State of Play: Study of Social Disclosures by Canadian Public Companies

22-2766

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Executive summary

Environmental, social and governance (ESG) issues are attracting increased attention globally in the private, public and not-for-profit sectors and are driving business, investment and policy decisions.[1] Corporate success is no longer defined solely by profit but also by an organization's ESG performance.

As outlined in CPA Canada's publication *The Rise of the Social Pillar: An Introduction to the 'S' in ESG*, attention on the "social" pillar of ESG is heightened, amplified in large part by the COVID-19 pandemic. The scope of social issues is broad encompassing human rights, diversity, equity and inclusion (DEI), health and safety, Indigenous matters, employee satisfaction, ethics and data security. Social practices and performance are often challenging to assess and quantify due to their complexity.

To better understand the Canadian landscape and provide insight into the nature and extent of social factors being considered, measured and disclosed in the Canadian market, CPA Canada initiated a review of social disclosures found in regulatory and voluntary reports of 25 Canadian publicly listed issuers across a range of sectors. A specific set of social topics was selected to focus efforts and to produce unique and insightful findings. The research study focuses on the following social topics: human capital management, diversity, equity and inclusion (DEI), community engagement and human rights. Additionally, given its importance in Canada, the research for each of these topics includes a specific focus on disclosure of Indigenous matters. The research is intended to be a starting point for discussion on this important area and help Canadian companies of all sizes and sectors enhance their approach to measuring performance on social issues.

1 The terms ESG, sustainability and corporate social responsibility (CSR) are often used interchangeably. An important distinction is that ESG is a subset of financially material environmental, social and governance factors of interest to capital market participants including shareholders, bondholders, lenders, insurers and financial regulators due to their potential to impact company value. This research primarily uses the term sustainability as the focus of the research was on social disclosure broadly, including company reporting on financially material social factors as well as reporting on social topics of interest to stakeholders.

Companies were selected in part based on having received high scores on social topics by ESG research and ratings providers. A detailed set of research criteria was developed in alignment with leading ESG reporting frameworks. A review of existing voluntary and Canadian regulatory reporting requirements was also conducted.

CPA Canada engaged ESG Global Advisors to conduct the research and develop the report.

We value your views and feedback. Questions or comments about this paper should be addressed to:

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Summary of key findings

Disclosure location

- One hundred per cent of companies provided disclosure on social topics in voluntary sustainability disclosure.
- One hundred per cent of companies reported on human capital management in voluntary sustainability reports.
- Eighty-eight per cent of companies identified a social risk in the risk disclosure in regulatory filings, most commonly human capital management.

Indigenous matters

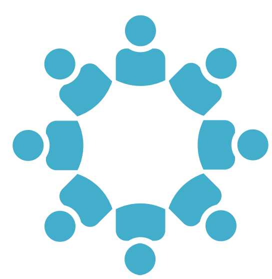
- Fifty-six per cent of companies reported on Indigenous matters in voluntary sustainability disclosure. However, only thirty-five per cent of the companies that reported on Indigenous matters in voluntary sustainability disclosure reported on their approach to Indigenous matters as a distinct topic – separate from community engagement or other social topics.
- Very few companies explicitly used the language of free, prior and informed consent (FPIC) when discussing their approach to engaging with Indigenous peoples and communities.

Terminology

- Language used to describe the topics was not consistent across companies. Companies used a wide range of terminology to describe social topics.

Board and senior management oversight

- Sixty-eight per cent of companies disclosed board oversight of human capital management. Oversight was most commonly assigned to a human resources board committee.
- Seventy-two per cent of companies disclosed board oversight of diversity, equity and inclusion (DEI). Oversight was most commonly assigned to a human resources or governance board committee.
- Less than half of companies (40 per cent) disclosed senior management accountability for specific social topics. Accountability was most commonly assigned for DEI (36 per cent).



Strategy

- Eighty-four per cent of companies integrated social topics into overall corporate/sustainability strategy.
- Seventy-two per cent of companies disclosed that human capital management was a pillar of sustainability and/or corporate strategy.
- Sixty-four per cent of companies disclosed that community engagement was a pillar of sustainability and/or corporate strategy.

Executive compensation

- Forty per cent of companies linked executive pay to quantitative social metrics, most commonly related to human capital management, DEI and community engagement. None of the companies linked executive pay to performance on human rights or Indigenous matters.

Assurance

- Twenty per cent of companies obtained limited assurance of social metrics, most commonly for DEI and community engagement metrics.

Use of voluntary ESG standards

- Ninety-six per cent of companies aligned ESG disclosure with the Sustainability Accounting Standards Board (SASB) Standards.

Metrics and targets

- One hundred per cent of companies disclosed at least one social metric and metrics were most common for human capital management, DEI and community engagement.
- Eighty per cent of companies disclosed at least one social target.
- Seventy-two per cent of companies disclosed a target related to DEI. The most frequently disclosed DEI targets were related to gender diversity on the board, gender diversity in executive and/or senior management positions, racial diversity in executive and/or senior management positions and Black representation in executive positions.
- Forty-four per cent of companies disclosed a target related to Indigenous matters. The most frequently disclosed targets were related to Indigenous representation in the workforce, spend with Indigenous suppliers and Indigenous cultural awareness training for employees.

Commonly disclosed topics and data

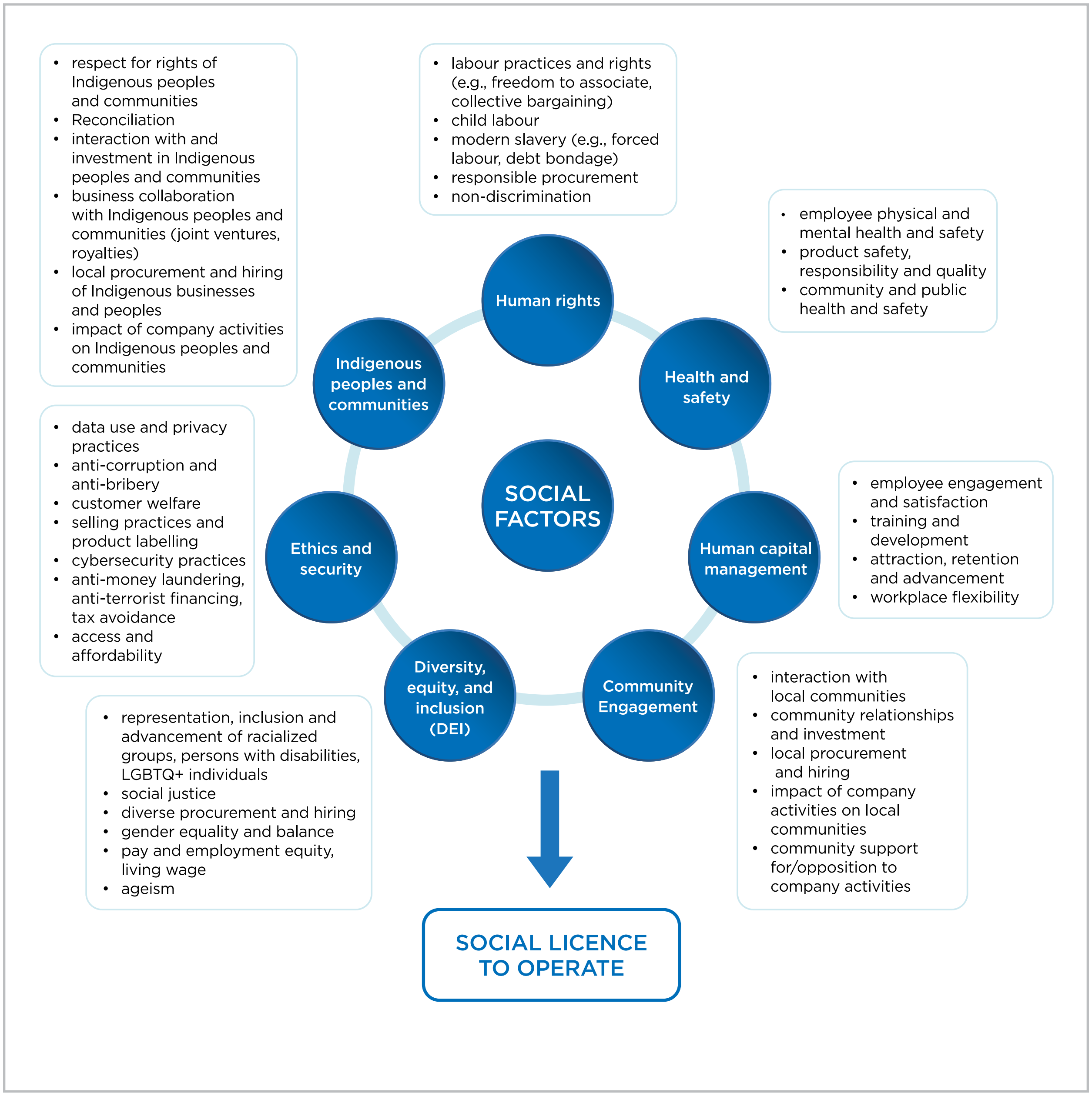
- The two most common social topics for board education in 2021 were DEI and Indigenous matters.
- One hundred per cent of companies provided gender diversity data.
- Sixty per cent of companies provided data on Indigenous representation within the organization.

Introduction

The broad universe of social factors

The social pillar of ESG comprises a wide array of factors and potentially financially material risks and opportunities. Some examples are shown in Figure 1 below. These examples are not meant to be exhaustive.

FIGURE 1: THE BROAD UNIVERSE OF SOCIAL FACTORS



For the purposes of this research, a specific set of social topics was selected to focus efforts and to produce unique and insightful findings in those areas. The social topics were selected based on the following key considerations:

- social topics that are universally applicable across sectors
- social topics for which disclosure has historically been qualitative in nature and which have not been clearly defined or well understood from a reporting and disclosure perspective
- social topics that relate to the "people" aspects of ESG (e.g., employees, customers, communities, etc.)

Based on these considerations, the research study focuses on the following social topics:[2]

- human capital management
- diversity, equity and inclusion (DEI)
- community engagement
- human rights

Additionally, for each of these social topics, the research included a specific focus on and consideration of the unique relevance to Indigenous matters — an important consideration in Canada.

Overview of the social disclosure landscape

Voluntary sustainability disclosure

The sustainability disclosure landscape has often been described as an "alphabet soup" consisting of a range of different organizations with varying objectives producing voluntary guidance, standards, frameworks and recommendations for companies to report sustainability information. Currently, there is little standardization or consistency in terms of what sustainability information is being disclosed and where and when it is being disclosed. However, the leading existing voluntary sustainability reporting standards and frameworks do include social factors. Please refer to Appendix B for an overview of commonly used sustainability reporting frameworks, standards and goals that incorporate social factors.

The sustainability disclosure landscape has developed considerably in recent years and there are significant ongoing efforts to improve standardization and consistency globally. The formation of the International Sustainability Standards Board (ISSB) is one important step in this evolution.

2 Health and safety have been excluded from this research study as there are clear standards and universal leading and lagging metrics to guide sustainability disclosure on this topic.

The International Sustainability Standards Board

Work is underway to develop globally consistent sustainability reporting standards drawing on existing well-established voluntary frameworks and standards via the International Financial Reporting Standards (IFRS) Foundation's ISSB. Leading investor-focused sustainability disclosure organizations have consolidated into the ISSB, including the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF), which houses the Integrated Reporting Framework and SASB Standards.

The ISSB's objective is to develop a comprehensive global baseline of sustainability-related disclosure standards to meet the information needs of investors and other capital market participants by providing them with information about companies' material sustainability-related risks and opportunities. Work to develop these standards is underway.

The development of the IFRS Sustainability Disclosure Standards is expected to continue and the ISSB has committed to build on the industry-based SASB Standards and leverage SASB's industry-based approach to standards development.

Regulatory requirements and initiatives

There are existing regulatory requirements related to disclosure on social factors under Canadian securities law including in the annual information form and management's discussion & analysis. In addition to social matters broadly, there are also required disclosures specifically related to diversity under the Canadian regulatory regime, including diversity of boards and senior executive officers/senior management teams. For further information on these requirements, refer to *The Rise of the Social Pillar: An Introduction to the 'S' in ESG*.

The Canadian Securities Administrators (CSA) has announced that it will continue to advance consultations to gather insight into the current diversity disclosure framework and how needs have evolved, including broadening diversity considerations. In August 2020, the U.S. Securities and Exchange Commission (SEC) introduced a requirement for the companies it regulates to describe their human capital resources and include in this description any human capital measures or objectives the company focuses on in managing the business, subject to materiality.

See the 'Importance of Indigenous matters' section below for an overview of regulators' growing focus on Indigenous matters.

Importance of Indigenous matters

Stakeholders are increasingly interested in how companies are engaging with Indigenous peoples and how companies' activities are impacting Indigenous communities and land in their traditional territory. In particular, capital markets participants are focused on this issue due to its potential to impact enterprise value. There are significant commercial and reputational risks for companies that fail to adequately acknowledge and respect Indigenous rights and that fail to put Indigenous nations and peoples at the center of decision-making for major projects, including benefit and risk assessments. Indigenous issues are interconnected with and can impact companies' exposure to a range of sustainability factors, such as community relations, DEI, human rights, human capital management, climate change, water management and biodiversity impacts.

> *"In Canada, nearly every major development project of consequence will involve Indigenous rights in some manner, particularly if it involves land or natural resources."*
>
> *Indigenous Sustainable Investment: Discussing Opportunities in ESG commissioned by the First Nations Major Projects Coalition*

Indigenous rights are protected under Section 35 of the *Constitution Act, 1982*, which recognizes and affirms existing Indigenous and treaty rights. Indigenous rights have repeatedly been affirmed in Canadian court rulings. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDRIP) received Royal Assent and came into force. Earlier, in 2015, the *final report of the Truth and Reconciliation Commission of Canada* was published. The report outlined 94 calls to action to "redress the legacy of residential schools and advance the process of Canadian reconciliation." Call to action 92 outlines specific actions for corporate Canada to undertake to advance Reconciliation. For more detail on UNDRIP and the Truth and Reconciliation Commission call to action 92, refer to CPA Canada's publication *The Rise of the Social Pillar: An Introduction to the 'S' in ESG*.

Indigenous matters in sustainability reporting frameworks

Based on our research, the SASB Standards and GRI Standards include some content and indicators relating to Indigenous matters, focusing primarily on the risk of breaching Indigenous rights, particularly in the context of resource projects. For some specific examples, please refer to Appendix C. While this is an important consideration, it does not adequately reflect the full implications of the Constitutional position of Indigenous people in Canada, and the associated risks and opportunities for companies. For more information on the exclusion of Indigenous perspectives in current ESG reporting frameworks and the importance of centering this perspective in the Canadian context, see the First Nations Major Projects Coalition's *Indigenous Sustainable Investment: Discussing Opportunities in ESG* report.

In recent years there has been increased focus on Indigenous engagement and inclusion in corporate Canada, with considerable work still to be done. It is critically important that Indigenous peoples be meaningfully involved and that Indigenous perspectives are front and centre when issues impacting Indigenous peoples are being discussed and considered. The perspectives and priorities of different Indigenous communities can vary and a level of nuance is required when considering social issues.

Regulators focus on Reconciliation

The CSA is the umbrella organization of Canada's provincial and territorial securities regulators. In the most recent *CSA Business Plan* outlining key priorities for 2022-2025, the CSA identified a strategic goal to strengthen the capital markets regulatory system by incorporating Indigenous issues and perspectives in CSA policy work. Through the CSA Taskforce on Indigenous Peoples in the Capital Markets, the CSA will strive to enhance consideration of Indigenous peoples and communities and work to integrate these considerations in relevant areas of securities regulation and CSA policy work, and improve ways for engaging Indigenous groups.

Methodology

Sample selection and areas of focus

A sample of 25 publicly listed Canadian issuers from a variety of sectors were selected for the research study. We selected companies with strong ESG ratings to capture leading practices, as well as issuers that could be reasonably expected to have significant disclosure on Indigenous matters based on their sector and recognition for leadership in disclosure practices regarding Indigenous matters. In the sample, we included 10 companies that were identified as being reasonably expected to have significant disclosure on Indigenous matters. These 10 issuers were in the communications services, consumer staples, energy, financials, materials and utilities industries. The market capitalization of the 25 issuers selected ranged from approximatively $700 million to $100 billion (average $28 billion) as of November 11, 2022, in Canadian dollars.

The social topics that were the focus of the study were:

- human capital management
- DEI
- community engagement
- human rights

Sectors represented (number of issuers):

- communications services (2)
- consumer discretionary (2)
- consumer staples (2)
- energy (3)
- financials (3)
- health care (1)
- industrials (2)
- information technology (1)
- materials (4)
- real estate (2)
- utilities (3)

For each of these social topics, the research included a specific focus on and consideration of the unique relevance to Indigenous matters.

The following aspects of disclosure were reviewed:

- where social disclosure was provided
- if applicable, which voluntary sustainability reporting framework(s) were used to guide disclosure on social matters

- disclosure provided regarding an ESG materiality assessment
- the social topics identified as material in regulatory filings (e.g., annual information form, management's discussion and analysis, annual reports) and in voluntary sustainability disclosure (e.g., ESG/sustainability reports, company websites, stand-alone reports on social topics)
- governance and oversight of social matters by the board of directors and senior management as well as links between social matters and compensation
- strategy regarding social matters, including priorities, policies, programs and initiatives
- metrics and targets disclosed for social matters, including trend data, external assurance of data and quantitative targets

Appendix A includes additional detail on the areas of focus.

Due to the sample size and the methodology, this report should not be considered to be fully representative of the approach and quality of social disclosure in Canada. Additionally, the research should not be used to draw conclusions about the social disclosure practices and performance of specific sectors. This research study also does not provide an assessment of Canadian issuers' underlying performance on social factors.

Results and discussion

General findings

Social topics considered and terminology used

- All companies provided disclosure on social topics (most commonly human capital management, DEI and community engagement) in voluntary sustainability disclosure reports. Human rights and Indigenous matters were addressed less frequently. Table 1 below shows the percentage of companies that addressed the social topic in voluntary sustainability reporting.
- Eighty-eight per cent of companies identified a social risk (most commonly human capital management) in the risk disclosure in regulatory filings.
- However, the language used to describe the topics was not consistent across companies. Companies used a wide range of terminology to describe the social topics. As a result, it was not always obvious where information on a specific social topic could be found within a company's disclosures. The 'Findings by social topic' section includes examples of the different terminology used by companies to refer to each social topic.

Table 1: Percentage of companies that provided disclosure on social topics in voluntary sustainability reporting

HUMAN CAPITAL MANAGEMENT	DIVERSITY, EQUITY AND INCLUSION	COMMUNITY ENGAGEMENT	HUMAN RIGHTS	INDIGENOUS MATTERS
100%	88%	92%	52%	56%

ESG materiality assessments

ESG materiality assessments are exercises undertaken by organizations to identify and prioritize sustainability factors that are important to their organization and stakeholders. Within the sustainability landscape, there are many different approaches to assessing materiality. We have outlined some of the most common approaches applied by companies below.

Financial materiality (investor focus): The focus of the assessment is on identifying and prioritizing ESG factors based on potential impact to the decision of a reasonable investor.[3]

Stakeholder or impact materiality (multi-stakeholder focus): The focus of the assessment is on identifying and prioritizing sustainability factors based on their level of interest to stakeholders and potential to impact stakeholders.

Double materiality (multi-stakeholder focus, including investors): The focus of the assessment is on identifying and prioritizing sustainability factors based on potential to impact company value and based on their potential to impact stakeholders, the environment, communities and/or society.[4]

Practical concerns have been raised on how to determine materiality from the multi-stakeholder impact perspective. For example, respondents to recent sustainability disclosure proposals have indicated that further guidance is needed on how to perform a double materiality assessment exercise.

- A significant majority of companies (88 per cent) undertook a materiality assessment to identify ESG issues in voluntary sustainability reporting.
- Companies took a variety of approaches for materiality assessments in voluntary reports and it was often challenging to identify the type of materiality assessment that had been undertaken.
- It was challenging to distinguish which ESG risks were considered financially material for investors (i.e., impact on the company) and which were of importance to other stakeholders (i.e., impact of the company).
- The research revealed that while many companies stated they were considering double materiality, it was rarely possible to distinguish the ESG factors which were identified as having an impact on company value versus those that were identified as having an impact on stakeholders, the environment, communities and/or society.
- Human capital management, DEI and community engagement were commonly identified social topics in companies' materiality assessments.

3 Financial materiality is the focus of materiality assessments in the context of continuous disclosure documents (e.g., management's discussion and analysis, annual information form) under Canadian securities regulation, as well as the forthcoming sustainability disclosure standards from the ISSB.

4 The European Union's Corporate Sustainability Reporting Directive will incorporate double materiality. This materiality approach is used in the context of the European Sustainability Reporting Standards being developed by the European Financial Reporting Advisory Group.

Governance

- Eighty-eight per cent of companies disclosed board oversight for specific social topics, most commonly human capital management and DEI. Specific approaches to board oversight varied. Some companies assigned oversight of topics to the whole board and others assigned oversight to specific committees depending on the topic (e.g., the human resources committee or ESG committee).
- Specific social topics were rarely included in the board skills matrix, with the exception of human capital management.
- Sixty-four per cent of companies included a social topic in 2021 board education, most commonly DEI or Indigenous matters.
- Less than half of companies (40 per cent) disclosed senior management accountability for specific social topics. Accountability was most commonly assigned for DEI (36 per cent).

Strategy

- Research related to social strategy was focused on whether companies integrated social topics to overall corporate/sustainability strategy and the strategies, policies, programs, plans and initiatives implemented to mitigate risk and capture opportunities related to the social topics.
- Eight-four per cent of companies integrated social topics to overall corporate/ sustainability strategy, most commonly human capital management and community engagement.

Metrics

- All companies disclosed at least one social metric, most often for human capital management, DEI and community engagement.
- Forty per cent of companies linked executive pay to quantitative social metrics, most commonly related to human capital management, DEI and community engagement. None of the companies linked executive pay to performance on human rights or Indigenous matters.
- Twenty per cent of companies obtained limited assurance of social metrics, most commonly for DEI and community engagement metrics.

Targets

- Eighty per cent of companies disclosed at least one social target, most commonly related to DEI and primarily focused on board gender diversity.

Sustainable debt and the link to social factors

The sustainable debt market has exploded in recent years, with total global sustainable debt issuances in 2021 approaching US$1 trillion and a significant increase in the range of sustainable debt instruments available in the market (Moody's, 2022). For more information on sustainable debt, see CPA Canada's recent report *Navigating the Sustainable Debt Market: Enhancing Credibility in an Evolving Market*.

The research found that 20 per cent of companies disclosed they were accessing capital via sustainable financing with a link to one of the social topics. Most commonly, the link was to performance on diversity.

- One company established a sustainability-linked bond framework. Metrics include achieving 28 per cent representation of racial and ethnic groups in the workforce, 40 per cent gender diversity across the organization and 40 per cent representation of women on the board by 2025.
- Two companies established sustainability-linked credit facilities tied to performance on sustainability goals, including strengthening gender diversity in the workforce/ management.
- A communication services company announced a sustainability bond offering that included a focus on social projects related to affordable infrastructure and increasing internet speeds in rural or remote communities.

Sustainability reporting frameworks

- All companies used a minimum of one sustainability reporting framework to guide their sustainability disclosure.
- Ninety-six per cent of companies aligned sustainability disclosure with the SASB Standards.[5]
  - Eighty per cent of companies indexed disclosure to the SASB Standards, which means the company provided a SASB Content Index and disclosed the recommended SASB indicators for its industry standard(s).
  - Sixteen per cent of companies referenced the SASB Standards, which means the company made reference to the SASB Standards without explicitly mapping disclosure to the recommended SASB indicators for its industry standard(s) (e.g., "the content of this report was informed by the SASB Standards").

5 Following the completion of the consolidation of the Value Reporting Foundation into the IFRS Foundation in August 2022, the ISSB of the IFRS Foundation assumed responsibility for the SASB Standards.

- Ninety-two per cent of companies made reference to the GRI Standards.
  - Fifty-two per cent of companies made a formal GRI reporting claim attesting they fulfilled all of the GRI's reporting requirements.
  - Forty per cent of companies made reference to the GRI Standards and/or mapped metrics to the GRI indicators without making a formal GRI reporting claim attesting they fulfilled all of the GRI's reporting requirements.
- Notably, companies relied significantly on GRI for metrics, reflecting the fact that not all SASB Standards included the social topics.

SDG alignment

The United Nations' Sustainable Development Goals (SDGs) were identified through the 2030 Agenda for Sustainable Development as 17 urgent calls for action by all countries in global partnership for shared prosperity. Each of the 17 SDGs are underpinned by specific targets and indicators to measure global progress against the SDGs. There is strong, emerging investor interest in the SDGs as a guiding framework for impact and thematic investment.[6]

Even though it is not a disclosure framework, all of the companies chose to align their reporting to SDGs.[7] However, in the majority of cases (72 per cent), disclosure of this alignment is not robust, simply consisting of broad mapping of the company's sustainability priorities to one or more of the 17 SDGs.

For more on implementing the SDGs for small and medium enterprises, see CPA Canada's guideline and case study.

6 Impact investing is an investment strategy that seeks to generate financial returns while also creating a positive social or environmental impact. Thematic investing is an investment approach that focuses on specific themes or trends (e.g., climate change).

7 Companies take different approaches to aligning reporting to the SDGs. Because the SDGs are not a reporting framework, there is little consistency in companies' approaches. It is common for companies to conduct a broad mapping of sustainability priorities to one or more of the 17 SDGs. Sometimes companies will map specific activities to one or more of the 17 SDGs and/or the underlying targets and indicators.

Findings by social topic

This section presents key findings organized by social topic:

- human capital management
- DEI
- community engagement
- human rights
- Indigenous matters

It is important to note that many of these social topics are interconnected and interrelated. Readers are encouraged to consider the findings by social topic as well as to consider the findings in aggregate.

HUMAN CAPITAL MANAGEMENT		
Common terminology used	• human capital • people • our people and culture • empowered employees • team member/employee well-being • fairness and concern for employees • employee engagement • employee development • employee recruitment, attraction, development and retention	• labour relations • health, wellness and benefits • mental health and well-being • workforce management • talent and culture • talent management • world-class talent • team • people and culture • our people • investing in employees
Governance	• Sixty-eight per cent of companies disclosed board oversight of human capital management. Oversight was most commonly assigned to a human resources board committee. • Of the social topics covered in this study, human capital management was the only topic that was commonly referenced in board skills matrices (84 per cent). • Twenty per cent of companies disclosed senior management accountability for human capital management.	

HUMAN CAPITAL MANAGEMENT	
Strategy	• Seventy-two per cent of companies disclosed that human capital management was a pillar of sustainability and/or corporate strategy. • Commonly disclosed approaches to mitigating risks and capturing opportunities associated with human capital management include: — flexible working — benefits packages — employee assistance programs and platforms — mental health programs — employee engagement surveys — peer recognition and employee appreciation programs — talent development and leadership programs and mentorship — labour consultations and employee councils — learning platforms and education sponsorship — performance management process
Metrics	• The most frequently disclosed human capital management metrics focused on employee demographics, new hires and turnover and employee training.
Targets	• Twenty-four per cent of companies disclosed a target related to human capital management. • The most frequently disclosed targets were related to employee engagement and employee turnover.

DIVERSITY EQUITY AND INCLUSION	
Common terminology used	• diversity, equity and inclusion • equity, diversity and inclusion • inclusion and diversity • inclusion, diversity and equal opportunity • diversity and inclusion • diversity, inclusion and belonging • team • people and culture • our people • people • investing in employees
Governance	• Seventy-two per cent of companies disclosed board oversight of DEI. Oversight was most commonly assigned to a human resources or governance board committee. • Twenty-eight per cent of companies included DEI in board education in 2021, making it one of the most common social topics for board education. • Thirty-six per cent of companies disclosed senior management accountability for DEI.
Strategy	• Thirty-six per cent of companies disclosed that DEI was a pillar of sustainability and/or corporate strategy. • Commonly disclosed approaches to mitigating risks and capturing opportunities associated with DEI include: — diversity training and awareness — outreach programs to under-represented groups (including scholarships and mentorships) — recruitment, retention and talent development initiatives for diverse employees — diversity and respectful workplace policies — employee resource groups — diversity councils — DEI surveys or inclusion elements within employee engagement surveys — pay-equity analysis — community investment targeting under-represented groups — supplier diversity program

DIVERSITY EQUITY AND INCLUSION	
Metrics	• All companies provided gender diversity data. • A significant majority of companies (72 per cent) provided data on racialized groups and a majority of companies (60 per cent) disaggregated Indigenous data. • The most frequently disclosed DEI metrics focused on the gender and racial diversity of governance bodies and employees. • Forty per cent of companies provided data on their gender pay ratio.
Targets	• Seventy-two per cent of companies disclosed a target related to DEI. • The most frequently disclosed targets were related to gender diversity on the board, gender diversity in executive and/or senior management positions, racial[8] diversity in executive and/or senior management positions and Black representation in executive positions.

DEI terminology

Different terminology was used by companies when reporting data on DEI including racialized groups, BIPOC, racial, ethnic, visible minority and minority groups. This finding is consistent with current practice in the market: there is a lack of consistency as it relates to DEI terminology.

There are efforts underway to define best practice as it relates to DEI terminology and there has been a significant evolution in DEI terminology used to describe various population groups in Canada. This space is constantly evolving. Individual preferences, context, connotation and tone all contribute towards what terminology is considered to be acceptable. Companies have a responsibility to ensure that they are keeping up with the evolution in terminology. Appendix D provides resources on DEI terminology.

8 Different terminology was used including: BIPOC, racial, ethnic, visible minority and minority groups.

More on DEI metrics

The elements of diversity addressed in metrics varied considerably depending on the reporting requirements that the issuer is subject to and the sustainability reporting frameworks selected. This resulted in data that is not easily comparable.

- Canada Business Corporations Act (CBCA) companies are required to report on representation of women, visible minorities, Indigenous peoples and persons with disabilities at the board and senior management level.
- Certain Canadian public companies are required to provide disclosure regarding women on boards and in executive officer positions under National Instrument 58-101 *Disclosure of Corporate Governance Practices*.
- Certain SASB Standards seek disaggregation by gender and racial/ethnic diversity at different levels of the company but do not distinguish Indigenous representation.
- The GRI Standards seek disaggregation by age group, gender, employment type and level of employment but omit racial/ethnic and Indigenous representation, which are aspects of diversity that many companies and investors are currently attempting to measure and understand. GRI suggests that reporters may wish to provide disclosure on other under-represented, vulnerable or minority groups but does not offer guidance in this area.

Performance on DEI and executive compensation

While less than half of companies (40 per cent) linked executive compensation to quantitative social metrics, there were some notable examples of companies linking executive compensation to performance on DEI.

- One company incorporated employee engagement metrics and individual DEI objectives to executive compensation. All people leaders had individual DEI objectives, and employee resource group leaders could allocate between five per cent and 10 per cent of their bonus performance objectives to this work.
- Another company incorporated a sustainability progress index to the long-term incentive plan including progress against specific gender diversity goals, consistent with the objectives of its sustainability-linked loan.[9]
- One company disclosed plans to link variable compensation to the percentage of women in management and an employee engagement target.

9 A sustainability-linked loan is a debt instrument with specific financial or structural characteristics tied to the issuer's sustainability objectives.

COMMUNITY ENGAGEMENT		
Common terminology used	• community relations • communities • community and society • caring for communities • contributing to communities • community investment • community support • community wellness • community resilience • community engagement	• corporate citizenship • charitable investments • responsible supply chain (focus on local procurement) • relationships with communities • stronger communities • our communities • community and Indigenous relations • communities and territories • social impact
Governance	• Twenty per cent of companies disclosed board oversight of community engagement. Oversight was most commonly assigned to a sustainability/ESG board committee. • Twenty-four per cent of companies disclosed senior management accountability for community engagement.	
Strategy	• Sixty-four per cent of companies disclosed that community engagement was a pillar of sustainability and/or corporate strategy. • Commonly disclosed approaches to mitigating risks and capturing opportunities associated with community engagement include: — employee donation matching program — employee volunteering program — funding community initiatives, events and programs — scholarship sponsorship — local procurement policy/program/strategy	
Metrics	• The most frequently disclosed community engagement metrics focused on direct economic value generated and distributed, community investment and employee volunteer hours. • Fewer companies reported metrics on engagement or disputes with local communities.	
Targets	• Thirty-two per cent of companies disclosed a target related to community engagement. • The most frequently disclosed targets were related to community investment, percentage of pre-tax profits to donate and days/hours of employee volunteering.	

HUMAN RIGHTS		
Common terminology used	• human rights • supply chain management • supply chain sustainability • supply chain responsibility • sustainable procurement	• business practices • responsibility • security and human rights • ethics in business and behaviour
Governance	• Sixteen per cent of companies disclosed board oversight of human rights. Oversight was either assigned to a sustainability/ESG board committee or governance committee. • Sixteen per cent of companies disclosed senior management accountability for human rights.	
Strategy	• Disclosure on human rights initiatives was less prominent than on the other social topics, and most commonly focused on supply chain management. • Commonly disclosed approaches to mitigating risks associated with human rights include: — anti-discrimination/respectful workplace programs — human rights training — grievance mechanisms for reporting concerns or suspected violations — supply chain management systems including human rights considerations — participation in industry human rights and/or responsible sourcing initiatives	
Metrics	• Less than half of the companies (40 per cent) disclosed human rights metrics. • The most frequently disclosed human rights metrics focused on incidents of discrimination and corrective actions taken and new suppliers that were screened using social criteria.	
Targets	• None of the companies set targets related to human rights.	

Increasing investor interest in human rights

None of the companies clearly articulated a comprehensive human rights due diligence approach consistent with the well-established expectations set out in the UN Guiding Principles on Business and Human Rights (UNGPs), although several companies disclosed elements of due diligence or an approach targeting one aspect of the business.

This is a notable gap given increasing investor interest in understanding how companies are implementing the UNGPs. The Investor Alliance for Human Rights is a coalition of more than 200 investors representing more than US$12 trillion in assets under management (AUM). In 2022, the Principles for Responsible Investment (PRI), the leading global responsible investment coalition with more than 3,800 signatories representing more than US$121 trillion in AUM, launched Advance, a stewardship initiative for human rights and social issues. Both of these initiatives focus on engaging companies to implement the UNGPs. Investors under the jurisdiction of the European Union Sustainable Finance Disclosure Regulation are expected to report on the extent to which the companies in their portfolios comply with responsible business conduct expectations that are based on the UNGPs.

INDIGENOUS MATTERS[10]

As might be expected, disclosure on the approach to Indigenous matters was relatively more developed among companies within the resources sector given the nature and location of resource companies' projects and the Canadian constitutional duty to consult and accommodate Indigenous rights and title holders regarding major infrastructure projects. However, there were some notable disclosures on Reconciliation initiatives from other sectors, including telecommunications, financial services and utilities. These initiatives extended beyond the risk of breaching Indigenous rights to explore inclusion and economic opportunity.

Very few companies explicitly used the language of free, prior and informed consent when discussing their approach to engaging with Indigenous communities.

Common terminology used	• Indigenous relations • Indigenous Reconciliation • Indigenous connections • Indigenous engagement and inclusion • relationships with Indigenous peoples	• our communities • community and Indigenous relations • communities and territories • social impact
Governance	• Twenty per cent of companies disclosed board oversight of Indigenous matters.[11] Oversight was most commonly assigned to a sustainability/ESG board committee. • Thirty-two per cent of companies included Indigenous matters in 2021 board education, making it one of the most common social topics for board education. • Twenty per cent of companies disclosed senior management accountability for Indigenous matters	
Strategy	• Twelve per cent of companies disclosed that Indigenous matters were a pillar of sustainability and/or corporate strategy. • Commonly disclosed approaches to mitigating risks and capturing opportunities associated with Indigenous matters include: — Indigenous employee resources groups — Indigenous mentorship programs — supplier diversity program with explicit focus on Indigenous suppliers — specific focus on investment in Indigenous communities — equity partnerships/joint ventures with Indigenous communities — Indigenous awareness training	

10 Appendix A includes additional detail on the scope of each of the social topics, including Indigenous matters.

11 Osler conducts an annual review of diversity disclosure practices in Canada. This report provides detailed disclosure on the representation of Indigenous peoples on boards and in senior leadership positions at TSX-listed companies and companies governed by the CBCA. See Appendix D.

INDIGENOUS MATTERS[10]	
Metrics	• The most frequently disclosed Indigenous matters metrics focused on incidents of violations involving the rights of Indigenous peoples and Indigenous representation in governance bodies and the workforce. • Thirty-two per cent of companies disclosed Indigenous representation in the workforce, twenty-four per cent of companies disclosed Indigenous representation in senior management, and thirty-six per cent of companies disclosed Indigenous representation on the board
Targets	• Forty-four per cent of companies disclosed a target related to Indigenous matters. • The most frequently disclosed targets were related to Indigenous representation in the workforce, spend with Indigenous suppliers and awareness training on Indigenous matters for employees.

The importance of terminology and risks of "redwashing"

Companies are enhancing disclosure on Indigenous matters in part due to the growing interest from stakeholders and capital markets participants in how companies are engaging with Indigenous peoples and how companies' activities are impacting Indigenous peoples and communities and land in their traditional territory. However, as disclosures in this area grow, there is also a risk of potential "redwashing." "Redwashing" can be explained as trying to create an appearance of focus on Indigenous matters and efforts towards Reconciliation, for example through the use of language or information presented on programs or performance, without actually engaging in meaningful change (similar to the broadly used term "greenwashing").

One way that companies engage in "redwashing" in their sustainability disclosure is by conflating Indigenous rights and title holders with broader stakeholders or reporting broadly on engagement with local communities, including Indigenous communities. For example, "redwashing" may involve companies providing disclosures regarding Indigenous peoples and communities within other social topics, rather than presenting their approach to Indigenous matters as a unique and distinct topic. These disclosure practices fail to adequately acknowledge the unique rights and constitutional position of Indigenous peoples and could be misleading in terms of the companies' underlying efforts in these areas.

The research found that fifty-six per cent of companies reported on Indigenous matters in voluntary sustainability disclosure. However, only thirty-five per cent of the companies that reported on Indigenous matters in voluntary sustainability disclosure reported on their approach to Indigenous matters as a distinct topic – separate from community engagement or other social topics.

There were several notable approaches to mitigating risks and capturing opportunities associated with Indigenous matters.

- One company disclosed information on its Indigenous employment initiative, which includes an employment initiative working group, an Indigenous recruiter, guidance for a culturally appropriate interview process, resource group expansion, job opportunity contacts, apprenticeships and mentorships.
- Two companies disclosed a position with explicit responsibility for Indigenous relationships.
- One company disclosed a Reconciliation commitment and an Indigenous Reconciliation strategy supported by an Indigenous Reconciliation action plan. Another company disclosed that it continues to advance the development of a Reconciliation action plan.
- One company explicitly referenced FPIC in its disclosure on developing relationships with Indigenous peoples. When proposing new projects or making significant changes to projects, the company disclosed that it determines the jurisdictional and regulatory Indigenous rights context and identifies potentially affected rights holders. The company disclosed that it will then work with identified rights holders to develop agreements or an approach to consultation. Its approach to consultation is informed by the leading international guidance on FPIC. Agreements are designed to create a framework for cooperation and transparency on consultation and engagement, environmental and land stewardship and employment and business opportunities.

Some companies also disclosed how they were obtaining Indigenous input for the development of their strategies and initiatives relating to this social topic.

- One company has an Indigenous advisory board in place. Another company has an Indigenous advisory committee, comprised of employees, to ensure Reconciliation efforts address Indigenous needs.
- One company leverages advisory groups for integration of Indigenous knowledge in project operations and has an Indigenous youth advisory council to provide advice on Indigenous youth matters and two-way mentorship.
- One company established the Kivalliq Inuit Elders’ Advisory Committee to provide advice on how to incorporate traditional Inuit knowledge into community engagement activities.

More on Indigenous matters metrics

As noted above in the ‘Importance of Indigenous matters’ and in the ‘Diversity, equity and inclusion key findings’ sections, the SASB Standards and GRI Standards include some content and indicators relating to Indigenous matters but neither SASB nor GRI require companies to disclose the representation of Indigenous people explicitly in diversity representation indicators.

Companies also reported on other metrics related to Indigenous matters in addition to the metrics identified above including:

- Indigenous presence
- Indigenous agreements
- Indigenous suppliers
- FPIC
- economic benefit
- revenue from joint ventures
- Indigenous community investment
- Indigenous awareness training
- disputes

Key takeaways, opportunities and questions to consider

Key takeaways

As the focus on social matters continues to grow, organizations will need to enhance their business practices and reporting to meet the heightened demand for meaningful action and transparency in reporting. The following are some key takeaways from our research:

- Companies used a wide range of terminology to describe social topics. As a result, it was not always obvious where information on a specific social topic could be found within a company's disclosures or to compare disclosure between companies.
- Human rights and Indigenous matters were addressed less frequently than disclosure on other social topics in voluntary filings.
- It was not common practice for companies to report on their approach to Indigenous matters as a distinct topic – separate from community engagement and other social topics. Additionally, very few companies explicitly used the language of free, prior and informed consent when discussing their approach to engagement with Indigenous peoples.
- Companies took a variety of approached for materiality assessments in voluntary reports and it was often challenging to identify the type of materiality assessments that had been undertaken.
- It was not common practice for companies to disclose senior management accountability for specific social topics.
- The elements of diversity addressed in metrics varied considerably depending on the reporting requirements that the issuer is subject to and the sustainability reporting frameworks selected, resulting in data that is not easily comparable.
- Existing sustainability reporting frameworks include some content and indicators relating to Indigenous matters. However, there is an opportunity to more comprehensively address the full implications of the Constitutional position of Indigenous peoples in Canada, the importance of these issues globally and the associated risks and opportunities for issuers and the capital markets.

Opportunities

Based on our research, we identified a range of opportunities to make meaningful advancements with respect to key social matters, including:

- a need to further define the scope of social topics and to identify clear definitions and consistent terminology for social topics to enable consistent and comparable reporting by companies

- an opportunity for companies to enhance disclosure on their approach to human rights due diligence, if human rights is determined to be a material social topic for a company (the UNGPs are a leading, investor-preferred framework for ensuring that business activities respect basic human rights and can be leveraged accordingly)
- a need for companies to disclose how they are obtaining the free, prior and informed consent from Indigenous rights holders that may be impacted by current or proposed activities or projects
- an opportunity for companies to enhance disclosure regarding their approach to ESG materiality assessments by clearly identifying which social factors have potential to impact company value versus those that are of interest to stakeholders
- an opportunity for companies to enhance disclosure regarding board oversight of community engagement, human rights and Indigenous matters
- an opportunity for companies to enhance disclosure regarding senior management accountability for social factors
- a need for further work to define a set of consistent and comparable metrics for companies to report on potentially universal social topics
- an opportunity to consider how Indigenous matters should be factored into sustainability standards on social topics
- a need for further work to clearly define expectations from the capital markets regarding social disclosure

Questions to consider

The following are some key questions to consider as companies move forward in their performance and reporting on social matters:

- Does the company have a robust process for identifying and assessing material social risks?
- Does the company have a robust process for obtaining the free, prior and informed consent from Indigenous rights holders when activities may reasonably be expected to impact those rights?
- What social factors are being raised most frequently during engagements with investors, lenders, employees, customers, communities, Indigenous rights holders, industry peers and other stakeholders?
- How could social factors impact the company’s business model, strategic objectives and financial performance?
- Have social issues been appropriately integrated into existing governance structures and overall enterprise risk management processes?

- What sustainability reporting framework(s) is the company currently aligning its sustainability disclosure to and are there other sustainability reporting frameworks to consider? Do current sustainability reporting frameworks address company and stakeholder needs as they relate to reporting on social factors?
- Are there appropriate internal controls and processes in place to ensure the accuracy and reliability of reporting on social topics and social metrics?
- Should assurance be obtained on social metrics and targets? If so, what level of assurance (limited versus reasonable) and under what time frame?

Conclusion

A review of social disclosures found in regulatory and voluntary reports of 25 Canadian publicly listed issuers across a range of sectors identified many opportunities for enhanced disclosure on social topics and areas of future work.

Leading Canadian companies are providing disclosure on social topics. However, there is an overall lack of consistency and comparability in disclosure, particularly as it relates to terminology being used for social topics and metrics being reported. This creates challenges for capital markets participants and other stakeholders seeking to assess companies' social performance.

As consolidation of the sustainability reporting landscape progresses and with the increased attention on the "S" of ESG, it is important to understand the current state of social disclosure and the nature and extent of social factors being considered, measured and disclosed in the Canadian market to ensure that future work addresses existing gaps.

Please refer to Appendix D for a list of other resources and research on social factors.

Appendices

Appendix A: Scope of social topics

Table 2: Scope of social topics

SOCIAL TOPIC	SUBTOPICS[12]	INDIGENOUS FOCUS[13]
Human capital management	• attraction, retention and development of employees • employee engagement • work flexibility • compensation and benefits • skills development • employee turnover rate • employee mental health	• attraction, retention and development of Indigenous employees • Indigenous employee engagement • work flexibility for Indigenous employees • compensation and benefits for Indigenous employees • skills development for Indigenous employees • Indigenous employee turnover rate • Indigenous employee mental health

12 To define each social topic, key subtopics were identified under each of the social topics. The key subtopics were identified using the following sources: leading ESG reporting standards including SASB and GRI, leading ESG research and ratings providers' methodologies including Sustainalytics and MSCI and the World Economic Forum's white paper: *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation*.

13 To define the specific focus on Indigenous matters for each social topic, the following sources were considered: Business and Reconciliation: An Update Exploring the Performance of Public Companies in Canada, as well consultation with members of our project advisory committee (which included representatives of an independent, not-for-profit First Nations organization), who provided their perspective on how to best apply an Indigenous lens to this research.

SOCIAL TOPIC	SUBTOPICS[12]	INDIGENOUS FOCUS[13]
Diversity, equity and inclusion	• attraction, retention and development of diverse employees throughout the organization • diversity of governance bodies, executives and employees • pay equity • diversity training and awareness • diversity policies and programs • supplier diversity	• attraction, retention and development of Indigenous peoples throughout the organization • representation of Indigenous peoples in governance bodies, at the executive level and in the workforce • pay equity for Indigenous employees • training and awareness on Indigenous inclusion • diversity policies and programs addressing representation of Indigenous peoples • Indigenous suppliers
Human rights	• responsibility to respect human rights • human rights policy • human rights due diligence process • human rights violations and grievance mechanisms • human rights training • elimination of child and forced labour • labour rights including freedom of association, collective bargaining, respect for labour standards • human rights in the supply chain	• responsibility to respect Indigenous rights • Indigenous rights policy • free, prior and informed consent (FPIC) • Indigenous rights due diligence process • Indigenous rights violations and grievance mechanisms • training on Indigenous rights • Indigenous rights in the supply chain • legal disputes with Indigenous rights and title holders

SOCIAL TOPIC	SUBTOPICS[12]	INDIGENOUS FOCUS[13]
Community engagement	• company interaction with local communities • community engagement • community relationships • community investment • local procurement • local hiring • impact of company activities on local communities • community support for/ opposition to company activities	• company interaction with Indigenous communities • ongoing engagement with Indigenous communities • relationships with Indigenous communities • investment in Indigenous communities • business collaboration with Indigenous communities (e.g., joint ventures, royalties) • local procurement from Indigenous businesses • hiring of local Indigenous peoples • impact of company activities on Indigenous communities • Indigenous community support for/opposition to company activities

Appendix B: Common voluntary reporting frameworks, standards and goals

The following are some commonly used sustainability reporting frameworks, standards and goals that include social factors:

STANDARD/FRAMEWORK/GOALS	SOCIAL TOPICS INCLUDED
The **SASB Standards**[14] identify the subset of environmental, social and governance issues most relevant to financial performance and enterprise value for 77 industries and recommend metrics for disclosure to investors and the capital markets.	• human rights and community relations • customer privacy • data security • access and affordability • product quality and safety • customer welfare • selling practices and product labelling • labour practices • employee health and safety • employee engagement, diversity and inclusion

14 Upon the Value Reporting Foundation's consolidation into the IFRS Foundation, the IFRS Foundation's ISSB assumed responsibility for the SASB Standards.

STANDARD/FRAMEWORK/GOALS	SOCIAL TOPICS INCLUDED
The **GRI Standards** are designed to enable organizations to understand and report on their impacts on the economy, environment and people, including impacts on human rights, to a broad range of stakeholders including investors and the capital markets, policymakers and civil society.	• employment • labour/management relations • occupational health and safety • training and education • diversity and equal opportunity • non-discrimination • freedom of association and collective bargaining • child labour • forced or compulsory labour • security practices • rights of Indigenous peoples • local communities • supplier social assessment • public policy • customer health and safety • marketing and labelling • customer privacy • the GRI Standards also include a strong focus on human rights as part of the required foundational disclosures
The United Nations' Sustainable Development Goals (**SDGs**) were identified through the 2030 Agenda for Sustainable Development as 17 urgent calls for action by all countries in global partnership for shared prosperity. Each of the 17 SDGs are underpinned by specific targets and indicators to measure global progress against the SDGs. While not intended as a disclosure framework for companies to report on sustainability performance, increasingly companies are aligning reporting on social performance to the SDGs given their focus on driving positive social impact.	• no poverty • zero hunger • good health and well-being • quality education • gender equality • decent work and economic growth • reduced inequalities • sustainable cities and communities

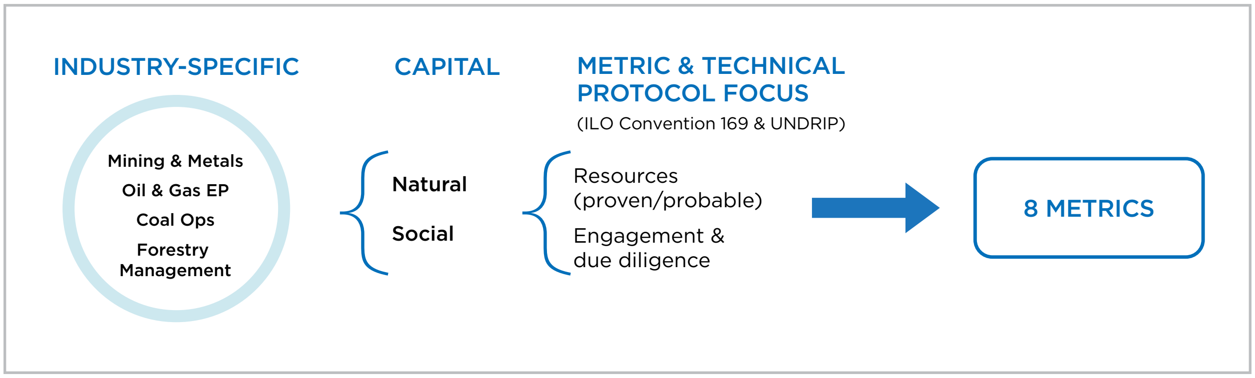
Appendix C: Examples of Indigenous matters in sustainability reporting frameworks

The following are some examples of how Indigenous matters are captured in current sustainability reporting frameworks.

SASB Standards

The graphic in Figure 2 depicts how SASB metrics address the rights of Indigenous peoples.

FIGURE 2: SASB INDUSTRY SPECIFIC METRICS AND TECHNICAL PROTOCOL FOCUS



The following are some examples of metrics in SASB Standards:

Industries: Coal Operations; Oil & Gas – Exploration & Production; Metals & Minerals

Disclosure topic: Security, Human Rights & Rights of Indigenous Peoples
Metrics:*

- percentage of (1) proved and (2) probable reserves in or near Indigenous land
- discussion of engagement processes and due diligence practices with respect to Indigenous rights

Industry: Forestry Management

Disclosure topic: Rights of Indigenous Peoples
Metrics:*

- area of forestland in Indigenous land
- description of engagement processes and due diligence practices with respect to human rights, Indigenous rights, and the local community

*See industry-specific SASB Standards for complete details including technical protocols for metrics.

When industry-specific SASB Standards include metrics related to employee diversity and inclusion, they request disclosure of the percentage of gender and racial/ethnic group representation for executive management, non-executive management, professionals and all other employees.

SASB recommends that for non-U.S. employees, companies should categorize employees in a manner generally consistent with the definitions of racial/ethnic groups provided by the Equal Employment Opportunity Commission's Employer Information EEO-1 report and further supplemented by applicable local regulations, guidance or generally accepted definitions. Therefore, there is no explicit requirement for companies to disclose representation of Indigenous peoples in the Canadian workforce under the SASB Standards.

GRI Standards

The GRI Standards consist of a set of standards including:

- **Universal Standards** apply to all organizations and consist of GRI 1: Foundation, GRI 2: General disclosures and GRI 3: Material topics.
- **Sector Standards** are designed to enable more consistent reporting on sector-specific impacts. Standards will be developed for 40 sectors. To date, Sector Standards for Oil and Gas, Coal and Agriculture, Aquaculture and Fishing have been released and are available for public use. The Mining Sector Standard is currently underway.
- **Topic Standards** list disclosures relevant to a specific topic. Companies are required to provide these topic-specific disclosures if they have identified the topic as material to stakeholders.

Topic Standards

GRI 411: Rights of Indigenous Peoples is the GRI Topic Standard that covers Indigenous matters. If a company has identified the rights of Indigenous peoples as material to stakeholders, it is required to provide the following disclosures:

- Disclosure 3-3 *Management of material topics*, which includes the reporting requirements shown in Figure 3 below.
- Disclosure 411-1 *Incidents of violations involving rights of Indigenous peoples*, which includes reporting requirements (as shown in Figure 4 below), recommendations and guidance.

FIGURE 3: GRI DISCLOSURE 3-3 REPORTING REQUIREMENTS

Disclosure 3-3 ***Management of material topics***

For each material topic reported under Disclosure 3-2, the organization shall:

a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights
b. report whether the organization is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships
c. describe its policies or commitments regarding the material topic
d. describe actions taken to manage the topic and related impacts, including:
    i. actions to prevent or mitigate potential negative impacts
    ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation
    iii. actions to manage actual and potential positive impacts
e. report the following information about tracking the effectiveness of the actions taken:
    i. processes used to track the effectiveness of the actions
    ii. goals, targets, and indicators used to evaluate progress
    iii. the effectiveness of the actions, including progress toward the goals and targets
    iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures
f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e)

FIGURE 4: GRI DISCLOSURE 411-1 REPORTING REQUIREMENTS

Disclosure 411-1 ***Incidents of violations involving rights of Indigenous peoples***
The reporting organization shall report the following information:

a. Total number of identified incidents of violations involving the rights of Indigenous peoples during the period
b. Status of the incidents and actions taken with reference to the following:
   i. incidents reviewed by the organization
   ii. remediation plans being implemented
   iii. remediation plans that have been implemented, with results reviewed through routine internal management review process
   iv. incident no longer subject to action

Under GRI 405 *Diversity and Equal Opportunity*, companies are required to report on the percentage of individuals within the organization's governance bodies and per employee category by "other indicators of diversity where relevant (such as minority or vulnerable groups)." Indigenous peoples are provided as an example of a vulnerable group, however there is no explicit requirement for companies to disclose representation of Indigenous peoples in governance bodies or per employee category.

Sector Standards

The Oil and Gas, Coal and Agriculture, Aquaculture and Fishing Sector Standards include additional disclosures for companies related to Indigenous matters including:

- describe the identified incidents of violations involving the rights of Indigenous peoples (building on GRI Disclosure 411-1 above)
- list the locations of operations where Indigenous peoples are present or affected by activities of the organization
- report if the organization has been involved in a process of seeking FPIC from Indigenous peoples for any of the organization's activities, including, in each case: whether the process has been mutually accepted by the organization and the affected Indigenous peoples and whether an agreement has been reached and is publicly available

Universal Standards

Under the GRI General Disclosure requirements, companies are required to describe the composition of the highest governance body and its committees by under-represented social groups. Under-represented social groups are defined as a "group of individuals who are less represented within a subset (e.g., a body or committee, employees of an organization) relative to their numbers in the general population, and who therefore have less opportunity to express their economic, social or political needs and views." Again, there is no explicit requirement for companies to disclose representation of Indigenous peoples in the highest governance body.

Appendix D: Additional resources

- The Human Capital Management Coalition outlines a set of foundational disclosures related to human capital management.
- The Capitals Coalition's *Social and Human Capital Protocol* is a framework available for businesses to measure and value their impacts and dependencies on people and society. It supports effective business decision-making and communication of the full value business generates for society.
- The United Nations' *Guiding Principles on Business and Human Rights* outlines foundational and operational principles related to the corporate responsibility to respect human rights and provides a framework and guidance for companies to implement strong approaches to respecting human rights.
- The Reconciliation and Responsible Investment Initiative's *Business and Reconciliation* report reviewed the disclosures of 78 TSX-listed Canadian companies to assess corporate Canada's progress in advancing Reconciliation and provides recommendations for companies, regulators and investors to enhance corporate reporting on Reconciliation and Indigenous relations.
- The Canadian Council for Aboriginal Business published the *Business Reconciliation in Canada Guidebook* to serve as a starting place for building respectful and sustainable business partnerships with Indigenous communities. The guidebook provides an introduction to the historical and cultural context of business Reconciliation, steps for building relationship with Indigenous businesses and communities and steps to foster sustainable economic partnerships.
- The First Nations Major Projects Coalition has a set of resources designed to provide its First Nations members with capacity-building tools, support and advice to make informed business decisions about planned or occurring major projects within their traditional territories.
- Reconciliation Australia provides resources designed to promote and facilitate reconciliation between the wider Australian community and Indigenous peoples, including resources to support the development of Reconciliation Action Plans.
- Participating Canadian securities regulatory authorities[15] conduct an annual review of a sample of TSX-listed issuers' disclosure regarding women on boards and in executive officer positions. Up-to-date annual reviews and guidance are available on CSA member websites.

15 Participating securities regulatory authorities include: Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Quebec, Saskatchewan and Yukon.

- Osler conducts an annual review of diversity disclosure practices in Canada, covering disclosure by TSX-listed companies and CBCA corporations subject to disclosure requirements. The most recent Osler review available at the time of publication was from October 2022.
- AccountAbility's AA1000 Series of Standards are principles-based frameworks designed to be used by global businesses, private enterprises, governments and other public and private organizations to demonstrate leadership and performance in accountability, responsibility and sustainability.
- The Canadian Centre for Diversity and Inclusion has published a *Glossary of Terms* which aims to provide a reference for anyone interested in terminology used within inclusion, diversity, equity and accessibility.
- The Canadian Human Rights Commission provides a set of resources on human rights, accessibility, employment equity and pay equity. These resources include tools for employers, tools for individuals and factsheets. There is a specific factsheet for collecting employment equity information about employees.
- Ontario's Anti-Racism Data Standards aim to establish practices for producing reliable information to support evidence-based decision-making and public accountability to eliminate systemic racism and promote racial equity.

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