

Strategy for Economic Reconciliation and to Strengthen Relations with First Nations and Inuit

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Legal Deposit, Bibliothèque et Archives
nationales du Québec, 4th quarter 2024
ISBN 978-2-550-98805-2 (PDF v. ang.)
ISBN 978-2-550-98803-8 (PDF v. fr.)
ISBN 978-2-550-98804-5 (Imp. v. ang.)
ISBN 978-2-550-98802-1 (Imp. v. fr.)
2024G416A

Our commitment to reconciliation

Since my arrival at Hydro-Québec in 2023, one of my priorities has been to meet with First Nations and Inuit. During these meetings, I have heard many people's concerns about our past and future relations.

As part of this approach, Hydro-Québec committed to implementing a process of economic reconciliation in order to strengthen its relations with First Nations and Inuit in Québec.

In our view, engaging in this process was the right thing to do. We acknowledge that our relations with First Nations and Inuit have at times been difficult and complex.

I would like to thank the more than one hundred First Nations and Inuit representatives who took the time to meet with us to share their aspirations, concerns, and ambitions over the course of more than 30 meetings in spring 2024. They made it clear that reconciliation must be not only economic, but environmental and social as well.

Inspired by these discussions and the provisions of the *United Nations Declaration on the Rights of Indigenous Peoples*, our vision of reconciliation involves addressing the repercussions of the past and building partnerships based on mutual trust and respect, all to ensure a successful energy transition in Québec.

We have work to do to strengthen relations and make our organization more open and inclusive; however, we believe we have the right foundations to succeed, namely collaboration and openness.

As part of this reconciliation process, we are also committed to ensuring continuous, two-way communication between Hydro-Québec and Indigenous communities. This commitment is essential to Hydro-Québec gaining a better understanding of Indigenous realities, and to our Indigenous partners gaining a better understanding of the challenges facing Hydro-Québec. This open communication

will help establish a common understanding of our challenges and on that basis, drive sustainable solutions.

We have committed to being a leader in Québec's decarbonization by contributing to the reduction of greenhouse gas emissions and by prioritizing significant measures to double the energy savings achieved by our customers. These efforts aim to ensure we can meet the growing need for electricity driven by the energy transition while improving service quality for our customers.

Hydro-Québec needs to take on big challenges. In particular, developing our wind, solar and hydropower capacity and connecting new generating facilities to the grid. We must seize the opportunity presented by these major projects to forge partnerships with First Nations and Inuit in Québec to ensure they participate fully in the projects and derive concrete and lasting benefits from them for their communities. Working together in partnership is essential if we are to achieve our goals of decarbonization and collective wealth, in the best interests of all Quebecers.

It goes without saying that implementing these projects and this Strategy will require major investments that will need to be carried out in an informed and responsible manner in order to minimize costs and to ensure that electricity rates continue to be affordable for Québec households and competitive worldwide for local businesses.

Our *Strategy for Economic Reconciliation and to Strengthen Relations* will guide our actions and define common objectives to be met as we navigate towards 2035 and beyond. It will serve as a demonstration of our commitment to First Nations and Inuit throughout each and every one of our spheres of activity.

Michael Sabia

President and Chief Executive Officer, Hydro-Québec

Background, report and commitments

To better serve its customers, contribute to the fight against climate change and help create collective wealth in Québec, Hydro-Québec launched its [*Action Plan 2035 – Towards a Decarbonized and Prosperous Québec*](#) in November 2023. The plan centres around five priorities, one of which is to seek closer collaboration with Indigenous communities.¹

The fight against climate change and the need to decarbonize society, which rely to a great extent on replacing fossil fuels with clean and renewable energies, are collective challenges.

Thus, carrying out projects and initiatives in close collaboration with Indigenous communities, municipalities and regional county municipalities is essential to our ability to find innovative and socially acceptable solutions, all while continuing to fulfill our commitments and financial and environmental obligations.

With this in mind, we pledge to build on our activities in recent decades and our more recent work as a certified Gold company under the Canadian Council for Indigenous Business's (CCIB) Partnership Accreditation in Indigenous Relations (PAIR) program. To this end, we have launched a distinct process of dialogue with First Nations and Inuit to identify better ways forward on the path to reconciliation.

A prime example of a major initiative that has already been launched and that demonstrates our willingness to do things differently is the signing of historic partnership agreements with the Mohawk Council of Kahnawà:ke to develop a transmission line. Another example is the partnership created to develop the Chamouchouane area in Saguenay–Lac-Saint-Jean. As part of this initiative, Indigenous communities were involved in the development of wind projects as partners and shareholders from the get-go.

In August 2024, we also had the pleasure of welcoming Victoria LaBillois, from the Mi'gmaq community of Listuguj, as the first member from an Indigenous community on Hydro-Québec's Board of Directors.

In this regard, we recognize the deep connection that First Nations and Inuit have with the land. We therefore welcome and respectfully consider the assertions of rights by First Nations and Inuit, and we recognize the importance of reconciling our activities with Aboriginal and treaty rights recognized and protected under section 35 of the *Constitution Act, 1982*.

Five major principles emerged from the discussions held over the past months, which will guide our current and future actions in relation to First Nations and Inuit:

- An approach promoting collaboration and partnership
- Social acceptability, listening and transparency
- Commitment to dialogue about the repercussions of the past
- Greater representation and contribution within the organization and its governance
- An evolutionary process

1. "Indigenous communities" refers to First Nations and Inuit communities in Québec, as well as the governments and organizations they have designated to represent them.

Background, report and commitments (continued)

These interactions have helped us better understand the concerns of First Nations and Inuit, and identify the success factors and solutions that will enable us to improve our relationships and chart a way forward together. The discussions focused on four main topics:

- Topic 1 – Participation and economic benefits
- Topic 2 – Environment, land and resources
- Topic 3 – Labour and employment
- Topic 4 – Ongoing relations and customer services

The following outlines what has been shared with us at the meetings, as well as the commitments we are making to First Nations and Inuit. It also presents an overview of the initiatives we have launched or will be launching to strengthen our relationships through concrete action, all in a spirit of collaboration, partnership and economic reconciliation.

This approach is part of our overall strategy to carry out the projects required to accomplish the objectives of [*Action Plan 2035*](#) while fulfilling our commitment to all of Québec to keep rates affordable for households and competitive worldwide for local businesses.

Topic 1 Participation and economic benefits

Summary of what has been shared with us

First Nations and Inuit have expressed their desire to participate fully in energy development in Québec. To that end, they have articulated their interest in becoming partners in any new Hydro-Québec project, should they choose to do so, thereby moving beyond the traditional agreement process that had been applied in the past.

In addition, they would like to see Hydro-Québec projects and activities generate increased economic and social benefits for their communities. In this regard, they are calling for a greater share of Hydro-Québec contracts for Indigenous businesses. They are also calling for these contracts to be more diversified, and for more opportunities for training, employment and economic development.

They also expressed that Hydro-Québec should facilitate consultation and provide them with greater predictability, enabling them to better plan their economic development initiatives and their participation in sustainable land management.

Our commitments

- 1.1 Adopt a partnership approach that will enable us to carry out our projects in a cost-effective and responsible manner jointly with First Nations, Inuit, municipalities and regional county municipalities, and facilitate their access to levers that have been adapted to enable them to become full partners in the energy transition and the decarbonization of off-grid systems and other facilities not connected to the main grid.**

Initiatives

- Invite First Nations and Inuit to participate as partners in the new large-scale infrastructure projects we will carry out across all sectors (e.g., wind, solar, hydroelectric), to generate independent revenues that can be invested according to their own needs and priorities.
- Facilitate access to different means of private funding or government financing or, when such options are unavailable, propose financial support from Hydro-Québec with a view to reduce financial barriers and enable First Nations and Inuit to participate as partners in our energy development projects.
- Continue the gradual conversion of our off-grid systems to cleaner energy sources, while generating positive benefits for the Indigenous communities and the municipalities supplied by these systems (e.g., partnerships and agreements for integrating renewable energy from wind, hydropower or solar sources, or from forest biomass cogeneration).
- Develop, in collaboration with First Nations and Inuit, programs tailored to their needs to support the implementation of energy efficiency and transition initiatives in communities (e.g., installing solar panels, energy-efficient renovations).

- 1.2 Intensify the deployment of our Indigenous Procurement Strategy and evolve it in order to contribute to the collective economic prosperity and development of First Nations and Inuit, in keeping with an approach favouring responsible procurement and sustainable development.**

Initiatives

- Strengthen our business relationships by working with designated Indigenous organizations, Indigenous businesses and economic development stakeholders in Indigenous communities. This will enable us to determine with them the best approaches for diversifying the sectors in which these businesses can bid on contracts and increasing the proportion of contracts awarded to them. These relationships will promote better understanding of Hydro-Québec's needs and the procurement standards which the organization must respect in order to ensure the most reliable and affordable service possible for Quebecers.
- Spending a total of over \$1 billion in goods and services from Indigenous suppliers between 2025 and 2029 to meet the needs of our infrastructure projects across all sectors (e.g., wind, solar, hydroelectric) and of our operating activities.
- Increase support offered to Indigenous businesses at all stages of the procurement process, from supplier qualification to contract closure.
- Work with Indigenous communities and designated Indigenous organizations to validate that the Indigenous businesses we work with are recognized as such (e.g., Québec Enterprise Register [*Registre des entreprises du Québec*], Indigenous business directories from designated Indigenous communities and organizations, 1D1N certification).

- 1.3 Provide First Nations and Inuit with greater visibility in the integrated planning of Hydro-Québec's projects and operating activities, as well as in our programs and initiatives aimed at supporting the economic and social development of Indigenous communities, in accordance with our Policy on relations with Indigenous communities (in French only).**

Initiatives

- Hold regular discussion and coordination meetings with First Nations and Inuit economic and land development stakeholders regarding our planned generation and transmission projects and activities over a horizon of up to 10 years, to enable greater coordination and predictability.
- Provide Indigenous communities and businesses with greater predictability regarding future business opportunities and labour requirements for Indigenous businesses and Hydro-Québec to ensure the training of sufficient resources upstream and increased economic benefits in the communities.
- Continue to work with First Nations and Inuit communities to raise awareness of our Social Responsibility Directive and improve the alignment of the eligibility criteria with these communities' realities and needs, with the aim of increasing the portion of the donations and sponsorships budget allocated to them.

Topic 2 Environment, land and resources

Summary of what has been shared with us

First Nations and Inuit have expressed that Hydro-Québec should intensify its efforts to better collaborate with them and involve them upstream of the planning and execution of its projects and activities. The organization should also be prepared to adapt its practices and projects to address the concerns that are raised.

They would also like us to better integrate their expertise and knowledge of the territories on which we deploy and operate generation, transmission and distribution facilities. In their view, this would enhance the conservation, protection and responsible management of natural resources.

Some of the communities with whom we met mentioned that relations with Hydro-Québec have sometimes been difficult and complex and that, in some cases, trust needs to be rebuilt or strengthened. They also shared their desire to be compensated for what they consider to be past losses and damages associated with land use and energy development.

Our commitments

2.1 Foster greater upstream involvement of First Nations and Inuit in planning and executing our projects and operations, integrating their expertise and knowledge and giving greater consideration to their interests and concerns from the earliest stages.

Initiatives

- Support and increase the participation of First Nations and Inuit as collaborators and suppliers at every phase of our projects and operations in addition to our environmental studies and follow-ups.
- Support initiatives designed and carried out by First Nations and Inuit with a view to enhancing and restoring the natural environments affected by our projects, in keeping with our future *Biodiversity Action Plan* (e.g., initiatives for the protection, restoration and enhancement of biodiversity, planting culturally significant plant species for First Nations and Inuit in power line rights-of-way).

2.2 Foster the social acceptability of our projects and activities and strengthen bonds of trust with First Nations and Inuit through concrete actions aimed to recognize and value their use and knowledge of the land.

Initiatives

- Pursue the implementation of working groups with Indigenous communities who wish to initiate or continue the dialogue about the repercussions of the past.
- In collaboration with First Nations and Inuit, develop and implement more land conservation and Indigenous cultural heritage enhancement measures (e.g., reintroducing at-risk plant species around our facilities, integrating and expanding Indigenous archaeological heritage, supporting the creation of museums and cultural centres, installing commemorative lookouts).

Topic 3 Labour and employment

Summary of what has been shared with us

First Nations and Inuit have indicated to us that, in the interests of economic reconciliation, Hydro-Québec should serve as a catalyst by providing members of their communities with stimulating jobs that will generate economic benefits.

To this end, they would like Hydro-Québec to support training programs adapted to the needs and realities of First Nations and Inuit in fields related to its projects and activities and to collaborate in implementing these programs.

They are requesting that Hydro-Québec support skills acquisition and knowledge transfer in the fields related to energy as well as in the construction and operation of generating and transmission facilities within Indigenous communities.

They also mentioned that, to promote cultural safety, Hydro-Québec should adapt its practices and reduce employment barriers, fostering a work environment that respects the unique social, cultural and linguistic characteristics of First Nations and Inuit.

Our commitments

3.1 Support local development of the Indigenous workforce by collaborating closely with communities, designated Indigenous organizations and educational partners, in order to create more employment opportunities in more diversified areas of expertise.

Initiatives

- Increase awareness of the diverse job opportunities at Hydro-Québec by facilitating access to more internships and by creating opportunities for exploration and interaction (e.g., facility tours, job shadowing days), while taking into account regional diversity and specificities.
- Support the establishment of training centres as well as education and training programs tailored to Indigenous peoples across all areas of activity of the organization (e.g., centres or programs focused on our trades and professions: lineworkers, site managers, environmental supervisors, archaeologists, biologists, engineers, managers, etc.; and scholarships to facilitate participation in these programs).

3.2 Make our organization more open and inclusive by further adapting our work environment, practices and conditions to foster employment access and retention of Indigenous employees and thereby increase their representation and contribution, including in management and governance positions.

Initiatives

- Continue to reduce barriers to employment and improve and adapt our processes for hiring, welcoming and promoting Indigenous employees, with the support of unions and other internal partners (e.g., hiring people from the communities located near facilities, authorizing absences for traditional practices).
- Provide more support and coaching to Indigenous employees to help them develop their skills, reach their full potential and realize their aspirations and ambitions (e.g., French language training programs, job-training programs, structured coaching programs for new employees and a leadership program to promote access to director-level positions).
- Highlight the contributions made by Indigenous employees, promote cultural exchanges and encounters, and bring Indigenous cultures to life within the organization (e.g., employee participation in traditional Indigenous activities, showcasing Indigenous culture and art in facilities, hosting networking events).

3.3 Raise awareness of Hydro-Québec employees about Indigenous social, cultural and linguistic specificities, and ensure that employees take these into account in all aspects of their professional lives.

Initiatives

- Develop a training program in collaboration with First Nations and Inuit to be given to all employees to increase their understanding of Indigenous realities, and improve their cultural competence (e.g., specific programs for jobs in project management, operations or customer services).
- Provide coaching and support to managers and staff who work or interact with Indigenous employees, with a view to continuously improving approaches and practices.
- Actively engage in a monitoring and continuous improvement process, in collaboration with Indigenous communities and designated organizations, to establish recognized best practices with respect to relations with Indigenous employees and communities (e.g., Canadian Council for Indigenous Business's (CCIB) Partnership Accreditation in Indigenous Relations (PAIR) program, involvement within professional associations and groups, collaborating with designated Indigenous organizations).

Topic 4 Ongoing relations and customer services

Summary of what has been shared with us

First Nations and Inuit clearly indicated that the quality of electricity service should be improved. They also emphasized that the processes involved in handling connection requests should be simplified and made more transparent, and that communications should be improved throughout all stages of request handling.

In this context, they noted that Hydro-Québec should adapt its approach to customer services and provide more support to Indigenous customers to better meet their needs.

During the discussions, it was also mentioned that Hydro-Québec should continue to seek ways of improving its communication channels and approaches in order to promote better information sharing, and thus better respond to the needs and concerns of First Nations and Inuit.

Our commitments

4.1 Improve service reliability, turnaround time for connection requests, and our customer service approach with members of Indigenous communities.

Initiatives

- Deploy measures tailored to Indigenous communities to put into action the commitments outlined in the [*Report and Commitments Stemming from the Dialogue on Action Plan 2035*](#) regarding electricity service reliability, turnaround time for connection requests, and customer services, while taking into account their realities and concerns.
- Deploy a specialized Indigenous customer services team and consolidate the network of liaison officers to ensure the coordination and delivery of services tailored to the needs of this clientele, from work requests to billing (e.g., dedicated telephone helpline and online portal, contact person assigned to the community).

4.2 Promote better communication and more active collaboration with First Nations and Inuit to improve cohabitation on the land and better take into account their concerns and interests in our policies, directives and processes that involve them.

Initiatives

- Create collaborative forums with interested Indigenous communities to facilitate the ongoing sharing of information and concerns to then enable more proactive responses.
- Develop internal and external communication tools tailored to Indigenous realities to improve the sharing of information about our activities, programs and services.
- Establish follow-up mechanisms with First Nations and Inuit to oversee the evolution of this Strategy and ensure its alignment with their needs and aspirations.

Conclusion – Towards economic reconciliation and strengthened relations

Our commitments to Indigenous communities, made in November 2023 as part of our *Action Plan 2035*, are very clear:

- Create opportunities for Indigenous communities to take part in new energy projects and make them sources of sustainable prosperity.
- Work with the communities to increase the representation of Indigenous peoples in Hydro-Québec's activities.

More specifically, we aim to support the economic, social and cultural development of Indigenous communities, including through the sharing of wealth generated by energy projects, and to make our organization more open and inclusive, for our Indigenous employees, customers, suppliers and partners.

In so doing, we are proud to contribute to making our clean and renewable electricity the driving force of Québec's collective wealth and to join with First Nations, Inuit, municipalities and regional county municipalities to achieve our energy roadmap.

These collaborations will help us reach the ultimate goal of creating a reliable energy system with electricity rates that are affordable for Québec households and competitive worldwide for local businesses.

The energy transition is a collective challenge, and we all have a role to play in its success.

Through this Strategy, we are committed to implementing concrete actions to bring about a real cultural change at the heart of the organization, as well as a significant evolution in our ways of doing and acting, in a spirit of collaboration, listening and humility.

Throughout the implementation of the Strategy, we will inform our Indigenous partners and the public of the progress and results of our initiatives.

We are grateful to the Indigenous communities who are willing to take this first step towards reconciliation with us.

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Direction principale – Relations
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nationales du Québec, 4th quarter 2024

ISBN 978-2-550-98805-2 (PDF v. ang.)

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ISBN 978-2-550-98804-5 (Imp. v. ang.)

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2024G416A

The original text written in French shall prevail.
Ce document est également publié en français.

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