

# INVESTOR INSIGHTS ON STEWARDSHIP, STANDARDS & STRATEGIC EXPECTATIONS FOR CANADIAN COMPANIES

The Mining Association of Canada (MAC) and Millani have been working together for the past seven years to cultivate collaboration and increased dialogue between mining companies and institutional investors, with the aim of establishing better alignment between corporate issuers' ESG (environmental, social and governance) disclosures and evolving expectations of investors. This discussion paper is the result of the most recent event that took place in June 2025, which brought together institutional investors and MAC members to discuss emerging trends in engagement between investors and mining issuers in Canada as the landscape for Canadian companies is rapidly evolving.

This year's dialogue event began in April when Millani was commissioned by the Mining Association of Canada to conduct a custom version of its annual Investor Sentiment Study through interviews with leading institutional investors and third-party stewardship advisory firms to understand evolving stewardship and engagement practices, as well as expectations of investors for Canadian mining companies, namely on governance and reporting. The results of this study were shared with participants at this year's annual MAC-Millani Investor-Issuer dialogue in June 2025 and formed the basis of the discussion.

This document summarizes key findings regarding emerging investor priorities in the context of ongoing market uncertainty, increased regulatory demands, and shifting global norms. It also discusses the resulting themes that emerged during the dialogue between participating investors and mining companies. The findings highlight continued support for ESG integration, growing reliance on robust disclosures from issuers, and an expanded focus on engagement escalation - including voting against board directors and enhanced attention to Indigenous partnerships, climate resilience, and reporting standardization.

## A MATURING INVESTOR ENGAGEMENT LANDSCAPE SECTOR

Despite market volatility and a challenging regulatory environment related to disclosure and engagement - including factors emerging due to new SEC rules and anti-greenwashing legislation in Canada, investors reaffirmed their commitment to incorporating ESG issues into decision-making, particularly governance, which is becoming a more central focus. Investors emphasized that reduced meeting requests should not be misconstrued as disinterest; on the contrary, there is increased reliance on disclosure, long-term strategy, and observable leadership. They remain attentive and are aligning their actions with longer-term objectives that extend beyond current political cycles.

At the same time, issuers participating in the dialogue highlighted a perceived lack of transparency related to how ESG data is being used to inform investment decisions, making it more challenging for issuers to tailor ESG disclosures to support those decisions.

This challenge risks being further compounded due to a reported reduction of investor-initiated engagement. To address this disconnect, issuers are asked to increase proactive engagement efforts with key investors and to ensure such engagement includes the dedicated ESG representatives.

Another theme identified during the dialogue was an increasing trend of investors seeking to frame their ESG inquiries as core business risks. This is in part due to a desire to make the most effective use of limited time with issuer management, a recognition that ESG issues are business issues, and wanting to be well-equipped to navigate shifting market dynamics, namely in the US. With this context in mind, some firms have also noted that they have begun to allocate the responsibility for engagement to portfolio managers.

A consequence of this shift is that issuers see fewer direct ESG questions during investor engagements and may interpret this as a lack of interest in ESG. As such, it becomes harder to prioritize ESG engagement with investors when these issues are not being raised during engagements.

**“We have done the work in preparing engagement activities under this new [market] context. In the US, there have been more open-ended questions to investors [by issuers] such as: “Do you have all of the information you need on our climate approach?”. Investors are being invited to provide feedback, rather than [issuers] waiting for investors to engage.”**

**— Asset Owner**

**“Also, we are really shifting our organization [...] our goal is to further integrate sustainability into investments. In order to do so, we can’t be driven by small groups in the firm, it needs to be owned by the PM [Portfolio Manager]. We’re shifting to quarterly calls, feeding them [PMs] in the background. It takes financial materiality. We’re shifting how we approach and engage, and when it’s very material from our sustainability point of view, then we will engage. There isn’t less interest, we’re just shifting how we’re doing things.”**

**— Asset Owner**

# IN THIS CHANGING LANDSCAPE, DIRECTORS BE AWARE

The risks and unintended consequences of the disconnects highlighted above are further complicated by a major theme emerging from investor conversations around the growing importance of escalation within engagement processes. As signatories to the UN PRI, many institutional investors are required to demonstrate active stewardship, including clear escalation pathways. While approaches vary, most firms expect meaningful

progress within a three-year window following an initial engagement. Some firms have formal frameworks, while others escalate flexibly depending on issue severity (*Figure 1*). Escalation strategies typically progress from engagement with management to board-level discussions. If progress stalls, investors may vote against directors, file shareholder proposals, or ultimately divest.



Figure 1 - Percentage of surveyed investors that have escalation strategies in place informing their engagement with issuers

Importantly, the recent U.S. SEC Exchange Act on beneficial ownership - which triggers additional reporting requirements when holdings exceed 5% of a class of registered equity securities and restricts the use of vote withholding as an engagement tool - has influenced investor behavior (*Figure 2*). This regulatory change has made private engagement more cautious, leading many investors to limit detailed explanations or threats of withholding votes during discussions.

The indirect outcome of this regulatory change may be a potential shift in what has been an open and productive environment for engagement practices within Canadian capital markets. This evolution may put this environment at risk. For issuers, this underscores the importance of ongoing disclosure, robust governance, and a willingness to engage at both management and board levels.

Instead, investors are increasingly using proxy voting as a primary method of escalation. This marks a significant shift: issuers may no longer receive forewarning of the level of investor dissatisfaction, but the consequences will be reflected in voting outcomes.

Have the changes by the SEC to the Exchange Act on beneficial ownership reporting directly affected you?

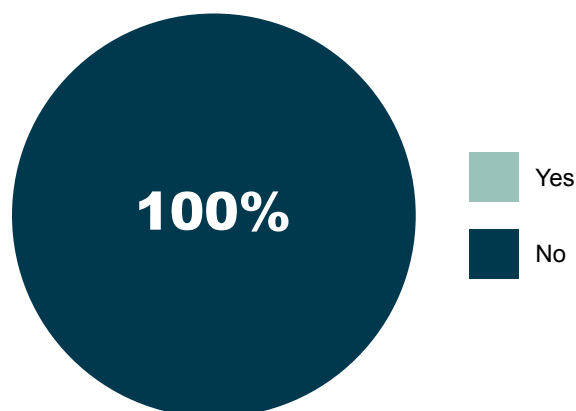


Figure 2 - Impact of recent changes by the SEC on the Exchange Act on beneficial ownership on investors

Specifically, Canadian mining firms were commended for openness to dialogue, progressive Indigenous reconciliation practices, improved ESG integration in investor presentations, and transparency in areas like safety and Scope 1 & 2 emissions. In particular, the Towards Sustainable Mining (TSM) initiative was cited as a respected Canadian strength.

However, investors also pointed to area for improvement. Junior and mid-cap mining firms were viewed as lagging in governance and disclosure, which can erode sector-wide trust. Participants stressed the need for clearer links between ESG disclosures and financial materiality, stronger adoption of verifiable data, and continued improvement in Scope 3 reporting and biodiversity impacts. There was also concern over the sector's perceived hesitancy to pilot clean technologies - a missed opportunity amid growing attention on mining's role in the energy transition.

When it comes to investor engagement priorities for the mining sector, the findings demonstrate that investors continue to be focused on Indigenous engagement and economic development, human rights and overall corporate governance (*Figure 3*). Of note in this study is that investor expectations for Indigenous partnerships have shifted. Beyond monitoring engagement, there is now a strong investor appetite for equity partnerships with

Indigenous nations. Free, Prior and Informed Consent (FPIC) is increasingly viewed as non-negotiable, and Canadian issuers are seen as leaders in demonstrating what best practice looks like.

**“The implications are more on the way we communicate more than anything else. It won’t change the fact that we’ll still engage with companies.**

**It’s just that we are being very cautious on talking about how we may end up voting, or not, for or against Director elections, because that could be perceived as we’re asking for something in return or our vote.”**

**— Asset Manager**

## RANKED INVESTOR ENGAGEMENT PRIORITIES BY TOPIC

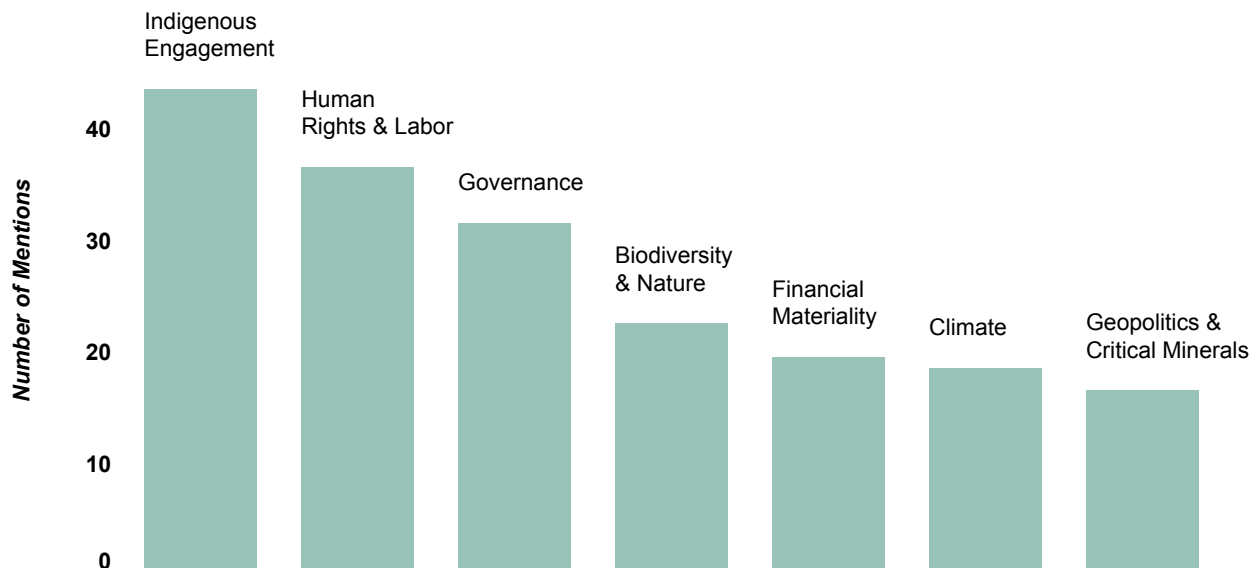


Figure 3 – Ranked investor engagement priorities by topic

Regarding reporting standards, investors underscored the importance of transparency and harmonization. There was strong support for Canada's leadership in developing the Consolidated Mining Standard Initiative (CMSI), with encouragement to ensure it maintains the strength of TSM. While CMSI is seen as a promising tool to reduce reporting burdens, its legitimacy hinges on robustness with some investors expressing a desire for comparability with other well recognized mining sustainability standards, particularly around assurance and social performance, areas where investor scrutiny is growing.

Finally, investors offered strategic advice for issuers. Proactive outreach is key - waiting for investor contact can be a missed opportunity. Governance remains a cornerstone of investor confidence, and cross-functional participation in engagements is encouraged. Transparency around progress, even when imperfect, is valued more than silence. Resilience planning - especially related to climate - is expected to continue internally, regardless of public disclosure levels.

Ultimately, investors are urging companies to link ESG strategy to financial outcomes, providing data that enhances decision-usefulness and reinforces trust.

The investor interviews and Investor-Issuer dialogue conducted in 2025 provide a timely and nuanced view into the evolving priorities shaping stewardship and capital allocation decisions. While regulatory and geopolitical dynamics continue to introduce uncertainty, Canadian issuers have a clear opportunity to lead through transparency, credible long-term planning, and thoughtful engagement. Aligning governance, disclosure, and strategy with investor expectations will remain essential - not only to preserve trust but also to position for growth in a world increasingly focused on sustainable value creation.

## Recommendations for Issuers

---

<b>Proactive outreach</b>	In this evolving space, proactively reaching out to investors is viewed as a positive action from issuers.
<b>Strong governance is key</b>	With the headwinds in the US, it is important to stay on course and continue to plan investments with a long-term view.
<b>Transparency on progress</b>	Transparency on issuer progress, even if the results may not be what were expected, is valued over no disclosures or engagement.
<b>Building in resiliency</b>	Building resiliency into your business strategy is key, given the current geopolitical situation.
<b>Disclosing financial impacts</b>	Tying related disclosures to financial implications is well received and seen as leadership.

---

## Recommendations for Investors

---

<b>Avoid obscuring ESG topics</b>	Requesting that dedicated ESG/sustainability representatives be present during engagements to bring value to discussions.
<b>Be clear on desired outcomes</b>	While expressing interest in ESG topics in business terms, reiterate the need for ESG-related disclosures and identify your particular focus topics.
<b>Encourage Canadian issuer competitiveness</b>	Vocalizing your desire for issuers to continue their ESG integration journey can be a welcomed message that cuts through the noise and support Canadian competitiveness at a global level.
<b>Opportunities through passive engagement</b>	Supporting industry events which allow for one-on-one meetings with issuers' senior leadership can lead to efficient and effective engagement.

---





The Mining Association  
of Canada | L'association minière  
du Canada



## ABOUT THE MINING ASSOCIATION OF CANADA (MAC)

The Mining Association of Canada is the national organization for the Canadian mining industry. Its members account for most of Canada's production of base and precious metals, uranium, diamonds, metallurgical coal, and mined oil sands, and are actively engaged in mineral exploration, mining, smelting, refining and semi-fabrication.

For the last 86 years, the Mining Association of Canada (MAC) has been the national voice of the Canadian mining industry working with governments, playing an education role for different stakeholders and encouraging sustainable practices, while promoting the Canadian mining industry's value creation and leadership worldwide. Through MAC's reporting framework, *Towards Sustainable Mining* (TSM), MAC members are guided by principles that align social, economic, and environmental performance with the priorities of the communities in which they operate.

For more information, please visit [www.mining.ca](http://www.mining.ca).

## ABOUT MILLANI INC.

Millani provides responsible investing and corporate ESG/sustainability advisory services, including ESG integration and impact, to both investors and companies.

For the past 16 years, Millani has become the partner of choice for institutional investors and corporations alike. By providing advisory services on integrating material ESG/sustainability issues into investment strategies and decision-making processes, Millani helps reduce risks, increase returns and create value. Millani also regularly develops leading thought leadership on investor and disclosure trends. The firm leverages this expertise and experience to help corporations, both public and private, create strategies, engage with stakeholders and strengthen their disclosures, supporting the organizations in their access to capital and optimization of market value.

Millani's success is founded on a bespoke, client-centric approach that focuses on material issues, practical implementation, and independent advice. Our extensive capital market experience and unparalleled expertise in ESG, and its connection to value creation, position Millani at the nexus between investors and companies—making us unique in the Canadian market.

For more information, contact us at [info@millani.ca](mailto:info@millani.ca) or visit our website [www.millani.ca](http://www.millani.ca).