programs for specific asset classes or geographies (84%), direct investments (62%) and funds of funds (42%) are all popular options.

### LEADING CANADIAN ASSET OWNERS' INVESTMENT MODELS



For Indigenous institutions, the newfound openness by some Canadian asset owners to engage in the Indigenous space – including public commitments to the principles of Truth and Reconciliation – provide an opportunity for closer dialogue. CIBC Mellon is pleased to gather both Indigenous and non-Indigenous stakeholders for practical discussions, and we invite CIBC Mellon clients interested in these engagements to reach out to their relationship manager to learn more.

## Non-Indigenous Asset Managers and Asset Owners Have a Role in Advancing Reconciliation

Canada is home to some of the world's most sophisticated and advanced investment organizations, and some of which have made public their recognition of the role they believe they can play in advancing Truth and Reconciliation in Canada. Non-Indigenous Canadian institutions have the potential to be important allies and opportunity-drivers as employers, investors, economic actors, shareholders and, for those with Indigenous clients, stewards of Indigenous wealth.

When large institutions can get behind efforts to align corporate practices with reconciliation, the results can be significant. For example, 98 per cent of shareholders voted in favour of a [resolution](#) on Indigenous inclusion and reconciliation at TMX Group Ltd.

According to CIBC Mellon's research and client engagement, the majority of asset owners wish to enhance transparency to meet the rising demands of boards, trustees, regulators and others - and are structuring their investments and operations to help them achieve this.

Pension funds do not typically identify or classify investments that have impact on Indigenous, though according to our research, over half have this intent. However, they invest in areas which are likely to overlap with First Nations communities such as energy development, agriculture, renewable energy and infrastructure.

For Indigenous institutions, their stakeholders and non-Indigenous institutions seeking to align investment capital toward the achievement of both financial and extra-financial goals, an array of proven, emerging and future structures may be on offer. Examples from which stakeholders may draw include green bonds, social impact bonds, economic development funds and other innovative ownership structures enabling participation and holding stakeholders accountable to various ESG criteria. Furthermore, the potential alignment of sustainable investment goals with Indigenous land use according to the 2022 Responsible Investment (RI) Trends Report, RI is entrenched in Canada, with reported assets under management steady at more than \$3 trillion. Indigenous / Truth & Reconciliation rose as a factor considered when organizations engage around or consider "social" or "S" factors in an ESG framework. According to the RI report, Indigenous factors rose to 60% of respondents in 2022, from 44% in 2020 - though remaining well behind other S factor items such as human rights, labour practices, and diversity/equity/inclusion more generally, each of which rated consideration by more than three quarters of respondents in that study.

As another example: pension funds hold significant investments in long term fixed income products. The First Nations Finance Authority debenture issuances, which are effectively First Nations government bonds, provide an excellent opportunity to buy a standardized, low-risk product that could complement current pension fund investments in Canadian federal, provincial and municipal bonds.



ACCORDING TO THE RESPONSIBLE INVESTMENT ASSOCIATION, 36 INSTITUTIONAL INVESTORS SIGNED A CANADIAN INVESTOR STATEMENT ON CLIMATE CHANGE. THIS PLEDGE INCLUDED A DECLARATION:

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Indigenous Peoples have managed collective wealth for millennia with a strong sense of stewardship and consideration for future generations. We support a transition to a net-zero economy informed by Indigenous perspectives, that supports Indigenous economic opportunities, and encourages business practices that align with the principles of the United Nations Declaration on the Rights of Indigenous Peoples.”

## As the Canadian social finance marketplace evolves, there is potential for financial products designed to support of Indigenous-specific opportunities.


Within the context of impact investing, there may be greater opportunities to apply Indigenous perspectives to business that value long-term value creation and social equity.

According to the [Responsible Investment Association \(RIA\)](#), 36 institutional investors managing \$5.5 trillion in assets signed a new Canadian Investor Statement on Climate Change. RIA notes that the Statement, signed by asset management divisions of five of Canada's largest banks along with major institutional investors, calls on companies to act on material climate risks including through their industry association and lobbying activities.

The RIA worked closely with the Reconciliation and Responsible Investment Initiative in the development of the Statement to ensure Indigenous perspectives are incorporated into the Statement.







We sincerely thank the leading Indigenous institutional investment industry leaders who offered their time and insights as either part of our primary research, at various webinars and forums, and through a series of educational meetings. We are deeply grateful for your engagement. Likewise, we thank you as a reader for investing your time in this paper, and we strongly encourage you to continue to listen, to learn, and to ask the relevant questions for your institution.

## Questions Worth Asking:

Given the above-market growth in the Indigenous institutional investor client segment coupled with the yet unrealized wealth transfer to Indigenous communities expected in the coming years, we anticipate considerable ongoing discussion within Canada and beyond, as global institutions turn their attention to Indigenous peoples and communities. Many questions will arise as organizations contemplate new mandates – whether approaching them as counterparties, clients, colleagues, asset managers, service providers – establishing a shared framework will help both parties gain confidence around their shared concerns around scrutiny, visibility, technology, and cultural alignment.

The myriad and diverse opportunities and challenges for Indigenous peoples, Indigenous institutions and for non-Indigenous institutions are beyond the scope of this research paper. We strongly encourage our readers to continue to seek out new and current information, practical examples and opportunities. Included in the appendices of this paper are a few Indigenous associations, organizations and forums through which you can learn more.







## Questions for Indigenous Institutions to Consider

- How are you incorporating the short term and long term needs of your communities and constituents into your investment decision-making?

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- How are you leveraging capital to advance your goals?

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- What functions will your organization perform in-house and what will be outsourced?

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- Where you outsource, which activities should be entrusted to Indigenous institutions to support capacity building, and which activities can be outsourced to any organization?

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- What new opportunities will open up as your organization grows assets and capital resources?

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- How will you advance your investments capabilities to compete for opportunity in mainstream and global markets?

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- What expertise and knowledge is available via Boards, Trustees or other leadership structures? Are there expertise gaps your organization needs to close via education or recruitment?

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- How will you grow and access Indigenous talent?

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- In what functions can your organization engage non-Indigenous talent or Indigenous talent from outside your community?

## Questions for all Institutional Investors to Consider

- Has your organization reviewed the relevant calls to action contained in the Truth and Reconciliation report, in particular call to action #92 to corporations?

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- Are there Indigenous professionals within your organization who may wish to participate in your review? Likewise, has your organization provided space for Indigenous professionals to choose not to participate in these efforts (i.e. to focus their full effort on excelling in their daily roles within your organization)?

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- How can you and your internal stakeholders assess or take action on the development of a reconciliation action plan or strategy within your organization?

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- Are there appropriate opportunities to incorporate Indigenous-focus investment funds among the investment opportunities put forward to clients?

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- Are there public or private commitments or actions taken by industry peers that can provide lessons or opportunities for you to take action?

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- Does your ESG policy incorporate Indigenous perspectives and, if so, how?

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- For what projects might your organization be accountable to gather free, prior and informed consent from Indigenous members?

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- What changes, if any, will you consider to business areas such as procurement within the lens of Truth and Reconciliation?



## The I in ESG - Incorporating Indigenous considerations into ESG investments.

### Question to consider:

- Some managers active in the retail and institutional investment space have identified distribution advantage to be gained by incorporating ESG factors. Will rising market awareness around Indigenous peoples and financial opportunities translate into investment inflows into bonds or other instruments?

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- What proven capabilities or strategies can Indigenous institutions in Canada incorporate, adapt or leverage from other Canadian asset owners/asset managers?
  - o How can Indigenous institutions leverage general capital markets to better meet short/long term community needs?
  - o What potential/proven operating models might Indigenous institutions leverage, adapt and advance to meet their evolving needs.
  - o What should Indigenous institutions do in-house, and what should be outsourced?

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- Amid fiduciary duty and rising challenges to ESG thematics, how will your organization navigate pressures related to the incorporation of ESG factors versus purely financial duties.

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- How will you continue to evolve your ESG thinking, policies and practices going forward?



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Procurement from Indigenous businesses will help move the organization in the right direction. Considering Indigenous economic reconciliation, we think this is an important step and we are also increasing services and education to Indigenous people.”

- CHIEF EXECUTIVE OFFICER, MULTI-EMPLOYER/JOINTLY-SPONSORED PENSION ENTITY

## Glossary of Selected Indigenous and Social Finance Terms

While we hardly presume to offer a comprehensive and single guidance to all relevant terms used by the diverse array of Indigenous Nations, communities, we are pleased to provide a selection of terms that have supported our understanding in the preparation of this paper as well as across an array of client conversations.

### FIRST NATIONS

'First Nations people' include Status and non-Status Indians. There are more than 630 First Nation communities in Canada, which represent more than 50 Nations and 50 Indigenous languages.

Note the term "Indian", and the related terms of status and non-status Indian constitute legal definitions which continue to be used in [Canada's Indian Act](#).

### GREEN BONDS

Tax-exempt bonds which have similar features to regular bonds but offer investors the opportunity to participate in the financing of 'green' projects, for example those that help mitigate climate change. The proceeds raised from the bond sale are placed in a subaccount, or are otherwise tracked, on the balance sheet of the issuer. The proceeds are used to finance green projects, potential Green Project categories such as renewable energy, energy efficiency, sustainable waste management, sustainable land use and biodiversity conservation.

### IMPACT INVESTING

Directing investment to generate specific beneficial social or environmental effects in addition to financial gain – for example, investing into companies that create jobs in low-income neighbourhoods, into clean technology enterprises or into non-profit agencies via social impact bonds. Impact investing is a subset of socially responsible investing; however SRI also encompasses passive or negative screens such as avoiding a certain sector or company.

### INDIGENOUS INSTITUTIONS

Indigenous institutions are autonomous, Indigenous-controlled, community-based financial organizations. Indigenous institutions provide developmental lending, business financing and support services to First Nations, Métis, and Inuit businesses in all provinces and territories.

### INDIGENOUS TRUST

First Nation Trusts establish a fiduciary relationship amongst indigenous communities (First Nations) as the settlors, the trustees of the trust property and the trust's beneficiaries, typically comprised of a first Nation(s) and their peoples. Much the same as the indigenous peoples were custodians of their lands and territories for the benefit of future generations, the trust records the fiduciary relationship amongst the indigenous peoples and the funds which have been settled on the trust to compensate for losses in respect of indigenous lands and other damages suffered by indigenous peoples.

### SPECIFIC CLAIMS

Specific claims deal with past wrongs against First Nations. These claims (made by First Nations against the Government of Canada) relate to the administration of land and other First Nation assets and to the fulfilment of historic treaties and other agreements. For example, a specific claim could involve the failure to provide enough reserve land as promised in a treaty or the improper handling of First Nation money by the federal government in the past.

The Government of Canada works with First Nations to resolve outstanding specific claims through negotiated settlements. The specific claims process is voluntary for First Nations and provides a way to resolve disputes outside of the court system.

### COMPREHENSIVE CLAIMS

Comprehensive land claims deal with the unfinished business of treaty-making in Canada. These claims generally arise in areas of Canada where Aboriginal land rights have not been dealt with by treaty or through other legal means. In these areas, forward-looking agreements (also called "modern treaties") are negotiated between the Aboriginal group, Canada and the province or territory.

These treaties are implemented through legislation and remain the most comprehensive way of addressing Aboriginal rights and title. Achieving more treaties remains a critical piece in achieving lasting certainty and true reconciliation. This includes certainty about the ownership, use and management of land and resources for all parties. Some treaties have also included provisions relating to Aboriginal self-government. The rights set out in the treaties receive constitutional protection.

### RESPONSIBLE INVESTMENT

Responsible investment (RI) refers to the incorporation of environmental, social and governance factors (ESG) into the selection and management of investments.

### SETTLEMENT

A financial award paid by a government or institution related to past damages or injustices. These include compensation the seizure of traditional land, the failure to honour treaty terms, pain and suffering (for example, related to the traumas caused by the Canadian residential school system). Not to be confused with "Settler" which is a term describing non-Indigenous individuals and institutions established in North America.

### SOCIAL FINANCE

Social finance is an approach to mobilizing private capital that delivers a social dividend and an economic return to achieve social and environmental goals. Mobilizing private capital for social good creates opportunities for investors to finance projects that benefit society and for community organizations to access new sources of funds.

### SOCIAL IMPACT BOND

Social impact bonds (SIB) are designed to enable governments to raise private capital investors to generate positive return through investments into social good. SIBs derive their name from the fact that their investors are typically those who are interested in not just the financial return on their investment, but also in its social impact. In a common structure, SIBs are a contract with the public sector or governing authority, whereby the bond pays for better social outcomes in certain areas and passes on part of the savings achieved to its investors. Under a SIB, repayment and return on investment are contingent upon the achievement of desired social outcomes. If objectives are achieved, the investors earn a financial return in addition to achieving their social good goals. If the objectives are not achieved, investors receive neither a return nor repayment of principal.

### SOCIALLY RESPONSIBLE INVESTING (SRI)

Also known as sustainable, socially conscious, "green" or ethical investing, it is any investment strategy which seeks to consider both financial return and social good. In general, socially responsible investors encourage corporate practices that promote environmental stewardship, consumer protection, human rights, and diversity.





## OUR ENTERPRISE RESOURCES

### CIBC MELLON'S INDIGENOUS ASSET SERVICING UNIT

CIBC Mellon's formation of a new enterprise Indigenous Asset Servicing Unit is designed to help our enterprise accelerate the development of solutions and capabilities to help Indigenous Canadian Institutional Investors including Indigenous Governments, Indigenous Asset Managers and Indigenous Asset Owner organizations as they create, manage and service investable assets in Canada and around the world.

In many ways, the most important function of the new business unit is to listen: to better capture insights, needs and challenges from Indigenous clients, and to incorporate Indigenous perspectives and opportunities into the development of new solutions.

### INDIGENOUS TALENT AND CAREERS AT CIBC MELLON

In our client conversations, a number of Indigenous leaders have pointed to the importance of promoting financial literacy to young Indigenous peoples, including better equipping them to navigate the financial and investment markets, as well as highlighting the financial services industry as an excellent place to build a career. While progress has been made on this front, Indigenous institutional investment leaders continue to actively promote the industry.

The CIBC Mellon team actively recruits employees across Canada, including for early career roles that offer opportunities to learn more about the financial services industry. In addition, CIBC Mellon offers co-op opportunities to students enrolled in post-secondary education.

CIBC Mellon is not alone in seeking to recruit and retain Indigenous professionals as part of our actions related to Truth and Reconciliation call to action #92. At CIBC Mellon, great people set our company apart, and we continue to grow with our clients' needs. CIBC Mellon welcomes applications from Indigenous professionals looking to grow their careers with Canada's asset servicing leader.

### CIBC ENGAGEMENT AND OPPORTUNITIES FOR INSTITUTIONAL INVESTORS ENGAGING WITH INDIGENOUS ASSETS

CIBC Mellon is part of a global enterprise including BNY Mellon and CIBC. CIBC has worked closely with Indigenous communities to deliver products and services that help Indigenous Peoples, communities and businesses succeed. CIBC recognizes the pressures and complexities for Indigenous institutions and is experienced in meeting the financial needs of Indigenous clients.

The key to successful financial management is financial know-how and careful planning. CIBC has developed a tailored suite of Indigenous Financial Literacy programs designed to meet the financial education needs of Indigenous governments, citizens, communities and businesses.

### CIBC is committed to Indigenous prosperity and advancement by:



Engaging in a holistic, integrated process that builds relationships while delivering financial services and solutions that meet the unique needs of Indigenous citizens, businesses and communities



Taking an active role in community-based and national sponsorships, donations and education programs



Associating with organizations that recognize, bolster and validate Indigenous excellence and success



Creating a culturally relevant, tailored suite of financial literacy programs that can be offered in your community, to help you develop a comprehensive financial plan





“

Indigenous perspectives are being included in our investment strategy. Our activities are closely monitored and we want to know about any challenges in including these perspectives.”

- CHIEF INVESTMENT OFFICER, MULTI-EMPLOYER/JOINTLY-SPONSORED PENSION ENTITY

## SUBNOTE

- Land Acknowledgement for Calgary: Traditional territory of the Blackfoot Confederacy, which includes the Siksika, Piikuni, Kanai, the Tsuu T'ina peoples and the Stoney-Nakoda First Nations
- Land Acknowledgement for London: Haudenosaunee, Wyandot, and Anishinaabe territory
- Land Acknowledgement for Montréal: Kanien'keha:ka (Mohawk) territory
- Land Acknowledgement for Nova Scotia: Traditional unceded territory of the Mi'kmaq peoples
- Land Acknowledgement for Toronto: Traditional territory of the Haudenosaunee, Anishinaabe, the Mississaugas of the Credit First Nation and the Wendat peoples
- Land Acknowledgement for Vancouver: Traditional unceded territory of the Coast Salish, Tsleil-Waututh, Squamish, Stó:lō and Musqueam peoples.
- Land Acknowledgement for West of Toronto (including Mississauga): Traditional territory of the Petun, Haudenosaunee, Anishinaabe, the Mississaugas of the Credit First Nation and the Wendat peoples.
- Land Acknowledgement for Winnipeg: Territory of Anishinaabe, Cree, Oji-Cree, Dakota, Dene peoples and homeland of the Metis Nation.

### SOURCES:

[1] C.T. (Manny) Jules, Chief Commissioner, First Nations Tax Commission, 2008

[2] The Great Inka Road: Engineering an Empire

[First Nations Trade, Specialization, and Market Institutions: A Historical Survey of First Nation Market Culture](#) André Le Dressay Normand Lavallee Jason Reeves

[National Day for Truth and Reconciliation](#)

[Indigenous Land Claims and Reconciliation: The Importance of Land and Relationship Between Indigenous Nations and the Government of Canada](#)

Canadian Council for Aboriginal Business annual reports:

- <https://www.ccab.com/about-ccab/annual-report/>
- [https://www.ccab.com/wp-content/uploads/2021/06/CCAB\\_2020\\_AnnualReport\\_EN\\_Final\\_Updated.pdf](https://www.ccab.com/wp-content/uploads/2021/06/CCAB_2020_AnnualReport_EN_Final_Updated.pdf)





# For more information

To Indigenous clients, we invite you to share our career and co-op opportunities with the young peoples in your network. Visit [www.cibcmellon.com/careers](http://www.cibcmellon.com/careers) to learn more about life at CIBC Mellon.

We welcome comments, feedback, and opportunities for learning – please contact your relationship manager or email us at [research@cibcmellon.com](mailto:research@cibcmellon.com)

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