



**Submission to Standing Committee on Banking, Commerce and the Economy
in support of Bill S-243: The Climate-Aligned Finance Act**

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For Our Kids is a national network of over 5000 parents, grandparents and others involved in climate action. We support 20+ parent-led, grassroots groups and many other individuals across Canada acting for climate justice.

A. About Us

This submission is filed on behalf of For Our Kids (FOK), a national network of parent-led, community-based grassroots groups demanding climate justice on behalf of our children and grandchildren. Our groups represent a network of parents and grandparents raising children in 20+ communities across Canada.

We are dedicated to taking climate action to ensure our children can enjoy a healthy, safe and equitable future, free from the existential threat posed by climate change. We advocate to government and business groups for Canada to meet or exceed its commitment to cut carbon emissions in half by 2030. For Our Kids seeks to speak for future generations of Canadians, who will be most impacted by the decisions made today and who have the least input into these decisions.

This submission reflects the perspective of our members, who have been driven to climate action out of our parental obligation to protect our children from harm. We have lived experience caring for children in the midst of a climate crisis and we see the harmful impacts it has on them. This has caused us to engage in this conversation, including developing our knowledge of climate science, energy policy, international relations and in this case, financial regulation.

B. Submission

We file this submission in strong support of Bill S-243, the *Climate-Aligned Finance Act*. As the climate crisis rapidly accelerates and financial institutions continue investing in fossil fuels, the Canadian government must step up with a strong legislative solution. Climate change is the most urgent existential threat facing Canadian families today and we can no longer afford to delay solutions. We urge the Senate, as a body mandated to uphold equity and justice, to pass this bill.

Climate change threatens our children's health, safety, food security, and lives. These threats exist today and will worsen over time. While we support other groups' comments about the political and financial reasons to support this bill, For Our Kids hopes to impress upon you our collective moral obligation to act to protect our children's futures. The actions we take in this decade will determine their future access to water, food, clean air, and habitable temperatures. It will impact their prosperity and safety.

In the midst of this crisis, Canada's banks continue to invest money into fossil fuel projects with limited accountability or oversight. This amounts to funding climate change, or as the chief of the United Nations has called it, collective suicide.¹ The government must respond.

Bill S-243 is just the kind of systemic response required for the scale of the climate crisis. It provides both the case and the means to bring Canada's banks in line with climate targets, to

¹ ["Humanity faces 'collective suicide' over climate crisis, warns UN chief"](#) *The Guardian*. July 18, 2022.

facilitate a smooth and orderly transition to a low-carbon economy. It is therefore an essential step toward protecting the future of our children and generations to come.

1. Climate Change and Our Kids

According to the global scientific consensus, at the current rate of warming, the world is likely to exceed 1.5 degrees in warming by 2040 and our chance at avoiding 2 degrees warming is rapidly slipping away. The consequences of this level of warming are dire, and include extreme droughts and weather events, massive species loss, food and water shortages, social and global insecurity, mass migration, and many other risks.

Many parts of Canada have already experienced the ravages of climate change: In Spring 2023, every corner of Canada was on fire, as we watched the worst wildfire season on record ravage the Western provinces, Nova Scotia, and Quebec. This triggered several days of the worst air quality ever seen in places like Toronto, New York City, Washington DC, and beyond. British Columbia's 2021 "heat dome" saw temperatures of nearly 50°C, which claimed 570 lives,² and caused destructive and deadly wildfires.³ Hurricane Fiona, the most severe hurricane to ever hit the Atlantic provinces, killed one person and caused over half a billion dollars in damage in 2022. The derecho wind storm of May 2022 that ripped across southern and eastern Ontario - Canada's most densely populated region - killed 11 people, and caused over a billion dollars in damage.⁴

Our children are particularly impacted by these extreme climate events. Over the last decade, small children have experienced 4.4 more days of extreme heat per year, compared with their parents' childhood years. Rising temperatures and decreased air quality affect kids from conception, worsening pregnancy outcomes for mothers.⁵ Dangerously high temperatures pose a higher risk of mortality for children, including Sudden Infant Death Syndrome.⁶ Wildfire smoke exposure increases the risks of lung cancer and brain tumours⁷ to those exposed, and is particularly harmful to children.⁸ These changes impact more than just our children's physical health: They create food insecurity and "increas[e] mental health problems, developmental delays, and changes in their genetic makeup".⁹

² ["The 2022 report of the Lancet Countdown on health and climate change: health at the mercy of fossil fuels."](#) *The Lancet*. October 25, 2022.

³ <https://www.nytimes.com/2021/07/10/world/canada/canadian-wildfire-british-columbia.html> *New York Times*. July 10, 2021.

⁴ ["Extreme weather events could cost Canada \\$139 billion by 2050: report."](#) *Global News*. August 29, 2022.

⁵ ["The 2022 report of the Lancet Countdown on health and climate change: health at the mercy of fossil fuels."](#) *The Lancet*. October 25, 2022.

⁶ ["Ambient Heat and Sudden Infant Death: A Case-Crossover Study Spanning 30 Years in Montreal, Canada."](#) *Environmental Health Perspectives*. July 1, 2015.

⁷ ["Long-term exposure to wildfires and cancer incidence in Canada: a population-based observational cohort study."](#) *The Lancet Planetary Health*. May 1, 2022.

⁸ ["Fine Particles in Wildfire Smoke and Pediatric Respiratory Health in California."](#) *Pediatrics*. April 1, 2021.

⁹ ["Children's Health."](#) *Center for Climate, Health, and the Global Environment at Harvard T.H. Chan School of Public Health*. nd.

In addition to health impacts, our children face economic uncertainty caused by the climate crisis. Families have already lost their homes, schools, and businesses to floods, storms and fires. Recovery costs from climate disasters are only expected to mount. These events already cost billions of dollars to the Canadian economy, and are consuming funds at a much faster rate than anticipated.¹⁰ Our children's taxes will pay for the damage caused by increasingly common and severe weather events. What's more, Canada's economic system is deeply embedded in fossil fuels¹¹. Canadian children are set to inherit an economy that is based on a dying industry that will only serve to threaten both their financial stability and their quality of life.

Even with bold action, extreme climate events will get worse before they get better. Our children will continue to be exposed to weather events that will increase their risk of mortality and disease over time. They will experience decreased quality of life relative to prior generations, extreme temperatures that make it unsafe to go outside, a destabilized economic system, and the heavy burden of acute and chronic illnesses, alongside loss of the things in life that bring us joy, like hope for the future, a sense of security, and access to nature.

However, the severity of that risk is not predetermined - the actions we take now will decide our children's future. Bold and immediate climate action is the only chance we have at ensuring a liveable planet that our children and grandchildren can look forward to. This includes reining in fossil fuel extraction and ultimately winding down the fossil fuel industry. Canada's financial institutions must play their part in transitioning to an economic system that will allow Canadians to survive and thrive for generations to come.

2. Why FOK supports this bill

According to the International Energy Agency, the only way to avoid the worst impacts of the climate catastrophe is to stop funding fossil fuels immediately. In fact, there can be no new investments in oil, gas and coal from now on if we are to have any chance of limiting warming to 1.5 degrees Celsius.¹²

And yet, since the Paris Agreement was signed in 2015, Canada's Big Five banks (RBC, TD, Scotiabank, BMO, and CIBC) have collectively invested \$1.1 trillion into coal, oil, gas, and tar sands. Even as they claim to be committed to Canada's climate targets, they continue to increase their investments in fossil fuels.¹³ Banks and financial institutions, as financiers of oil and gas projects, hold outsized decision making power over Canada's fossil fuel development and accordingly, Canada's emissions. They are therefore among those who hold the future in our hands. Yet, they are accountable only to their own shareholders and profits, even as we all

¹⁰ "[Federal disaster adaptation fund meant to last over a decade is more than half spent.](#)" *CBC News*. October 12, 2022.

¹¹ "[Gross domestic product by industry, September 2022](#)" *Statistics Canada*. November 29, 2022.

¹² "[No new oil, gas or coal development if world is to reach net zero by 2050, says world energy body.](#)" *The Guardian*. May 18, 2021.

¹³ "[Banking on Climate Chaos: Fossil Fuels Finance Report 2023.](#)" *Rainforest Action Network*. April 12, 2023.

live with the dire consequences of their short-term decision making. In a democracy where everyone has the right to “peace, order, and good government,” this is unacceptable. Financial institutions must be required to consider the impacts of their decisions on the climate, and therefore the lives of children and families across Canada.

Moreover, sustainable finance and a low-carbon energy sector offer significant opportunities for sustainable development and economic prosperity in Canada. Failing to embrace this shift could create unpredictable and costly risks in a rapidly decarbonizing world.

We believe this bill addresses these crucial points in several ways.

i. Fulfilling Canada’s climate commitments must be a matter of superseding interest to the financial sector.

Climate change poses a massive risk to humanity, and yet financial institutions are not required to consider these risks when making investments that will impact all of us. This must change.

Recent research suggests that climate-related financial risks cannot be adequately assessed with existing risk assessment tools used by the financial industry. The radical uncertainty created by climate change has made the future too unpredictable. We must adopt new ways to account for the unpredictable and cascading risks of climate catastrophe. What we *do* know is that, in this rapidly changing world, urgent action and an ambitious economic transition must be undertaken now.¹⁴

Similarly, there is a growing acknowledgement that the climate crisis poses a more serious existential threat than a systemic financial crisis, and if the former is not addressed, the latter is more likely. The Canada Climate Law Initiative frames climate change as a “prudential risk” for banks and the financial system generally,¹⁵ and a 2019 report from Canada’s Expert Panel on Sustainable Finance stresses that “the Canadian Government has a clear opportunity and imperative to clarify that fiduciary duty today does not preclude the consideration of relevant climate change factors.”¹⁶

Bill S-243 aims to address financial risk planning and fiduciary duty in multiple ways.

First, corporate directors, officers and administrators would be required to meet climate commitments as well as financial ones. This would limit their ability to maximize profits for shareholders regardless of the climate impacts of their investments.

¹⁴ [“Finance, climate-change and radical uncertainty: Towards a precautionary approach to financial policy.”](#) *Ecological Economics*. May 2021.

¹⁵ [“Banking on a Net-Zero Future: Effective Climate Governance for Canadian Banks.”](#) *Canada Climate Law Institute*. October 2022.

¹⁶ [“Final Report on the Expert Panel of Sustainable Finance: Mobilizing Finance for Sustainable Growth.”](#) *Environment and Climate Change Canada*. 2019.

Second, Bill S-243 would require Canada's financial institutions to implement realistic climate plans and annual progress reports aligned with climate commitments.

Third, the bill would invest the Office of the Superintendent of Financial Institutions with the authority to enforce these climate obligations. Currently, the OSFI's proposed climate guidelines lack specific requirements for Climate Transition Plans and do not require banks to publicly report on climate risk analyses. This bill would enable the OSFI to hold banks accountable to their stated climate commitments.¹⁷ It would also give the OSFI the authority to ensure banks incorporate the risks of fossil fuel investment when providing financing or loans, through the systemic climate risk-contribution capital surcharge and increased risk weights for any loan, bond or derivative exposure to new fossil fuel infrastructure or fossil fuel activity.

This bill will thereby require banks to account for the environmental and financial risks of fossil fuel development, and encourage them to avoid further carbon lock-in (the process by which "fossil fuel-intensive systems perpetuate, delay or prevent the transition to low-carbon alternatives").¹⁸ These mechanisms are important tools in the fight against climate change. They will ensure that financial decision making reflects the true costs to society of fossil fuel development, and will jumpstart Canada's transition to a green economy that has longevity for the future of Canada's ecological and financial system.

ii. Financial institutions will prevent Canada from meeting its climate targets without strong legislation

In recent months, the most ambitious efforts by the financial industry to achieve net-zero emissions through voluntary means - GFANZ, the Glasgow Financial Alliance for Net Zero - have unravelled. GFANZ initially required all member institutions to align with climate commitments and implement real, science-based targets for winding down their carbon outputs. Now, former Governor of the Bank of Canada Mark Carney announced that the membership requirements for GFANZ will be dramatically loosened, and will allow member institutions to continue to fund the fossil fuel industry.¹⁹ In addition, many banks and insurance companies have already dropped out of the alliance.²⁰

Canadian banks are not leaders in the fight against climate change, they are laggards. Even as they claim to be committed to Canada's climate targets, they continue to increase their investments in fossil fuels.²¹ Most cynically, some banks appear to be stating their support for climate-related initiatives simply for the optics: Canada's Competition Bureau is investigating RBC, which ranks fifth globally among major banks for financing the fossil fuel industry, for

¹⁷ "[About Us.](#)" *Office of the Superintendent of Financial Institutions.*

¹⁸ "[What Is Carbon Lock-in and How Can We Avoid It?](#)" *World Resources Institute.* May 25, 2021.

¹⁹ "[Mark Carney says his green banking alliance will survive after dropping UN climate initiative requirement.](#)" *The Globe and Mail.* November 3, 2022.

²⁰ "[ESG Watch: Is it curtains for Mark Carney's green alliance or just teething problems?](#)" *Reuters.* April 26, 2023.

²¹ "[Banking on Climate Chaos: Fossil Fuels Finance Report 2023.](#)" *Rainforest Action Network.* April 12, 2023.

greenwashing and making false climate statements.²² Canada's financial institutions are simply using these non-binding climate regimes to buy themselves the moral cover to continue exploiting fossil fuels for profit.

Canada's five largest banks also have strong ties with the fossil fuel industry. According to a recent National Observer investigation, one in five bank directors at RBC, TD, Scotiabank, BMO and CIBC serve on the board of a fossil fuel company. This overlap raises concerns that bank directors will make decisions that serve the interests - and profits - of the fossil fuel companies they work for, rather than making the best possible decision for the financial institution and for society generally.²³ Bill S-243 will prevent this conflict of interest by ensuring that no individuals with financial or legal interests contrary to climate commitments can serve on the board of financial institutions. In addition, the bill stipulates that at least one board member have climate expertise, ensuring that climate considerations are represented at the executive level. These crucial steps will ensure that change comes from within the financial institutions as well as from the regulations and the OSFI.

This bill speaks directly to financial institutions' failure to self-regulate. Carney himself noted that GFANZ was formed because there was no consistent climate legislation being presented by governments.²⁴ Left to their own devices, banks and financial institutions routinely prioritize short term profits and relationships with fossil fuel companies over Canada's long term financial and climate interests. Government legislation is the only effective route to achieving net-zero emissions in the financial industry. Governments must step up and heed the call.

iii. Canada must start the orderly transition to a low-carbon economy now to protect our economy and future.

The global transition to green energy is inevitable, as the fossil fuel economy jeopardizes civilization as we know it. Canada cannot delay this transition any longer. According to a recent McKinsey report, countries who delay this transition will likely face a more costly and disorderly process.²⁵ Continuing to fund fossil fuel development in a warming world poses mutually reinforcing risks to Canada's livability, financial stability, and security, all of which will be exacerbated the longer Canada waits to transition away from fossil fuels.

This bill will incentivize this transition and help Canada avert some of the significant risks of climate change. First, climate change is a significant threat to Canada's financial stability. The Institute for Sustainable Finance suggests that climate change could cost the Canadian economy \$5 trillion by 2100 and that these costs could cause household incomes to fall by 18

²² ["Why environmentalists went after Canada's biggest bank for alleged greenwashing."](#) *CBC News*. October 16, 2022.

²³ ["Banks, Big Oil and boards: Untangling the relationship between fossil fuels and finance."](#) *National Observer*. July 14, 2022.

²⁴ ["Mark Carney says his green banking alliance will survive after dropping UN climate initiative requirement."](#) *The Globe and Mail*. November 3, 2022.

²⁵ ["The net-zero transition: What it would cost, what it could bring."](#) *McKinsey Sustainability*. January 2022.

percent.²⁶ The Canadian Climate Institute recently concluded that, based on expected emissions, climate change will cause a \$25 billion loss to the Canadian economy every year starting in 2025, and will worsen the affordability crisis. However, implementing proactive adaptation measures and policies immediately could cut these projected costs by as much as half, saving billions of dollars and improving affordability for families.²⁷ Initiating transition and preparation measures now will improve Canada's financial security in the long term.

Climate change also threatens global and social security. Verisk Maplecroft, a global risk analysis firm, suggests that climate change "could jeopardize already fragile political stability around the globe by fuelling mass migration, food insecurity, and conflict."²⁸ According to the UNHCR, an annual average of 21.5 million people have been forcibly displaced by weather-related events, and this could increase to 1.2 billion climate refugees by 2050.²⁹ Again, the longer we wait to address climate change, the worse this migration and displacement crisis will become, and the greater the threats to security for Canada and the world.

With the transition to renewable energy happening faster than anticipated and peak oil demand imminent, Canada also faces the decline of its fossil fuel sector in coming years. Canada produces relatively high-cost and emissions-intensive oil, meaning it will be among the first to experience decline in demand as the world moves away from fossil fuels. This places Canada at risk of a staggering \$100 Billion in stranded assets, or 35% of the book value of oil and gas properties.³⁰ Canada's economy is intimately tied with fossil fuels, and failing to plan for this transition will jeopardize Canada's economic future.

At the same time, the low-carbon transition will create not only "immediate economic opportunities" but also "the prospect of a fundamentally transformed global economy with lower energy costs and numerous other benefits."³¹ Failing to seize the myriad opportunities of a new low-carbon economy would be a shortsighted, costly mistake for Canada. By pushing banks to begin the process of divesting from fossil fuels now, this bill will not only protect Canada's economy, but also prompt Canadian banks and policy-makers to invest in a low-carbon future.

iv. Financial institutions should be required to uphold the rights of Indigenous Peoples and other environmental and social goals."

Through Indigenous peoples' sophisticated ecological knowledges and traditional land stewardship practices, they are ensuring that our great natural carbon capture technology -

²⁶ ["The Physical Costs of Climate Change: A Canadian Perspective."](#) *Institute for Sustainable Finance*. April 2022.

²⁷ ["Canada's economy already hurt by climate change, households hit hardest."](#) *Canadian Climate Institute*. Sept 28, 2022.

²⁸ ["Why climate change could spark conflict."](#) *Eco-Business*. July 22, 2022.

²⁹ ["There could be 1.2 billion climate refugees by 2050. Here's what you need to know."](#) Zurich Insurance Group. June 3, 2023.

³⁰ ["Falling Behind: Canada's Future in a Low Carbon World."](#) *Re_Generation*. November 2022.

³¹ ["The net-zero transition: What it would cost, what it could bring."](#) *McKinsey Sustainability*. January 2022.

forests - remain intact.³² Indigenous land reclamation and conservation have done more than their fair share to help Canada meet its Paris targets.³³

Despite this, the impacts of climate change are disproportionately affecting Indigenous communities, and Canada is not doing enough to protect them.³⁴ Canada's adoption of the United Nations Declaration on the Rights of Indigenous Peoples compels the government to respect Indigenous land claims, especially pertaining to natural resource management. Canadian financial institutions, and the fossil fuel industries they fund, must centre Indigenous treaty rights in their business dealings.

Instead, we see the shameful disregard for Indigenous peoples and their land rights at every turn, most notably with the ongoing assault on the Wet'suwet'en land defenders. This abuse and disregard for Indigenous sovereignty continues, all in service of laying the Coastal GasLink pipeline - an oil and gas project backed by leading Canadian fossil fuel funder RBC.³⁵

Bill S-243 calls on financial institutions to respect the rights of Indigenous peoples and other environmental and social goals. Indigenous groups have become leaders in fighting climate change and land destruction. It's time for Canada's financial institutions to step up too. For this reason, For Our Kids supports Bill S-243 as a step not only towards a safe climate future, but also towards truth and reconciliation with Indigenous peoples.

v. This Senate Must Take Action on Climate Change

Canada's Senate describes itself as an institution that "shapes" Canada's future, a counterbalance to representation by population in the House of Commons. The Senate acts as a voice to underrepresented people and as a "sober second thought" to Canada's institutions. Similarly, with a lifetime appointment, senators have the privilege of acting in defence of Canada's interests over the long term, unencumbered by election cycles.

No issue more desperately calls for a clear minded and non-partisan leadership than the climate crisis. While the planet warms at a rapid pace, initiatives to address greenhouse gas emissions are beleaguered by partisan infighting and regional disputes. Meanwhile, our window to avoid climate catastrophe rapidly narrows.

Similarly, the climate crisis will harm Canadians for generations to come. It is the very kind of issue that requires a long lens, free from short term political games. Indeed, many senators will remain in their positions in 2040, when we are projected to exceed 1.5 degrees warming. The senate is precisely the kind of body that should be responding urgently and fearlessly to this existential threat facing our nation.

³² ["Fighting Climate Change, Indigenous People Protect Canadian Forests."](#) *The New York Times*. November 16, 2022.

³³ ["Indigenous Resistance Against Carbon."](#) *Indigenous Environmental Network*. August 2021.

³⁴ ["Canada spends more on responding to climate emergencies in First Nations than preventing them, auditor general says."](#) *National Observer*. November 16, 2022.

³⁵ ["Coastal GasLink blasts a creek near a Wet'suwet'en camp."](#) *The Narwhal*. Nov 2, 2022.

To that end, we urge the senate to pass this bill. All the provisions in this bill must be assessed through the lens of the climate emergency and its impact on Canadians. For the reasons outlined above, it has great promise to help Canada reduce its greenhouse gas emissions, transition to a green economy, and prevent the worst impacts of climate change. Banks are financing a crisis which threatens humanity and life on earth, and our government has failed to address this problem. The senate is uniquely positioned to take bold action that is responsive to the level of crisis we are in. We urge you to do so.

C. Conclusion

For Our Kids calls on the Senate of Canada to pass Bill S-243 and put all possible efforts into ensuring that the House of Commons passes it into law. While there is a clear business and political case for confronting the climate crisis, we suggest that there is a larger and more pressing reason to act: it is the only ethical choice. Leaving a dying planet to future generations, and sentencing them to decades of suffering, hunger and global instability, is morally untenable.

Mandating that banks' investments reflect the climate crisis we have created will reduce the funding and investments available for emitting fossil fuel projects. This will reduce Canada's emissions and assist Canada to achieve our climate targets. The UN has repeatedly stated that the global community must reach the targets in the 2015 Paris Agreement if we are to have any hope at avoiding climate catastrophe.³⁶ Canada has yet to meet any of its climate targets. More aggressive climate policies are clearly necessary. Simply put, more must be done to address Canada's emissions to have any hope of meeting our international commitments to prevent climate change and protect life on Earth. This bill targets the source of fossil fuel emissions: money and financing. It is an excellent step towards meeting Canada's climate goals and doing our part to avoid climate breakdown.

Our children deserve to have what most Canadians have taken for granted: clean air, clean water, reliable access to food, and peace. They deserve to live in a world where it is safe to go outside. That world is rapidly slipping away. Urgent action is needed to wind down Canada's fossil fuel extraction and use, including regulating the financing of fossil fuel projects. For this reason, For Our Kids respectfully submits that this Senate should pass Bill S-243.

³⁶ [Special Report: Global Warming of 1.5 °C](#). *Intergovernmental Panel on Climate Change*. 2018.