First Nations Financial Management Board
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August 12, 2026

Submitted via email: secretariat@businessfuturepathways.ca
Canadian Taxonomy and Transition Planning Council

Dear Members of the Council:

Re: Public Comment on the Canadian Sustainable Finance Taxonomy: Methodology Report (Draft for Public Comment, July 2026)

The First Nations Financial Management Board (FMB) submits the following comments on the Canadian Sustainable Finance Taxonomy: Methodology Report. The FMB is a federally regulated statutory institution established under the First Nations Fiscal Management Act (FNFMA). We certify First Nations' financial management systems and financial performance, certification that in turn allows First Nations governments to access long-term debenture financing through the First Nations Finance Authority and broader capital markets. That work gives us a direct interest in how the taxonomy treats First Nations borrowers, investors, and rights holders.

We recognize the substantial work reflected in this draft, particularly the decision to build Minimum Social Safeguards into the taxonomy's foundations in this first phase rather than adding them later. The comments below are offered in that spirit, organized to track the Report's own section numbering.

1. Minimum Social Safeguards and UNDRIP/FPIC (Section 2.5)

Section 2.5 asks directly how the taxonomy should operationalize the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and Free, Prior, and Informed Consent (FPIC) within the Minimum Social Safeguards (MSS) framework. The Report itself frames respect for Indigenous rights and title as central to the taxonomy's credibility, and we agree: a taxonomy that does not get this right will struggle to earn the trust of the First Nations communities whose lands, resources, and economic participation it is meant to support. We offer four observations.

First, the Report states that Canada's MSS framework will be grounded in the country's own legal context, citing section 35 of the Constitution Act, 1982, and the United Nations Declaration on the Rights of Indigenous Peoples Act. We support that framing. At the operational level, however, the Report's proposed method for project-level due diligence points to the International Finance Corporation's Performance Standard 7 (PS7), a voluntary standard that is only binding in specific circumstances, such as

IFC or Equator Principles financing. We recommend that the same domestic legal sources anchor the practical due diligence and consent-verification methodology, not only the framework's stated intent, with PS7 and comparable standards used to supplement that methodology rather than define it.

Second, the Report's general MSS approach, combining entity-level and activity-level due diligence, is set out for all five MSS objectives together (Indigenous rights, human rights, labour standards, anti-corruption, and taxation integrity), and the Report itself notes that how Indigenous rights specifically will be integrated "requires further input and engagement." We welcome that invitation and recommend that the resulting framework state expressly that Indigenous Peoples hold a distinct legal status as rights holders, not as one stakeholder category among the other four, so Indigenous rights assessment is not folded into due diligence language written for the other MSS domains.

Third, the Report's proposed partial alignment approach lets an activity claim taxonomy alignment while disclosing that some MSS criteria are unmet. For most Do No Significant Harm (DNSH)/MSS domains, that is a reasonable balance between the credibility and usability the Report identifies as foundational principles. Given the reconciliation stakes specific to Indigenous rights, we recommend the Council consider treating that criterion differently: requiring that FPIC, where applicable, be obtained before any taxonomy-aligned status is claimed, rather than treating it as one disclosable gap among several.

Fourth, Box 3 notes that a project with the consent of, or led by, an affected Indigenous nation can still proceed and be financed outside the taxonomy if it does not meet the climate criteria. The same voluntary structure cuts both ways: a project that meets the climate criteria but lacks Indigenous consent is equally free to proceed and be financed elsewhere, and under the partial alignment approach described above, could potentially claim taxonomy-aligned status while disclosing that FPIC was not obtained. We recommend the Council state clearly, in this Report or in future guidance, that taxonomy-aligned status is not a signal of Indigenous consent unless the relevant MSS criteria have also been met.

2. Regional Specificity for Remote, Northern, And Indigenous Communities (Sections 2.2 and 4)

We support the Report's regionally specific principle, one of the six principles the Report identifies as foundational to the taxonomy's design, and its recognition that low-carbon technologies viable in southern Canada may not work in northern, rural, remote, or Indigenous communities. A significant number of First Nations across Canada, particularly in northern and remote regions, rely on diesel-generated electricity, where the case for renewable substitution differs materially from grid-connected communities. As the electricity sector's technical screening criteria are developed in 2026, this principle needs to become concrete, differentiated pathways rather than a general statement of intent, so remote and northern First Nations electrification projects are not inadvertently excluded from "green" classification.

The same logic applies to usability, another of the Report's six principles. Section 4 identifies small and medium-sized enterprises as a group whose capacity constraints warrant proportionate criteria design. Indigenous governments and their economic development entities face similar variation in reporting capacity and data infrastructure and should be named alongside SMEs rather than left to be inferred.

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3. Engagement with First Nations Fiscal and Economic Institutions (Sections 4.6 and 5.2)

The Report commits to engagement with Indigenous-led organizations and experts in developing technical screening criteria, but names no specific institutions and describes no formal process. The FMB, along with the other institutions established under the FNFMA (the First Nations Finance Authority, First Nations Tax Commission, and First Nations Infrastructure Institute), has direct experience translating national fiscal and regulatory frameworks into standards First Nations governments can actually use. We ask to be formally included in the technical working groups for the priority sectors that most overlap with First Nations traditional territories and economic activity: mining, electricity, and agriculture and forestry.

4. Capital Markets Access for First Nations Issuers (Section 2.4, Box 1, and Box 4)

We support the Report's decision not to require entity-level commitments (net-zero targets, disclosures, transition plans) as a precondition for green and transition category alignment. This is usability in practice: credible transition planning is not yet standard practice for most Canadian entities, and even less so for First Nations governments and their economic development corporations. An activity-level approach will make the taxonomy considerably more usable for First Nations borrowers seeking green and transition use-of-proceeds instruments.

Any entity-level requirements introduced in future phases should be designed with the same proportionality in mind. The FMB's Financial Management System and Financial Performance certifications already provide a recognized, audited signal of governance and fiscal capacity for First Nations governments. We would welcome a conversation with the Council about whether this certification framework could serve as a recognized proxy for entity-level assessments, reducing duplicative disclosure for First Nations issuers.

A taxonomy that properly incorporates Indigenous rights will be more credible, not less usable, and we believe the recommendations above serve both goals at once. The FMB would welcome the opportunity to participate directly in the next phase of engagement, particularly as technical screening criteria are developed for the electricity, mining, and agriculture and forestry sectors, and we are glad to make our certification frameworks and sector expertise available to the Council's technical working groups. Please do not hesitate to contact us with any questions about these comments.

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Per:

Scott Munro, FCPA, FCA, CAFM
Chief Executive Officer