

September 26th, 2023



environmental
defence

Re_Generation

Attention of:

Hon. Senator Pamela Wallin,
Hon. Senator Diane Bellemare,
Hon. Senator Colin Deacon,
Hon. Senator Clément Gignac,
Hon. Senator Tony Loffreda,
Hon. Senator Elizabeth Marshall,
Hon. Senator Yonah Martin,
Hon. Senator Paul J. Massicotte,
Hon. Senator Pierrette Ringuette,
Hon. Senator Raymonde Saint-Germain,
Hon. Senator Hassan Yussuff

Dear member of the Senate Committee on Banking, Commerce, and the Economy,

On behalf of the signatories below (100+ organizations and academics), we request you study the *Climate Aligned Finance Act* (Bill S-243, CAFA) as a priority early in this Senate's session. We also request you bring a balanced roster of witnesses, including those with climate expertise independent from the financial sector.

Canada's banking and financial sector is heavily exposed to climate-related risk. While other jurisdictions are advancing new policies to mitigate climate-related financial risks, Canadian policy is behind on rerouting the financial sector to address climate change. CAFA is a comprehensive piece of legislation which would:

- Require all federally-regulated financial institutions to have credible plans to meet Canada's climate commitments,
- Address conflicts of interest and build climate expertise on boards, and
- Provide the policy environment for Canada's economy to address climate-related risks.

Advancing the discussion about climate-related financial policy is urgent, which is why CAFA should be studied under your committee early in the Senate's session. Other jurisdictions have climate-related financial policies far more advanced than Canada. The European Union¹ and United Kingdom² have disclosure and transition plan policies for the financial sector; the State of California³ is advancing two stringent policies for climate-related emissions and for risk disclosure; the US Treasury⁴ recently released guidance for net-zero transition plans. Our country is at risk of falling behind economically and failing to achieve our climate commitments, and discussing CAFA is key to overcoming this gap.

¹https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance_en

²<https://www.gov.uk/government/news/chancellor-uk-will-be-the-worlds-first-net-zero-financial-centre>

³<https://www.persefoni.com/learn/california-sb253-sb261>

⁴<https://home.treasury.gov/system/files/136/NetZeroPrinciples.pdf>

Financial policy must adapt due to climate change. This means preparing the financial system to address climate-related risks, and ensuring the financial system does not contribute to worsening climate change. Canadian governments set clear trajectories for climate action, including a federal commitment to reduce emissions 40-45% by 2030 as legislated through the *Net-Zero Emissions Accountability Act*.⁵ While the federal government has set emission reduction pathways for all areas of the real economy through the Emissions Reductions Plan,⁶ aligning the financial sector with the emissions reduction commitments is a key missing piece of Canada's climate plan.

Canadian banks are the largest financiers of fossil fuels globally,⁷ resulting in over \$100-billion of stranded assets in our economy.⁸ With increasing attention to phasing out fossil fuels - over 80 countries showed support at the United Nations COP27 to phase out fossil fuels, and thousands of people protested this September to encourage this phase out - the risk of climate-related stranded assets in Canada's economy must be studied. Furthermore, extreme weather events caused by climate change contribute to making life less affordable for Canadians and increasing inflation,⁹ and the physical damage from climate change poses risks to infrastructure assets. Canadians deserve investments that contribute to a safer climate and more affordable economy. Clear policy to guide financial institutions through the climate transition, like CAFA, is necessary.

We call on you as a member of the Committee to prioritize CAFA in your schedule of study.

Sincerely,

Signatories below (107 organizations and academics)

⁵<https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050/canadian-net-zero-emissions-accountability-act.html>

⁶<https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030.html>

⁷<https://www.ran.org/press-releases/new-report-canadian-bank-rbc-the-1-financier-of-fossil-fuels-worlds-biggest-banks-continued-to-pour-billions-into-fossil-fuel-expansion/>

⁸<https://www.nature.com/articles/s41558-022-01356-y>

⁹<https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp2821~f008e5cb9c.en.pdf>

Organisations

Environmental Defence Canada (Julie Segal)

Re_Generation (Gareth Gransauil)

Ivey Foundation

Trottier Foundation

ArcTern Ventures

InvestEco Capital

The Atmospheric Fund

New Market Funds

Corporate Knights

Canada Climate Law Initiative

Investors for Paris Compliance

David Suzuki Foundation

Climate Action Network Canada (CANrac)

Shift: Action for Pension Wealth & Planet Health

Climate Reality Canada

Ecojustice

RRSE

Stand.earth

Reclaim Finance

Small Change Fund

ClimateFast

The Global Sunrise Project

Windfall Centre

Canadian Health Association for Sustainability and Equity (CHASE)

For Our Kids

SI-CAN South Island Climate Action Network

Grandmothers Act to Save the Planet (GASP)

Canadian Voice of Women for Peace

Alberta Beyond Fossil Fuels

Citizens' Climate Lobby - Canada
Citizens' Climate Lobby Greater - Sudbury
Fridays For Future - Sudbury
Citizens' Climate Lobby, - Edmonton
For Our Grandchildren
Citizens' Climate Lobby - Toronto
Citizens' Climate Lobby - Rural Saskatchewan
Grandmothers Advocacy Network
Citizens' Climate Lobby - Calgary
Rural Communities Foundation of Nova Scotia
Citizens' Climate Lobby - Muskoka
Climate Emergency Unit
ActionAid Denmark
ORCIE (Office of Religious Congregations for Integral Ecology)
Oxfam-Québec
Stop Ecocide Canada
Decolonial Solidarity
Above Ground, a project of MakeWay
Canadian Interfaith Fast For the Climate
Change Course (Formerly Banking on a Better Future)
Citizens' Climate Lobby - Wellington Halton-Hills
Grand River Environmental Network
Green 13
BC Hydro Ratepayers Ass'n
Parkdale-High Park 4 Climate Action
Polaris Strategy + Insight
Youth Climate Lab
AbibiNsroma Foundation
Canadian Voice of Women for peace
Ontario Climate Emergency Campaign

Oxfam Canada
Tamarack Institute
Community Climate Council
Greenpeace Canada
Citizens' Climate Lobby - Toronto East
The ChariTree Foundation
Citizens' Climate Lobby - Toronto West
Front commun pour la transition énergétique
Leadnow
Music Declares Emergency Canada
Citizens' Climate Lobby - Vancouver
CCEDNet
The Climate Safe Lending Network
World Animal Protection
Mères au front

Academics

Basma Majerbi (University of Victoria)
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Heather Ranson (University of Victoria)
Nathan de Arriba-Sellier (Yale University)
Cary Krosinsky (Yale University and Brown University)
Thomas Heyd (University of Victoria)
Dr. Ellen Quigley (University of Cambridge)
Kristian Dubrawski (University of Victoria)
Mzali Bouchra (ESG-UQAM)
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William K. Carroll (University of Victoria)
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Ted Sheldon (University of Victoria)
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Luo He (Concordia University)
Tessa Hebb (Carleton Centre for Community Innovation, Carleton University)
Caroline Poussier (Centre québécois du droit de l'environnement (CQDE))
Julie Bernard (Ivey Business School, Western University)