

First Nations

Indigenous engagement | Heritage management

Thematic overview

First Nations is a term that refers to indigenous peoples or community groups who are the earliest known inhabitants of an area. In Australia, the term First Nations recognises Aboriginal and Torres Strait Islander people as the sovereign people of this land. It also recognises the multiple nations that make up the indigenous population of Australia. In Canada, this has been the preferred term for indigenous groups for some time. There are 634 recognized First Nations governments or bands across Canada. In Australia there are 3,338 registered Aboriginal and Torres Strait Islander corporations.

First Nations communities form an important stakeholder group for many listed companies across sectors such as energy, mining, consumer and financials. In the mining and energy sector, these groups can have a material influence on development timelines, permitting approvals, and the overall relationship with the community. In Australia in particular, heritage management is key to maintaining a strong relationship with these groups. In the consumer and financials sector, these groups are often an important part of the customer base and may require specialised product solutions.

Although we have been actively assessing First Nations' related risks and opportunities for companies within the mining and energy sectors for some time, this year we have added it as a new priority thematic covering two specific issues; indigenous engagement and heritage management. To avoid overlap, indigenous employment for workforce is assessed under the **Workforce** thematic.

The growing focus on nature, and the interface with First Nations' rights along with the awareness from our external stakeholders, has contributed to the increase in overall materiality of these issues and the decision to report this as a separate thematic.



2024 update

Materiality

Towards the end of 2023, an Australian constitutional referendum to introduce a proposed Aboriginal and Torres Strait Islander Voice was rejected by the Australian public. Leading up to the vote, corporate Australia's role in indigenous equity was extremely topical, with many believing that company's do not have a role to play. Throughout 2024, we have continued to see many Australian companies take a leadership role in **indigenous equity, engagement and employment and heritage management**. Companies such as Commonwealth Bank, Wesfarmers, Woolworths, and BHP have identified this as a material issue and have put measures, such as a Reconciliation Plan, in place.

In the mining and energy sector, tensions with First Nations and community groups have also seemingly risen in 2024. Rio Tinto in particular has faced ongoing scrutiny from First Nations' groups in and around the Pilbara in Western Australia in relation to heritage management. Similarly Woodside Energy and Santos have faced challenges with new offshore developments.

Although we do not feel the company level materiality for this topic has significantly changed since 2023, the awareness from our external stakeholders such as regulators and investors has increased. The Responsible Investment Association of Australasia has also identified First Nations as a priority topic in its 2025 engagement plan. The growing focus on nature, and the interface with First Nations' rights has also increased the overall materiality of this issue.

Globally, outside of Canada, this is a more nascent ESG priority for many companies, however, we plan to do some more work on the materiality across sectors within global equities in 2025.

Research

- Benchmarked the uptake of Free Prior and Informed Consent (FPIC) amongst Australian mining and energy companies and engaged with companies such as Santos, Rio Tinto and Woodside Energy to understand its application.
- A research trip to Western Australia and the Pilbara to meet with First Nations' groups and hear their perspectives. This trip included six meetings with mining and energy companies and five meetings with Aboriginal Corporations. A highlight was a two-day cultural immersion with the Robe River Kuruma Aboriginal Corporation management and elders. See the case study on the next page.
- A research trip to Calgary, Canada to benchmark indigenous engagement practices against similar practice in Australia. This trip included more than 15 meetings with key companies in the oil and gas industry and representatives of First Nations organisations.
- Joined the Responsible Investment Association of Australasia's First Nations Working Group with our participation kicking off from 2025.

Examples of company engagement



INDIGENOUS ENGAGEMENT

As part of a small group meeting, we **engaged** with the company to better understand how its support of Free, Prior, and Informed Consent (FPIC) for indigenous communities is applied through the range of lending practices. It gave us some insight into the overall governance practices and where the priority focus areas are across the bank.



HERITAGE MANAGEMENT

Rio Tinto has an **ESG risk level** of 3 under our ESG Framework and therefore requires active engagement to mitigate immediate and longer term ESG risks. Since the destruction of Juukan Caves in 2020, we have **engaged** with Rio Tinto on its management of First Nations' relationships and heritage on an ongoing basis. In 2024, we held 10 meetings with Rio Tinto, more than half of those meetings included discussion on First Nations' matters. See the case study in this section for further details.



INDIGENOUS ENGAGEMENT

Transurban was an early leader in establishing a Reconciliation Action Plan (RAP). Its third Innovate RAP was put in place in 2023 and seeks to build on the earlier RAPs and mature the organisations overall approach. In 2024, we met with Transurban's Head of Sustainability for a general update on ESG. As part of this meeting we specifically **engaged** on progress against the 2023 RAP and encouraged more disclosure on progress in the 2024 Annual Reporting Suite. The company confirmed the appointment of a First Nations Program Manager and a dedicated education program for staff.

CASE STUDY

First Nations' research trip example: Meeting with the Robe River Kuruma Aboriginal Corporation and others to gain a detailed understanding of risks and opportunities

In July 2024, our Head of ESG and Sustainability joined a small group of ESG analysts on a research trip to Western Australia where they met with a range of companies in Perth including six listed mining and energy companies, such as Fortescue Metals Group and Woodside Energy, and five Traditional Owner groups in the Karratha and wider Pilbara region, such as the Robe River Kuruma Aboriginal Corporation and the Banjima Native Title Aboriginal Corporation.

The Robe River Kuruma Aboriginal Corporation are traditional owners of land in the Pilbara which Rio Tinto mines under the name Robe Valley (Mesa A and Mesa J). As part of the research trip, the investors spent two days with management representatives of the corporation and elders of the traditional owner group. The elders shared their views on the impact of mining, both good and bad, and expressed specific concerns about the negative impact on a critical waterbody called the Bungaroo.

This **research trip** gave us unique access to an important stakeholder group in the Pilbara and has allowed us to better understand both their influence and the ongoing permitting risks in the region. As a result, we identified four priority areas for **engagement** and issued a **letter** to Rio Tinto with our feedback.

The priority engagement areas are:

Social licence:

improve the measurement of social licence considering the views of all stakeholders including First Nations' groups and integrate into Executive remuneration.

Access to land and culture:

support access to land and culture for First Nations' groups.

Water rights:

review the impact and dependencies on water and consider opportunities to improve the water rights of First Nations' groups.

Compensation and royalties:

mitigate the exposure to compensation and royalties claims by proactively engaging with First Nations' groups and understanding concerns.

Following the trip we have met with Rio Tinto management multiple times and have engaged on these priority issues. We also continue to engage with the Robe River Kuruma Aboriginal Corporation.

