

Application for inquiry regarding the Royal Bank of Canada’s apparent false and misleading representations about action on climate change while continuing to finance fossil fuel development

Contents

- Overview of Application..... 2
 - The Applicants..... 5
 - Table 1: Summary of RBC Financing and Investment in Fossil Fuel Companies 5
- Part 1 The Legal Framework 6
 - 1.1 Application for Inquiry..... 6
 - 1.2 Reviewable Conduct..... 6
- Part 2 Background on climate change and the role and responsibility of financial institutions 7
 - 2.1 Introduction to climate change 7
 - 2.2 The Paris Agreement and global climate goals 8
 - 2.3 Net-zero is part of the pathway to the 1.5°C Goal, not a destination itself..... 9
 - 2.4 Fossil fuels are the primary driver of climate change 9
 - 2.5 The role of retail banks in supporting fossil fuel development..... 11
- Part 3 RBC’s materially false and misleading representations on climate action 11
 - 3.1 Element 1: RBC has made representations to the public about its purported climate action12
 - 3.2 Element 2: The representations are to promote the business interests of RBC..... 19
 - 3.3 Element 3: The representations are misleading and false in a material respect..... 19
- Part 4 Request for Inquiry..... 34
- Appendix 36
 - Screenshots of RBC’s Climate Action Representations..... 36
 - Description of RBC’s International Climate Finance Initiatives 41
 - Table 6. Fossil Fuel Financing Data for RBC from *Banking on Climate Chaos (Rainforest Action Network)*..... 45
 - Tables 7 & 8. Fossil Fuel Financing Data for RBC from *Fossil Fuel Financing in Canada (Greenpeace)* 46
 - Solemn declarations of applicants 47

Overview of Application

The Applicants bring this application under the federal *Competition Act* to request that the Commissioner conduct an inquiry into representations by the Royal Bank of Canada (RBC) concerning its actions to address climate change. RBC represents that it supports action to reduce greenhouse gas (GHG) emissions and address climate change, but is taking action to increase emissions and exacerbate climate change by providing tens of billions of dollars annually in financing for fossil fuel development and expansion. As such, the Applicants assert that RBC's representations are materially false and misleading and are made for the purpose of promoting RBC's reputation and attracting and retaining clients who are concerned about climate change.

Climate change is an existential threat to humanity and is largely the result of the production and consumption of fossil fuels. In 2015, Canada and almost 200 nations around the world formally adopted the Paris Agreement, an internationally binding treaty on climate change. The Paris Agreement set a goal of limiting global temperature rise to well below 2°C above pre-industrial levels, and to take efforts to limit warming to 1.5°C. Limiting warming to 1.5°C is necessary to avoid catastrophic impacts of climate change. Article 2(1)(c) of the Paris Agreement notes that making financial flows consistent with low greenhouse gas (GHG) emissions is critical to addressing climate change.

To achieve the goal of limiting warming to 1.5°C (the "1.5°C Goal"), global GHG emissions must decline significantly, immediately, and continuously over the next three decades on an emissions trajectory that minimizes the total GHGs that enter the atmosphere. By 2030, global emissions must be at least 45% below 2010 levels. By 2050, any remaining human-caused GHG emissions into the atmosphere must be balanced by human-caused removals of GHGs from the atmosphere, a state known as "net-zero" emissions.

Fossil fuels are the primary driver of climate change. The International Energy Agency (IEA) has determined that to achieve the 1.5°C Goal, no new fossil fuel developments (or expansions) are allowed and investment in the fossil fuel industry must decline substantially. The 1.5°C Goal requires that the majority of fossil fuel reserves stay in the ground. Therefore, any bank that honestly claims to support the goals of the Paris Agreement and makes commitments to reach net-zero emissions by 2050 in support of these goals cannot continue to support any new fossil fuel development.

Banks are responsible for emissions from activities that they finance and banks have been instrumental in enabling the operation and expansion of the fossil fuel industry, mainly through lending to, underwriting, and investing in fossil fuel companies.

RBC is Canada's largest bank and has been financing the fossil fuel industry for decades. Today, RBC ranks fifth amongst the world's 60 largest private banks in terms of fossil fuel financing even though it only ranks 24th in terms of total assets. Since the Paris Agreement was adopted, RBC has provided tens of billions of dollars each year in financing to fossil fuel companies, all while making representations to the public that it is contributing to tackling climate change and supports the Paris Agreement.

The Application focuses on two key representations made repeatedly by RBC in its marketing literature:

- 1) RBC **"supports the principles of the Paris Agreement and the international goal to hold global warming to below 2°C"** and is, therefore, committed to achieve **"net-zero emissions in [its] lending by 2050"** and **"net zero emissions in [its] global operations annually"**; and,
- 2) As part of its climate strategy, RBC will provide **"\$500 billion in sustainable financing by 2025"**.

These representations give the impression that RBC is taking climate change seriously and is taking steps to reduce its emissions in line with the international goal of limiting warming to 1.5°C. However, as summarized below and discussed in Part 3, these representations are false and misleading:

1) **RBC supports the principles of the Paris Agreement, including the 1.5°C Goal, and will achieve net-zero emissions in its operations annually and its lending by 2050 to support these principles.** This is false and misleading because RBC:

a) ***Provides tens of billions of dollars annually in financial support to sustain and expand the fossil fuel industry and is, therefore, currently taking actions counter to the declining emissions trajectory required to support the Paris Agreement goals.***

In 2021, RBC provided at least \$34.4 billion (CDN) in loans and underwriting to fossil fuel companies. By the end of 2021, RBC held investments worth \$50.4 billion (CDN) in fossil fuel companies.

Between 2016 and 2021, RBC provided over \$201 billion (USD) in loans and underwriting to fossil fuel companies. During this period, RBC provided \$38.8 billion (USD) to companies expanding fossil fuel production and use. Contrary to the IEA requirement that no new fossil fuel expansion should be financed as of 2021, RBC's financing of companies expanding fossil fuels increased by \$3.5 billion (USD) between 2020 and 2021.

See Table 1, below on page 5, for data from three separate sources detailing RBC's financial support for fossil fuel companies.

b) ***Lacks a credible plan of how it will reduce its GHG emissions in order to achieve its net-zero emissions targets along the declining emissions trajectory consistent with the Paris Agreement goals.***

Despite expressing its support for the Paris Agreement in 2017 and adopting a net-zero lending target in February 2021, RBC still does not have a climate plan that has taken (or commits to taking) any actions to reduce its fossil fuel financing and associated emissions on a trajectory that would achieve net-zero in 2050 and aligns with the 1.5°C Goal.

In October 2021, RBC joined the Net-Zero Banking Alliance (NZBA) and committed to aligning its lending and investment portfolios with the 1.5°C Goal, establish targets by March 2023 for its "financed emissions" (the emissions from the companies and projects that RBC finances), and publish a plan by March 2024 to reach net-zero.

However, in the three months after joining the NZBA, RBC provided \$10.2 billion (CDN) in lending and underwriting to fossil fuel companies, thereby undermining the 1.5°C Goal. Further, the targets and net zero plan will not be credible if they do not consider all of RBC's financed emissions. RBC does not currently account for all of its financed emissions and does not plan to.

2) **RBC will provide "\$500 billion in sustainable financing" to support its climate goals.** This is false and misleading because:

a) ***RBC's definition of sustainable financing is not linked to the reduction of GHG emissions or climate-related risks and, therefore, allows for "sustainable financing" to go to companies with non-climate related goals or to fossil fuel companies.***

For example, RBC has characterized its contribution to over \$2 billion in syndicated "sustainability-linked" loans to Enbridge – a fossil fuel pipeline company – as being part of its sustainable finance commitment to support RBC's climate goals despite these loans enabling an increase in overall emissions.

RBC's misrepresentations are material because consumers want to do business with companies (including banks) that are taking climate action. Studies show that climate change is an issue that affects the purchasing decisions of a significant portion of consumers. RBC's representations reflect the ambitious climate action that consumers want to see, however, RBC's financial services undermine the climate goals it claims to support. Unfortunately, consumers cannot effectively assess the merits of RBC's misrepresentations, in part because RBC does not provide information about its fossil fuel financing. As such, RBC's misrepresentations could affect decisions by consumers to do business with RBC.

The Applicants request that the Competition Bureau conduct an inquiry into RBC's representations as "reviewable conduct" under s.74.01(1)(a) of the *Competition Act*. This Application raises important issues related to the Competition Bureau's priority area of ensuring reliable environmental claims, specifically that claims must be accurate, substantiated and verifiable and not be misleading or likely to result in misrepresentation.

Net-zero commitments by Canadian companies and financial institutions are on the rise. They are a growing form of greenwashing that the Competition Bureau should be concerned about; companies are making future promises around climate action with no current actions or credible plans for achieving these promises.

If the inquiry finds that RBC has made materially false and misleading representations to the Canadian public about its climate action, the Applicants submit that RBC should be required to, at a minimum:

- 1) **Remove all public representations that it supports the Paris Agreement and will achieve net-zero emissions by 2050 in its operations, lending, and other financing activities until it:**
 - a) Ceases financing for new and expanded fossil fuel developments;
 - b) Starts to wind down financing to the fossil fuel industry in line with a declining emissions trajectory that achieves the 1.5°C Goal; and
 - c) Measures and discloses all of its financed emissions, including all Scope 3 emissions from its high-emitting clients, and includes these emissions in its net zero targets and plans.
- 2) **Remove all public representations about the contribution of "sustainable financing" to RBC's climate goals until it:**
 - a) Publishes clear, quantitative criteria relating to climate action that recipients must achieve in order to receive sustainable financing, including precluding the financing of projects that will increase emissions;
 - b) Lists the recipients of this financing and specifies the recipients' contributions to addressing climate change; and
 - c) Requires recipients to publish information that demonstrates how RBC financing is supporting actions that are aligned with the goals of the Paris Agreement and mitigate and/or adapt to climate change.
- 3) **Pay a \$10 million fine, credited to the Environmental Damages Fund and to be paid to organizations, preferably Indigenous-led, for the purposes of climate mitigation and adaptation in Canada.**

These requirements and penalties will allow RBC clients, stakeholders, and the public to make informed choices about the financial services they choose and will deter RBC and all Canadian banks from making misleading and false representations regarding climate action.

The Applicants

Kukpi7 Judy Wilson is the Chief of the Skat’sin te Secwepemc-Neskonlith Indian Band, a First Nation community located in the south central part of British Columbia. Kukpi7 Wilson is also the Secretary-Treasurer for the Union of British Columbia Indian Chiefs (UBCIC), which passed a resolution in February 2021 calling on Canadian banks to cease funding the climate crisis and Indigenous rights violations.

Eve Saint is a Wet’suwet’en Land Defender at the Gidimt’en Checkpoint, and is striving to protect Wet’suwet’en territory and the climate from fossil fuel developments such as the Coastal Gaslink Pipeline, a fracked gas pipeline that is funded in part by RBC. Eve is an RBC client.

Chloe Tse is a Climate Justice Organizer at Banking for a Better Future and at Fridays for Future Toronto, a local chapter of the youth-led global climate strike movement in Tkaronto (Toronto, Ontario). Chloe is an RBC client.

Jennifer Roberge is a volunteer with For Our Kids Montreal, a group of families working together for climate justice in Tiohtià:ke (Montreal, Quebec). Jennifer is a small business owner and is an RBC client.

Jennifer Cox is a volunteer with For Our Kids Ottawa, a community of families working to tackle the climate emergency in Ottawa, Ontario (unceded Algonquin Anishinabe territory). Jennifer is an RBC client.

Richard Brooks is the Climate Finance Director at Stand.earth, an NGO created to challenge corporations and governments to treat people and the environment with respect. Richard is based in Tkaronto.

Table 1: Summary of RBC Financing and Investment in Fossil Fuel Companies

Profundo: Analysis of RBC fossil fuel financing in 2021 (Billions CDN)						
Total Loans & Underwriting			Investment holdings (as of Q4 2021)			
Oil & Gas	Coal	Total		Oil & Gas	Coal	Total
\$27.3	\$7.1	\$34.4	Shares	\$40.5	\$7.0	\$47.5
			Bonds	\$1.99	\$0.86	\$2.85
Rainforest Action Network: Banking on Climate Chaos						
Categories of fossil fuel companies		Rank (among world’s top 60 private banks)	Loans & Underwriting (2016-21) (billions USD)			
2,700 subsidiaries of 1,635 parent companies active across the fossil fuel life cycle		5	\$201			
100 key oil, gas, & coal companies expanding fossil fuels		12	\$38.8			
Top 30 oil sands production companies & 6 key oil sands pipeline companies		2	\$27.4			
Greenpeace: Fossil Finance in Canada						
		Rank (among top 6 Canadian banks)	Total (billions CDN)			
Loans & Underwriting (2016-2020)	Oil & Gas	1	\$142			
	Coal		\$22			
Investment (shareholdings in Q4 2020 & latest filings of bondholdings)	Oil & Gas	1	\$37			
	Coal		\$8			

Part 1 The Legal Framework

1.1 Application for Inquiry

This is an application made under s.9 of the *Competition Act* to the Commissioner for an inquiry into whether grounds exist for making an order under Part VII.1 of the *Competition Act*, specifically s.74.01(1).

Once the Commissioner has received an application, the Commissioner is required by s.10(1) of the *Competition Act* to cause an inquiry to be made.

1.2 Reviewable Conduct

Under s.74.1 of the *Competition Act*, the Commissioner may apply to a court to determine whether a person has engaged in “reviewable conduct”. Following a determination, the court may make orders prohibiting the conduct, requiring the publication of a public notice describing the conduct, and/or imposing a monetary penalty.

Under s.74.01(1), “reviewable conduct” includes making a representation to the public that is false or misleading in a material respect for the purpose of promoting, directly or indirectly, the supply or use of a product or for the purpose of promoting, directly or indirectly, any business interest, by any means whatever. As per s.52(1.2), a “representation” includes making, sending, or permitting a representation to be made or sent.

The Competition Bureau has previously emphasized the importance of reliable environmental representations that are accurate, substantiated, and verifiable and are not misleading or likely to result in misinterpretation.¹

There are three elements to a violation of the civil prohibition against false or misleading representations:

- 1) A person has made a representation to the public by any means whatever;
- 2) For the purpose of promoting, directly or indirectly, any business interest; and
- 3) The representation is false or misleading in a material respect or is made in the form of a statement, warranty or guarantee of performance, efficacy or length of life of a product that is not based on an adequate and proper test thereof, the proof of which lies on the person making the representation.²

The Commissioner must establish each of these elements on a balance of probabilities.

A representation is “material” if it is so important, pertinent, germane, or essential that it could affect the decision to purchase the product.³ It is not necessary to establish that any person was actually

¹ Canadian Standards Association and Competition Bureau (2008) *Environmental Claims: A Guide for Industry and Advertisers*, PLUS 14021 at v, accessed 18 Nov 2021 online: https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/02701.html#s4_6 (“*Environmental Claims Guide*”); Competition Bureau (23 Jan 2017) *It’s not easy being green. Businesses must back up their words*, accessed 18 Nov 2021 online: <https://www.canada.ca/en/competition-bureau/news/2017/01/not-easy-being-green-businesses-must-back-up-their-words.html>.

² *Competition Act*, RSC 1985, c. C-34, s.74.01(1)(a).

³ *R. v. Tege Investment Ltd.* (1978), 51 CPR (2d) 216 at para 7; cited and adopted by *Canada (Commissioner of Competition) v. Sears Canada Inc.*, 2005 Comp. Trib. 2, (“*Sears Canada*”) at para 334; *Apotex Inc. v. Hoffmann-La Roche Ltd.* [2000] O.J. No. 4732 at para 16.

misled by a representation. It is sufficient to establish that an advertisement is published for public view and that it is untrue or misleading in a material respect.⁴

Section 74.03(5) of the *Competition Act* provides that, in proceedings under s.74.01, the “general impression conveyed by a representation as well as its literal meaning shall be taken into account in determining whether or not the person who made the representation engaged in the reviewable conduct.”

The “general impression test” in the *Competition Act* has been interpreted by the Supreme Court of Canada to mean the general impression that a credulous and inexperienced person has after an initial contact with the entire advertisement, and it relates to both the layout of the advertisement and the meaning of the words used.⁵ The general impression conveyed by a representation must be analyzed in the abstract – without considering the personal attributes of the consumer who has instituted the proceedings.⁶ As the Competition Bureau notes, the general impression test recognizes the power of the “sum of the parts” in advertising, and ensures that the Competition Bureau or reviewing court consider the overall impression that an advertisement as a whole makes on consumers.⁷

Part 2 Background on climate change and the role and responsibility of financial institutions

Climate change is an existential threat to humanity. To address this crisis, the entire global community must drastically reduce GHG emissions and keep global temperature from increasing more than 1.5°C. Significant and rapid cuts to both the production and consumption of fossil fuels are necessary to achieve this goal. Financial institutions, including Canadian retail banks like RBC, have a particularly important role in tackling climate change given the vast amount of capital that they can mobilize. However, Canadian banks — despite claiming to be taking serious action to address climate change — continue to provide significant amounts of financial support to the fossil fuel industry, enabling its growth and continued emissions. RBC is Canada’s largest bank and has been a leader — nationally and globally — in fossil fuel financing since at least 2015.

2.1 Introduction to climate change

Climate change is the defining challenge of the 21st century. There is unequivocal evidence that the release of GHG emissions from human activities since 1750 has increased the concentration of GHGs in the atmosphere. This has caused global surface temperature to increase at least 1°C compared to pre-industrial levels.⁸ This increase has resulted in widespread and rapid changes to the atmosphere, oceans, and biosphere.

⁴ *Sears Canada*, at para 334.

⁵ *Richard v. Time Inc.*, 2012 SCC 8, at paras 57, 70. Note that in this case the SCC interpreted the General Impression Test as it applied to Quebec’s *Consumer Protection Act*, RSQ., c. P-40.1.

⁶ *Richard v. Time Inc.*, *ibid* at para 49.

⁷ Competition Bureau Canada (2015) *False or Misleading Representations and Deceptive Marketing Practices*, accessed 17 Aug 2021 online: <https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/03133.html>. See also: Competition Bureau Canada (2015) *The Deceptive Marketing Practices Digest*, Volume I, accessed 17 Aug 2021 online: [https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapi/cb-digest-deceptive-marketing-e.pdf/\\$FILE/cb-digest-deceptive-marketing-e.pdf](https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapi/cb-digest-deceptive-marketing-e.pdf/$FILE/cb-digest-deceptive-marketing-e.pdf).

⁸ Bush, E. & Lemmen, D.S. editors (2019) *Canada’s Changing Climate Report*. Government of Canada, accessed 17 Aug 2021 online: https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/energy/Climate-change/pdf/CCCR_FULLREPORT-EN-FINAL.pdf, (“*Canada’s Changing Climate*”) p. 84.

Canada is warming at more than twice the global rate and the Canadian Arctic is warming about three times faster.⁹ Climate change impacts are already being experienced across the country, manifesting as sea level rise, more variable and extreme weather, more severe and intense forest fires, more intense and frequent heat waves, and new vector borne diseases.

Climate change will affect some Canadians more than others. Indigenous peoples in Canada are particularly vulnerable to and disproportionately affected by climate change due to geographic location, historical marginalization, legal and institutional barriers, socio-economic factors, and their cultural and spiritual connection to the land.¹⁰

2.2 The Paris Agreement and global climate goals

In 2015, Canada and 195 other nations adopted the Paris Agreement, a legally binding international treaty on climate change. The Agreement commits the signatories to rapidly reduce global GHGs in order to limit the increase in global average temperature to “well below” 2°C compared to pre-industrial levels, and urges signatories to take efforts to limit warming to 1.5°C.¹¹ Achieving these temperature goals, particularly the 1.5°C Goal, would prevent the worst impacts of climate change.

The Paris Agreement recognizes the important role that the financial industry must play in responding to the threat of climate change, with Article 2.1(c) noting the need to “[make] finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.¹² This means limiting financial support for high-emissions activities and increasing funds for low-emissions activities.

In 2018, the Intergovernmental Panel on Climate Change (IPCC)¹³ determined that the global community is only able to release a total of 420 billion tonnes (Gt) of GHG emissions and still have a 66% chance of meeting the 1.5°C Goal.¹⁴ At current rates, it would take just 10 years to release this amount of emissions. Therefore, the IPCC concluded that global emissions must decline immediately, significantly, and continuously over the next 30 years. To help guide this emissions trajectory, the IPCC set goals for global emissions to be at least 45% below 2010 levels by 2030 and reach “net-zero” by 2050.¹⁵ “Net-zero” means that any remaining human-caused emissions are balanced by human-caused removals of carbon from the atmosphere.

The Paris Agreement requires that each signatory set itself an emissions reduction target. Canada has pledged to reduce national GHG emissions by 40-45% by 2030 (below 2005 levels) and achieve net-zero emissions by 2050. This target is similar to the average decrease in global emissions required by the IPCC to reach the 1.5°C Goal. However, given that Canada is a wealthy country with high per capita and high total historical emissions, this is the bare minimum that Canada should be doing to support the Paris Agreement goals.

⁹ *Canada's Changing Climate*, p. 33.

¹⁰ Government of Canada (2016) *Pan-Canadian Framework on Clean Growth and Climate Change*, accessed 13 Aug 2021 online: https://publications.gc.ca/collections/collection_2017/eccc/En4-294-2016-eng.pdf, p. 1; Government of Canada (April 2021) *Take action to respond to climate impacts*, accessed 13 Aug 2021 online: <https://www.canada.ca/en/environment-climate-change/services/climate-change/adapting/respond.html>.

¹¹ *Paris Agreement to the United Nations Framework Convention on Climate Change*, 12 Dec 2015, T.I.A.S. No. 16-1104, accessed 13 Aug 2021 online: https://unfccc.int/sites/default/files/english_paris_agreement.pdf, (“Paris Agreement”).

¹² *Paris Agreement*, Article 2.1(c).

¹³ The IPCC is a United Nations body that is internationally accepted as an authority on climate change and provides objective and comprehensive scientific information on climate change.

¹⁴ IPCC (2018) *Global Warming of 1.5°C: An IPCC Special Report-Summary for Policymakers*, accessed 13 Aug 2021 online: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf (“IPCC Special Report on 1.5°C”), p.12.

¹⁵ *IPCC Special Report on 1.5°C*, p. 12.

2.3 Net-zero is part of the pathway to the 1.5°C Goal, not a destination itself

Adopting a target to reach net-zero emissions in 2050 is not an end in itself, but part of a pathway to the goal of limiting global warming to 1.5°C. Making immediate, significant, and continuous emissions reductions on the way to net-zero is the only way to achieve net-zero in a manner that effectively contributes to achieving the 1.5°C Goal.

Every tonne of GHGs emitted into the atmosphere causes atmospheric carbon levels to increase (thereby raising global temperatures). As the IPCC has established, there is only a finite amount of emissions that we can emit before warming increases beyond the 1.5°C threshold.¹⁶ If we pass this threshold, we will guarantee more than 1.5°C of warming and the associated climate impacts, some of which will increase global warming further. This will occur regardless of any technological solutions we subsequently apply to remove carbon from the atmosphere to achieve net-zero in 2050. In those circumstances, achieving net-zero would be a hollow victory. Planning to reach net-zero without taking steps to limit warming to 1.5°C is a misrepresentation – net-zero has been set as a target in order to achieve the 1.5°C Goal.

As such, limiting warming to 1.5°C will not occur if global emissions are allowed to increase from present levels. Emissions have to decline along a trajectory that starts immediately and continues each year over the next three decades. In 2019, the UN Environment Programme concluded that global GHG emissions must fall by 7.6% each year between 2020 and 2030 to remain on a downward emissions trajectory that will achieve the 1.5°C Goal.¹⁷ This declining emissions trajectory must minimize total emissions between now and 2050 and ensure that global emissions in 2030 are at least 45% below 2010 levels.

2.4 Fossil fuels are the primary driver of climate change

The energy sector, which is predominantly driven by fossil fuels, is the source of around 75% of global GHG emissions.¹⁸ These emissions arise from both the production and consumption of fossil fuels. Meeting the 1.5°C Goal requires redirecting financing away from fossil fuels and high-emitting activities and towards low-carbon opportunities.

Given the contribution of fossil fuels to global emissions, the world must transition off fossil fuels. This means that a large proportion of global fossil fuel reserves must remain in the ground. A recent study in the journal *Nature* concluded that, to achieve the 1.5°C Goal, the world must refrain from extracting 58% of its oil, 59% of its natural gas, and 89% of its coal by 2050.¹⁹ The study also calculated the proportion of “unextractable” fossil fuels for different regions of the globe, based on the economics of extraction. This analysis concluded that Canada – which has the third largest oil reserves in the world –

¹⁶ In 2021 the IPCC revised the remaining “carbon budget” for a 66% chance of reaching the 1.5°C goal to 400 billion tonnes (Gt) CO₂. For 2°C, the estimate is 1150 Gt CO₂. At 2020 rates of emissions (40 Gt/yr), the world would use up its entire 1.5°C carbon budget in 10 years and its entire 2.0°C carbon budget in less than 30 years. IPCC (Aug 2021) *Climate Change 2021: The Physical Science Basis (Summary for Policymakers)*, accessed 13 Aug 2021 online: https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf, p. 41; Friedlingstein, P. et al. (2020) *Global carbon budget 2020*, *Earth System Science Data*, 12, 3269–3340, accessed 24 Aug 2021 online: <https://doi.org/10.5194/essd-12-3269-2020>.

¹⁷ UNEP (Nov 2019) *Emissions Gap Report 2019*, accessed 3 Nov 2021 online: https://www.unep.org/resources/emissions-gap-report-2019?_ga=2.234702494.1486409067.1635963045-2065128086.1635963045.

¹⁸ IEA (2021) *Net Zero by 2050: A Roadmap for the Global Energy Sector*, accessed 22 Oct 2021 online: <https://iea.blob.core.windows.net/assets/4719e321-6d3d-41a2-bd6b-461ad2f850a8/NetZeroBy2050-ARoadmapfortheGlobalEnergySector.pdf> (“IEA Net Zero Roadmap”), p. 92.

¹⁹ Welsby, D. et al. (2021) *Unextractable fossil fuels in a 1.5 °C world*, *Nature*, 579 (230-234), accessed 15 Sept 2021 online: <https://www.nature.com/articles/s41586-021-03821-8#Tab1>.

must keep 83% of its oil, 81% of its natural gas, and 83% of its coal in the ground, largely because of the high cost of production relative to other major fossil fuel exporters.

In 2021, the International Energy Agency (IEA) mapped out a Net-Zero Roadmap — a “technically feasible, cost-effective, and socially acceptable” pathway to net-zero emissions by 2050 that is consistent with the 1.5°C Goal.²⁰ With respect to fossil fuel development, the IEA concluded that:

- Due to the rapid decline in fossil fuel demand, no new oil and gas fields, coal mines or mine extensions are required beyond projects already committed as of 2021. This includes many of the liquefied natural gas facilities currently under construction or at the planning stage;²¹
- Global annual financial support into any fossil fuel supply must drop drastically over the next 30 years, from \$575 billion to \$315 billion by 2030 and to \$110 billion by 2050 (USD);²² and
- Any remaining investment in fossil fuels is restricted to existing oil and natural gas fields, but crucially, production will decline steeply as demand falls. From 2020 to 2050, demand for oil falls steadily by 75% and demand for natural gas falls 55% overall.²³

The IEA’s 2021 World Energy Outlook (WEO) further confirms that the pathway to net-zero emissions by 2050 requires a rapid drop in oil, natural gas, and coal demand. As a result, no new oil and natural gas fields are required beyond those already approved for development and no new coal mines or mine extensions are required.²⁴

In other words, to meet the 1.5° Goal and net zero emissions by 2050, there should be no financial support for new fossil fuel developments and a steady decline in existing fossil fuel production and associated financial support.

However, the global community currently plans to produce 110% more fossil fuels in 2030 than would be consistent with achieving the 1.5°C goal and 45% more than the 2°C goal.²⁵ By 2040, this excess grows to 190% and 89%, respectively. In Canada, the Canada Energy Regulator forecasts that – even if climate policies evolve at their current pace – Canadian oil production will increase by 19% to peak in 2032 and then decline slightly by 2050 to 4% lower than 2021 production.²⁶ Most of this growth and overall production occurs in the oil sands. Production emissions from Canada’s oil and gas sector are expected to reach 200 million tonnes (Mt) by 2050, the same year Canada is supposed to achieve net-zero emissions.²⁷ This planned expansion of the fossil fuel industry is wholly incompatible with the goals of the Paris Agreement.

²⁰ IEA Net Zero Roadmap, p.3.

²¹ IEA Net Zero Roadmap, pp.51, 102.

²² IEA Net Zero Roadmap, pp.81-82.

²³ IEA Net Zero Roadmap, pp.101-103.

²⁴ IEA (Oct 2021) *World Energy Outlook 2021*, accessed 22 Oct 2021 online: <https://iea.blob.core.windows.net/assets/ed3b983c-e2c9-401c-8633-749c3fefb375/WorldEnergyOutlook2021.pdf>, pp.74, 100, 102.

²⁵ UN Environmental Program (Oct 2021) *The Production Gap: 2021 Report*, accessed 20 Oct 2021 online: http://www.productiongap.org/wp-content/uploads/2021/10/PGR2021_ExecSummary_web.pdf, p.3.

²⁶ Canada Energy Regulator (2022) *Canada’s Energy Future 2022*, accessed 30 Mar 2022 online: <https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2021/canada-energy-futures-2021.pdf>

²⁷ Carter, A. & Dordi, T. (2021) *Correcting Canada’s “one eye shut” climate policy*, Cascade Institute, accessed 16 Aug 2021 online: <https://cascadeinstitute.org/wp-content/uploads/2021/04/Carter-Dordi-Canadas-one-eye-shut-climate-policy-1.1-April-16.pdf> (“Correcting Canada’s “one eye shut” climate policy”), p.6.

2.5 The role of retail banks in supporting fossil fuel development

Exploring, producing and transporting fossil fuels requires a lot of money. In Canada, most fossil fuel financing comes from Canadian and foreign banks and smaller investment dealers.²⁸

Financial support for the fossil fuel industry comes in many forms but this Application will focus on three that are critical:

- 1) Loans: lending money to finance capital or operating expenses,
- 2) Underwriting: guaranteeing the issue of equity and debt by fossil fuel companies to raise funds, and
- 3) Investing: administering shares in fossil fuel companies on behalf of investors.²⁹

Financial support for the fossil fuel industry from financial institutions is significant. From 2016-2021, the world's 60 biggest banks provided a total of \$4.6 trillion (USD) in loans and underwriting services to the fossil fuel industry.³⁰ From 2016-2020, Canada's top six banks – which includes RBC – provided over \$694 billion (CDN) in loans and underwriting services to the industry.³¹

According to Mark Carney, the former Governor of the Bank of Canada, the global finance system is backing enough carbon-producing projects to raise the temperature of the planet by over 4°C, more than double the Paris Agreement goals.³²

Part 3 RBC's materially false and misleading representations on climate action

This Application establishes all three elements of the civil prohibition against false or misleading representations:

- 1) RBC has made representations to the public that it supports the goals of the Paris Agreement and is taking actions that align with these goals;
- 2) The representations were made for the purpose of promoting RBC's business interests, namely attracting and retaining clients who are concerned about climate change; and
- 3) The representations are false or misleading in a material respect because RBC is undermining the Paris Agreement goals by:
 - a) providing tens of billions of dollars in annual fossil fuel financing,
 - b) failing to publish credible plans to achieve its net-zero targets,
 - c) failing to disclose all of its financed emissions,

²⁸ Gutstein, D. (April 2021) *Fossilized Finance: How Canada's banks still enable oil and gas production*, Canadian Centre for Policy Alternatives, accessed 16 Aug 2021 online: https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2021/04/ccpa-bc_Fossilized-Finance.pdf, ("Fossilized Finance") p. 28.

²⁹ *Fossilized Finance*, pp. 28-35.

³⁰ Rainforest Action Network et al. (2022) *Banking on Climate Chaos: Fossil Fuel Finance Report 2022*, accessed 30 Mar 2022 online: https://www.bankingonclimatechaos.org/wp-content/themes/bocc-2021/inc/bcc-data-2022/BOCC_2022_vSPREAD.pdf, ("RAN: Banking on Climate Chaos"), p.12; *Banking on Climate Chaos, Methodology FAQ*, accessed 30 Mar 2022 online: https://www.bankingonclimatechaos.org/wp-content/themes/bocc-2021/inc/bcc-data-2022/Methodology_FAQ_Banking_on_Climate_Chaos_2022.pdf.

³¹ Rijk, G. et al. (July 2021), *Fossil fuel financing in Canada: Financial flows and balance sheet impacts*, Amsterdam, The Netherlands: Profundo, accessed 18 Aug 2021 online: <https://www.greenpeace.org/static/planet4-canada-stateless/2021/08/a0d71ee1-canadian-banks-fossil-fuel-financing-greenpeace-canada-july-2021.pdf> ("Fossil fuel financing in Canada")

³² Partington, R. (Oct 2019) *Bank of England boss says global finance is funding 4C temperature rise*, The Guardian, accessed 16 Aug 2021 online: <https://www.theguardian.com/business/2019/oct/15/bank-of-england-boss-warns-global-finance-it-is-funding-climate-crisis>.

- d) failing to include all of its financed emissions in its upcoming financed emissions targets and net-zero plans, and
- e) claiming to use “sustainable finance” to address climate change but providing this finance to companies that are exacerbating climate change or do not have climate commitments.

3.1 Element 1: RBC has made representations to the public about its purported climate action

RBC has made a number of public statements over the past decade regarding its actions to address climate change. This Application focuses on the following representations regarding specific aspects of its climate commitments:

- 1) Support for the principles of the Paris Agreement, including committing to achieve “net-zero” emissions in its operations annually and in its lending by 2050; and
- 2) Provision of “sustainable financing” to support its commitment to the Paris Agreement and net-zero targets.

3.1.1 RBC’s Representations

RBC has made the following representations regarding climate change that are relevant to this Application:

A. Financial Year 2017 Climate Change Position & Disclosure Statement

In 2017, RBC released its *Climate Change Position & Disclosure Statement* (the “Statement”) that acknowledges that climate change is “one of the most pressing issues of our time” and is “caused by human activities, largely fossil fuel combustion...”.³³ The Statement lists a number of commitments and actions that RBC will take to address climate change. For the purposes of this Application, the most relevant of these commitments is that RBC:

“support[s] the principles of the Paris Agreement and the international goal to hold global warming to below 2° Celsius”.

This Statement is available online and is referenced by RBC in its 2021 Environmental, Social and Governance (ESG) Performance Report (“2021 ESG Report”) and in RBC’s carbon accounting and climate-risk disclosures. See Appendix at p.36 for a screenshot of the Statement.

B. RBC Climate Blueprint

In 2019, RBC released the *Climate Blueprint*, which it describes as its “enterprise climate change strategy”.³⁴ The *Climate Blueprint* was updated in 2020, 2021, and 2022 and is based on the commitments made in the *Climate Change Position & Disclosure Statement*. The *Climate Blueprint* identifies five pillars of the strategy, each with three associated commitments. For the purposes of this Application, the relevant pillars and commitments are:

³³ Royal Bank of Canada (2017) *FY 2017 Climate Change Position & Disclosure Statement*, accessed 17 May 2021 online: http://www.rbc.com/community-sustainability/assets-custom/pdf/RBC_ClimateChangePosition_Disclosure_Statement_2017.pdf.

³⁴ Royal Bank of Canada (Feb 2022) *Royal Bank of Canada Climate Blueprint*, accessed 30 Mar 2021 online: <https://www.rbc.com/community-sustainability/assets-custom/pdf/RBC-Climate-Blueprint.pdf>; Royal Bank of Canada (June 2020) *Royal Bank of Canada Climate Blueprint*, accessed 16 Aug 2021 online: <http://www.rbc.com/community-sustainability/assets-custom/pdf/RBC-Environmental-Blueprint.pdf>

Pillars	Commitments
1. Help clients as they transition to net-zero	[F]acilitate \$500 billion in sustainable financing by 2025.
2. Hold ourselves accountable	Achieve net-zero emissions in our lending by 2050, with interim targets aligned with our client’s climate plans and [Net Zero Banking Alliance] commitments, with transparent measurement and reporting.
3. Advance net-zero leadership in our own operations	Reduce greenhouse gas emissions by 70% by 2025* Maintain carbon neutrality in our global operations with a decreasing reliance on offsets annually. <small>*The target is inclusive of our global operations, Scope 1, 2 and 3 (business travel) emissions, and uses a baseline of 2018</small>

The *Climate Blueprint* is available online and is referenced by RBC in its 2020 Annual Report to shareholders, 2021 ESG Report, climate strategy for investments, and carbon accounting and climate-risk disclosures. See Appendix at p.37 for a screenshot of the Climate Blueprint (Feb 2022 version) and the related media release.

The update in February 2021 added the target of net-zero lending by 2050 and increased RBC’s sustainable finance commitment from \$100 billion to \$500 billion. In announcing the new target in February 2021, RBC stated that the \$500 billion in sustainable finance was part of its “progress on its climate strategy” and that its net-zero emissions target for lending was “aligned with the global goals of the Paris Agreement.”³⁵ See Appendix at p.38 for a screenshot of the announcement.

RBC showcases the *Climate Blueprint* in a YouTube video that is available online and is replete with images of the elements of a low-carbon economy (e.g. windmills, solar panels, EV charging stations, trees) and omits any images or mention of its investment in fossil fuel development.³⁶ See Appendix at p.39 for a screenshot and links to the video.

C. Our Commitment to Sustainable Finance

In the *Climate Blueprint* and in a separate one-page document posted online, RBC commits to providing \$500 billion in sustainable finance by 2025 to clients in eligible environmental and social categories that are aligned with the Green Bond Principles and Social Bond Principles. These categories are:

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Sustainable land use
- Clean transportation
- Sustainable water management
- Green buildings
- Affordable housing
- Access to essential services
- Socioeconomic advancement and empowerment

RBC lists six examples of transactions that count towards their commitment, including a \$1 billion (CDN) “syndicated sustainability linked loan” to Enbridge Inc. — a multinational crude oil and natural gas

³⁵ Royal Bank of Canada (25 Feb 2021) *RBC announces progress on its climate strategy including new sustainable finance target of \$500 billion by 2025*, accessed 17 Nov 2021 online: <http://www.rbc.com/newsroom/news/2021/20210225-sustainable-financing.html>.
³⁶ Royal Bank of Canada (15 Apr 2021) *RBC Climate Blueprint*, accessed 12 Oct 2021 online: <https://www.youtube.com/watch?v=1kNtDDbwEgk>.

pipeline company headquartered in Calgary. RBC does not explain which environmental/social category the Enbridge loan fits into.

RBC's 2021 ESG Report provides more information about "sustainability linked loans". In a footnote, the Report defines "green and sustainability linked loans" as "[d]esignated green loans that align with the Loan Market Association (LMA) Green Loan Principles and designated sustainability linked loans that align with the LMA Sustainability Linked Loan Principles".³⁷

In a backgrounder on its website, the LMA states that sustainability linked loans "aim to facilitate and support environmentally and socially sustainable economic activity and growth".³⁸ These loans are meant to "incentivize the borrower's achievement of ambitious, predetermined sustainability performance objectives", that is, ESG goals selected by the borrower. The loan can be used for "general corporate purposes" and the loan terms do not specify uses though the borrower is encouraged to improve its overall sustainability profile during the loan term.³⁹ This means that the borrower sets its own ESG goals and seeks to achieve them during the term of the loan, but the loan does not have to be used to advance these goals.

See Appendix at p.40 for a screenshot of the Commitment to Sustainable Finance.

D. RBC Global Asset Management: Our approach to climate change

In 2021, RBC Global Asset Management (RBC GAM), the investment management branch of RBC, released *Our approach to climate change* ("*Our Approach*") to outline the actions that RBC GAM is taking to integrate climate change into its investment process.⁴⁰ *Our Approach* acknowledges the goals of the Paris Agreement and its emphasis on directing financial flows to support a low carbon transition. It refers to the increase in "potentially catastrophic physical impacts" that will occur as global temperatures rise above 1.5°C and notes that evidence of harmful climate impacts is already emerging.

Our Approach also sets out a list of RBC GAM's beliefs that "guide and direct [its] approach to climate change" including:

- "The science on climate change is clear. Climate change will have impacts on economies, markets, and societies, posing both risks and opportunities"; and
- "We must strive for a just transition to a low-carbon economy that boosts economic prosperity while safeguarding equality for all. This requires consideration of the broad impact the transition to a low-carbon economy will have on communities, workers, and society."

E. 2021 RBC Environmental, Social and Governance Performance Report & 2021 Task Force on Climate-Related Disclosures Report

RBC's 2021 Task Force on Climate-Related Disclosures Report (the "2021 TCFD Report") and RBC's 2021 ESG Report are discussed together since they contain very similar information.

³⁷ Royal Bank of Canada (2022) *Environmental, Social and Governance (ESG) Performance Report 2021*, accessed 30 Mar 2022 online: <https://www.rbc.com/community-social-impact/assets-custom/pdf/2021-ESG-Report.PDF>, ("*RBC 2021 ESG Report*"), p.76 (footnote 65).

³⁸ Loan Market Association (May 2021) *Sustainability Linked Loan Principles*, accessed 25 Aug 2021 online: https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf ("*Sustainability Linked Loan Principles*"), p. 2.

³⁹ *Sustainability Linked Loan Principles*, p. 2.

⁴⁰ Royal Bank of Canada GAM (June 2021) *Our approach to climate change*, accessed 17 Aug 2021 online: <https://www.rbcgam.com/documents/en/other/our-approach-to-climate-change.pdf>.

The 2021 TCFD Report was published online in December 2021 to assist RBC's stakeholders in understanding the ways RBC intend to address climate-related governance, strategy, risks, opportunities, and metrics and targets.⁴¹ The TCFD was created by the Financial Stability Board (an international monitoring and advisory body) to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing risks related to climate change.⁴² RBC supports the recommendations of the TCFD and has committed to producing annual disclosures that consider their recommendations.

The 2021 ESG Report was published online in March 2022 as a mechanism for RBC to be accountable to its stakeholders and provide them with relevant disclosure on topics that matter to them.⁴³

In both reports, RBC highlights the following actions that it took in 2021:

- Committed to be “net-zero emissions in [its] lending by 2050;
- Is “carbon-neutral in [its] operations”;
- Joined the Net-Zero Banking Alliance (NZBA);
- Issued a second Green Bond worth \$750 million as part of a syndicate; and
- Published a report entitled: *The \$2 Trillion Transition: Canada's Road to Net-Zero* that charts a path through the challenges and opportunities facing Canada in the transition to net-zero.⁴⁴

In the opening messages of these reports, President and CEO Dave McKay stated that RBC's “ambition is to play a leadership role in accelerating the transition to a net-zero world” and that RBC's \$500 billion sustainable financing commitment made “RBC the largest financier of the net-zero transition in Canada”, which was part of RBC's “larger efforts to support the net-zero plans of clients,”. Further, that RBC's “focus will not just be on the destination, but the journey to net-zero”.⁴⁵

The 2021 TCFD Report detailed the various committees, officers, and teams that RBC has established to provide oversight for its action on climate change.⁴⁶

The 2021 ESG Report emphasized that climate change and sustainable finance are amongst the most important of RBC's ESG priorities, noting that these are “very important” to both RBC and external stakeholders.⁴⁷

Both reports noted that, as of 2021, RBC said it had provided \$83.8 billion in sustainable finance and disaggregated this amount into various categories.⁴⁸

⁴¹ Royal Bank of Canada (2021) *Task Force on Climate-related Financial Disclosures Report 2021*, accessed 30 Mar 2022 online: <https://www.rbc.com/community-social-impact/assets-custom/pdf/RBC-TCFD-Report-2021.PDF> (“RBC 2021 TCFD Report”), p.2.

⁴² Task Force on Climate-Related Financial Disclosures (2022) *About*, accessed 30 Mar 2022 online: <https://www.fsb-tcfid.org/about/>

⁴³ *2021 RBC ESG Report*, p.9.

⁴⁴ *RBC 2021 ESG Report*, p.5; *RBC 2021 TCFD Report*, p.5.

⁴⁵ *RBC 2021 ESG Report*, p. 7; *RBC 2021 TCFD Report*, p.6.

⁴⁶ *RBC 2021 TCFD Report*, pp.9-12.

⁴⁷ *RBC 2021 ESG Report*, p. 13.

⁴⁸ *RBC 2021 ESG Report*, p. 14; *RBC 2021 TCFD Report*, p.16.

Both reports list the global climate initiatives that RBC is a member of and restate the priorities, actions and commitments that form of RBC’s “enterprise climate strategy”, the RBC Climate Blueprint.⁴⁹

The reports disclose RBC’s “financed” emissions as being 45 Mt of CO₂e in 2021.⁵⁰ In its financed emissions, RBC includes its clients’ Scope 1 and 2 emissions but not its clients’ Scope 3 emissions.⁵¹ This means that RBC does not count the emissions that come from the combustion of fossil fuels produced by RBC’s fossil fuel clients. Despite this, RBC states that it calculates its emissions according to the GHG Protocol, which states that banks should report Scope 3 emissions for companies where they are significant or otherwise relevant.⁵²

The 2021 TCFD Report identifies and assesses RBC’s climate risks, noting that stakeholder and client sentiment and brand value could be impacted by climate-related risks.⁵³

F. RBC’s participation in global climate initiatives

In its 2021 ESG Report and in its 2021 TCFD Report, RBC lists the following initiatives that it is a member of, signatory to, and/or participates in:⁵⁴

- Task Force on Climate-related Financial Disclosures (TCFD)
- Canadian Standards Association
- Global Financial Markets Association
- Institute for Sustainable Finance
- Climate Engagement Canada
- International Capital Market Association
- The Green Bond Principles
- RMI Centre for Climate Aligned Finance
- Smart Prosperity
- Climate Action 100+
- Bank of Canada and the Office of the Superintendent of Financial Institutions
- Canadian Bankers Association
- Banking for Impact on Climate in Agriculture
- UN Environment Programme Finance Initiative
- Partnership for Carbon Accounting Financials
- Net-Zero Banking Alliance
- Carbon Disclosure Project
- Equator Principles Association
- UN Principles for Responsible Investment
- The Green Bond Principles
- Climate Bonds Initiative
- Business Renewables Centre Canada
- Sustainable Finance Action Canada

See Appendix pp.41-42 for a description of these initiatives.

Carbon Accounting: Scope 1, 2 & 3 Emissions

When companies report their emissions, they are classified into three categories:

Scope 1: direct emissions from sources that are owned or controlled by the reporting company. E.g. from the reporting company’s facilities and vehicles.

Scope 2: indirect emissions from the generation of purchased energy consumed by the reporting company. E.g. from a coal-fired power plant that produces the electricity used by the reporting company.

Scope 3: all other indirect emissions that occur in the reporting company’s value chain. E.g. from the transportation, use, and disposal of products that were produced by the reporting company.

The Greenhouse Gas Protocol (the “GHG Protocol”) is the leading corporate standard for measuring and managing GHG emissions. This standard states that financed emissions for a financial institution includes the Scope 1 and 2 emissions of the investment (i.e. investee or project) and should include the Scope 3 emissions of the investment where they are significant or otherwise relevant.

That is, the financed emissions of a bank should include the Scope 1, 2, and 3 emissions of their clients.

⁴⁹ RBC 2021 ESG Report, pp.66-67; RBC 2021 TCFD Report, p.15, 32.

⁵⁰ RBC 2021 ESG Report, p.69; RBC 2021 TCFD Report, p.23-25; “CO₂e” means “carbon dioxide equivalents” and is a way of reporting GHG emissions.

⁵¹ RBC 2021 TCFD Report, p.25.

⁵² RBC 2021 ESG Report, p.75 (endnote 31); RBC 2021 TCFD Report, p.54 (endnote 42).

⁵³ RBC 2021 TCFD Report, p.43.

⁵⁴ RBC 2021 TCFD Report, p.32; RBC 2021 ESG Report, p.66

In October 2021, RBC joined the Net-Zero Banking Alliance (NZBA), which is part of the Glasgow Financial Alliance for Net-Zero (GFANZ), an investor-led and United Nations-convened alliance of over 160 financial institutions.⁵⁵ While the GFANZ is arguably the most ambitious climate initiative that a financial institution could participate in, it has been criticized by the environmental community for having a low bar for entry and allowing its members to greenwash their continued support for fossil fuel development.⁵⁶

In order to join the NZBA, RBC had to commit, among other things, to transition all its operational and attributable GHG emissions in its lending and investment portfolios to pathways consistent with the 1.5°C Goal based on credible scenarios that maximize the use of emissions reductions.⁵⁷

The commitments that RBC made to participate in NZBA essentially reiterate RBC's existing climate representations. While the NZBA commitment explicitly mentions the 1.5°C Goal and adds a net-zero investment target, these were already required by a proper understanding of what it means to support the principles of the Paris Agreement (a declining emissions trajectory to net-zero by 2050). As we discuss below, RBC is actively undermining these representations with its fossil fuel financing and lack of immediate emission reduction initiatives.

See Appendix pp.43-44 for screenshots of RBC's announcement about joining the NZBA and its commitment to NZBA published on the RBC website.⁵⁸

3.1.2 *The General Impression conveyed by RBC's representations*

After an initial contact with the sum of RBC's representations about its action on climate change, a credulous and inexperienced person would have the general impression that RBC is taking actions across the entire spectrum of its operations and financial services that are sincere, ambitious, science-based, and consistent with internationally agreed standards and actions.

Together, RBC's commitments to support the principles of the Paris Agreement, achieve net-zero targets "in [its] lending by 2050" and "in [its] global operations annually", and become a member of the NZBA all give the general impression that RBC is acting to reduce all of its operational and financed emissions in line with an emissions trajectory that would achieve net-zero emissions by 2050 and limit warming to 1.5°C.

RBC's investment arm acknowledges the goals of the Paris Agreement, the "potentially catastrophic physical impacts" from warming above 1.5°C, and states that its approach to climate change is guided by the belief that the "science on climate change is clear". Through its commitment to the NZBA, RBC has further committed to achieving net-zero emissions in its investments.

⁵⁵ Royal Bank of Canada (Oct 2021) *Six of Canada's Largest Banks Join United Nations-convened Net-Zero Banking Alliance*, accessed 5 Nov 2021 online: <https://www.rbc.com/newsroom/article.html?article=125515>. UNFCCC (Apr 2021) *New Financial Alliance for Net Zero Emissions Launches*, accessed 5 Nov 2021 online: <https://unfccc.int/news/new-financial-alliance-for-net-zero-emissions-launches>; see also *Glasgow Financial Alliance for Net Zero* online: <https://www.gfanzero.com/>. The *Net-Zero Banking Alliance* is the relevant initiative for banks, see online: <https://www.unepfi.org/net-zero-banking/>.

⁵⁶ Abreu, C. (Oct 2021) *Mark Carney needs to raise the bar on climate action for financial institutions*, National Observer, accessed 5 Nov 2021 online: <https://www.nationalobserver.com/2021/10/07/opinion/mark-carney-needs-raise-bar-climate-action-financial-institutions>.

⁵⁷ UN Environmental Program, *Net Zero Banking Alliance Commitment Statement*, accessed 5 Nov 2021 online: <https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf>.

⁵⁸ Royal Bank of Canada, *Our Commitment to the Net-Zero Banking Alliance*, accessed 5 Nov 2021 online: <https://www.rbc.com/community-social-impact/environment/nzba.html>.

The commitment to provide “\$500 billion in sustainable financing by 2025” presents a significant amount of money that seemingly supports RBC’s statement that it is a “key pillar” in its climate strategy. Throughout its climate announcements, RBC gives the general impression that its sustainable financing commitment is related to its climate strategy. A credulous and inexperienced person would understand that RBC has committed to provide \$500 billion to initiatives which will help reduce emissions and align with the Paris Agreement goals.

The representations use key terms — “Paris Agreement”, “net-zero”, and “sustainable” — that are often used in the media and are familiar to the general public. There is broad public understanding that these are positive terms that connote action on climate change, though the public typically lacks the technical understanding of what underpins these terms.

The representations are supported by a broad number of international climate initiatives that RBC is part of and publicly supports as part of its climate action marketing. These initiatives serve to reinforce the impression of RBC’s efforts to address climate change and they have their own attractive websites, glossy reports, and appear to be dedicated to positive climate outcomes.

The representations are also presented in a manner that is persuasive; they are part of well-drafted materials that are replete with facts, figures, and action-oriented statements. Conversely, facts that would diminish RBC’s commitments are more discretely disclosed as footnotes or general cautionary statements or are omitted entirely. For example:

- A footnote to RBC’s target of reducing emissions 70% by 2025 notes that this reduction only applies to RBC’s operations, which are a small part of the total emissions that RBC is responsible for and does not apply to emissions from activities that RBC finances.⁵⁹
- In disclosing its financed emissions, RBC claims to follow the Greenhouse Gas Protocol (the “GHG Protocol”).⁶⁰ The GHG Protocol advises that financial institutions report the Scope 1 and 2 emissions of their clients and should include the Scope 3 emissions of their clients if they are “significant compared to other source [sic] of emissions or otherwise relevant.”⁶¹ However, RBC does not disclose the Scope 3 emissions of its clients, even though these can be the largest source of emissions for its clients. This is particularly true for RBC’s oil and gas clients.⁶²
- RBC includes a broad caution on any forward-looking statements in RBC’s ESG and climate disclosure reports that asks readers not to place undue reliance on its forward-looking environmental and climate change objectives.⁶³

On the whole, RBC’s seemingly authoritative, ambitious, and positive representations about its climate action give the general impression that RBC is making substantial emissions reductions that are aligned with the 1.5°C Goal throughout its entire operations and financial services and is making large

⁵⁹ RBC Climate Blueprint, p. 2.

⁶⁰ RBC 2021 TCFD Report, pp.23, 36, endnote 42 at p.54.

⁶¹ World Resources Institute & World Business Council for Sustainable Development (2011) *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, accessed 30 Mar 2022 online: https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf, pp.51-53.

⁶² Morgan Stanley Capital International has estimated that Scope 3 emissions for the oil and gas sector are six times greater than their combined Scope 1 and Scope 2 emissions: MSCI (Sept 2020) *Scope 3 Carbon Emissions: Seeing the Full Picture*, accessed 4 Apr 2022 online: <https://www.msci.com/www/blog-posts/scope-3-carbon-emissions-seeing/02092372761>

⁶³ RBC 2021 ESG Report, p.2; RBC 2021 TCFD Report, at p.2.

investments in a sustainable future in order to achieve the goals of the Paris Agreement and address climate change.

3.2 Element 2: The representations are to promote the business interests of RBC

RBC's representations about its purported action on climate change communicate to its clients that it is taking climate change seriously. The financial industry – including RBC – is known to provide significant financial support to the fossil fuel industry, a major contributor to climate change. Further, climate change poses significant risks to the interests of RBC and its clients, both in the context of their financial transactions and more broadly.

RBC is aware of these risks and the importance of climate change to its stakeholders. In its 2021 TCFD Report, RBC identified that its reputation (client sentiment towards RBC and its brand value) could be affected by moving too quickly or too slowly on climate change, its liquidity could be impacted if RBC is perceived as not addressing the impacts of climate change adequately or fast enough, and that credit risks may arise from client business models and strategies that are misaligned with the transition to a net-zero economy.⁶⁴

In its 2021 ESG Report, RBC ranks “climate change” and “sustainable finance” amongst its highest ESG priorities.⁶⁵ RBC notes that climate change is important to a number of its stakeholders: clients, investors, shareholders, rating agencies, and governments, industry associations, and non-governmental organizations.⁶⁶

At its 2021 annual general meeting, RBC was asked by its shareholders for more specificity in its emission reduction plans. The shareholders submitted a proposal that RBC:

“adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas emissions associated with the Company’s underwriting and lending activities and issue an annual report. . . discussing its plans and progress towards achieving these targets.”⁶⁷

The proposal recognized that RBC's financial support for carbon intensive industries, including oil sands development, conflicted with the transition to the low-carbon economy called for by the Paris Agreement. It also specified that the targets should be science-based and include emissions from activities that RBC finances. In response, RBC recommended that shareholders vote against the proposal, and repeated the representations that are the subject of this Application to argue that it was doing enough to address climate change. The proposal was defeated.

It is apparent that RBC recognizes that it is important for its reputation, and therefore its business interests, that its clients believe that it is taking meaningful action on climate change. If RBC can show that it is taking meaningful steps to mitigate climate change risks, then current and prospective clients are more likely to do business with it.

3.3 Element 3: The representations are misleading and false in a material respect

An analysis of RBC's representations about its action on climate change compared to its actual financing activities demonstrates that these representations are misleading and false. RBC claims that it supports

⁶⁴ RBC 2021 TCFD Report, pp.43-44.

⁶⁵ RBC 2021 ESG Report, p.13.

⁶⁶ RBC 2021 ESG Report, pp.87-88.

⁶⁷ Royal Bank of Canada (8 April 2021) Notice of Annual Meeting of Common Shareholders: Management Proxy Circular, accessed 12 Oct 2021 online: <https://www.rbc.com/investor-relations/assets-custom/pdf/2021englishproxy.pdf> (“RBC AGM Management Proxy Circular”), p.106.

the Paris Agreement (which seeks to reduce emissions) yet provides tens of billions of dollars annually in loans, underwriting, and investments to fossil fuel companies (which will increase emissions). Further, RBC's claims to support the Paris Agreement and achieve net-zero targets are undermined by its failure to take immediate actions to start to reduce emissions and to account for all the financed emissions for which RBC is responsible. RBC also claims to be providing hundreds of billions in "sustainable finance" to help address climate change, but is giving at least some of this financing to companies who are not taking climate action and to fossil fuel companies whose business models continue to be the main cause of climate change.

RBC's representations are false and misleading in a "material respect" because they suggest an ambitious response to climate change that stands in stark contrast to RBC's massive fossil fuel financing, lack of credible net-zero plans, and provision of "sustainable financing" to fossil fuel companies. These are actions that make climate change worse. A significant proportion of consumers care about climate change and make purchasing and investment decisions based on climate change and the climate actions taken by companies. However, consumers cannot effectively assess whether RBC's climate representations are accurate. As a result, RBC's misrepresentations could influence consumers' decisions to do or continue to do business with RBC.

3.3.1 RBC's support for the Paris Agreement goals is false and misleading in a material respect

RBC represents that it "supports the principles of the Paris Agreement and the international goal to hold global warming to below 2°C". However, the text of the Paris Agreement actually states that the international goal is to hold global warming to well below 2°C and to pursue efforts to limit warming to 1.5°C. Therefore, supporting the Paris Agreement means to reduce emissions on a trajectory that is consistent with the 1.5°C Goal.

RBC's other representations also reinforce the impression that RBC supports the 1.5°C Goal. The purpose of pursuing net-zero emissions by 2050, as RBC represents for its lending and operations, is to achieve the 1.5°C Goal. RBC has also joined the NZBA, publicly representing that it is committed to meeting the 1.5°C Goal and adopting a net-zero target for its lending and investing. Together, RBC's representations give the impression that it is taking actions that are consistent with the 1.5°C Goal. Whether this is true is the focus of this Application.

Banks are responsible for the GHG emissions from their operations (e.g. ATMs and branch offices), as well as the emissions that arise from the projects and companies that they finance through loans, investments and underwriting. It is these "financed emissions" that comprise the vast majority of a bank's contribution to climate change.⁶⁸ This means that a bank cannot meaningfully contribute to the achievement of the goals of the Paris Agreement or achieve net-zero without reducing its financed emissions along the declining emission trajectory required to achieve those goals.

A. RBC continues to provide billions in financing to fossil fuel companies despite its "support" for the Paris Agreement

Fossil fuel production and use is a key driver of climate change and must be phased out in order to achieve the Paris Agreement goals. This was well-known in 2017 when RBC's *Climate Change Position & Disclosure Statement* first represented that RBC supported the Paris Agreement. This was made even more clear in 2021 when the International Energy Agency outlined how fossil fuel development and

⁶⁸ Partnership for Carbon Financial Accounting (Nov 2020). *The Global GHG Accounting and Reporting Standard for the Financial Industry*. First edition; accessed 23 Aug 2021 online: <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf> ("PCAF Standard"), p. 20.

financing should be phased out: no financial support for new fossil fuel development as of 2021 and a steady decline in existing fossil fuel production and associated financial support over the next three decades.

Therefore, RBC undermines the achievement of the Paris Agreement goals – and invalidates its own representations — by providing tens of billions of dollars annually in loans, underwriting, and investment to support and expand the fossil fuel industry, including in 2021.

We have drawn upon three different data sets to demonstrate the extent of this financial support since the Paris Agreement was adopted in 2015. While the data in these sources may differ due to methodological differences, they all demonstrate that RBC is providing massive amounts of capital to an industry whose central business model is to produce more fossil fuels and more GHG emissions.

This Application focuses on RBC’s fossil fuel financing since the Paris Agreement was adopted in 2015 as data for this period is readily available and it contrasts sharply with RBC’s representations about its support for the Paris Agreement.

i) RBC’s 2021 fossil fuel financing (Profundo)

Profundo B.V., a financial research and analytics company, has provided the Applicants with an analysis of the loans, underwriting, and investments that RBC provided to the fossil fuel industry in 2021.

In 2021, RBC provided a total of \$34.4 billion (CDN) in loans and underwriting to the fossil fuel industry and, by the end of 2021, held a total of \$50.4 billion (CDN) in shares and bonds of fossil fuel companies. This is summarized in Table 2, below.

Loans & Underwriting (2021)			Investment holdings (as of Q4 2021)			
Oil & Gas	Coal	Total		Oil & Gas	Coal	Total
\$27.3	\$7.1	\$34.4	Shares	\$40.5	\$7.0	\$47.5
			Bonds	\$1.99	\$0.86	\$2.85

Profundo’s analysis indicated that in the fourth quarter (Q4) of 2021 alone, RBC provided \$10.2 billion (CDN) in loans and underwriting to fossil fuel companies via 124 transactions. This is summarized in Table 3, below. RBC provided this financing after it joined the NZBA in October 2021. Recall that, to join this United Nations-convened alliance, RBC committed to transition all its operational and attributable GHG emissions from its lending and investment portfolios to align with emissions pathways consistent with the 1.5°C Goal.⁶⁹

	Transactions (#)	Loans	Underwriting	Total
Oil & Gas	100	\$5.35	\$2.42	\$7.77
Coal	24	\$1.11	\$1.29	\$2.4
Total	124	\$6.46	\$3.71	\$10.17

⁶⁹UN Environmental Programme - Finance Initiative (2021) *Net Zero Banking Alliance Commitment Statement*, accessed 5 Nov 2021 online: <https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-NZBA-Commitment-Statement.pdf>.

Profundo’s analysis also depicts RBC’s annual fossil fuel financing from 2016-2021 in figures 1 and 2, below.

Figure 1. RBC loans & underwriting by year, 2016-2021.

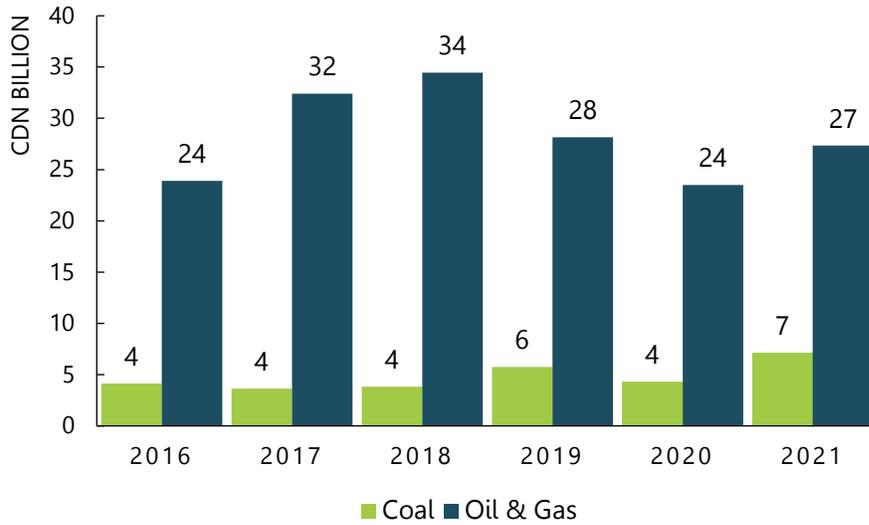
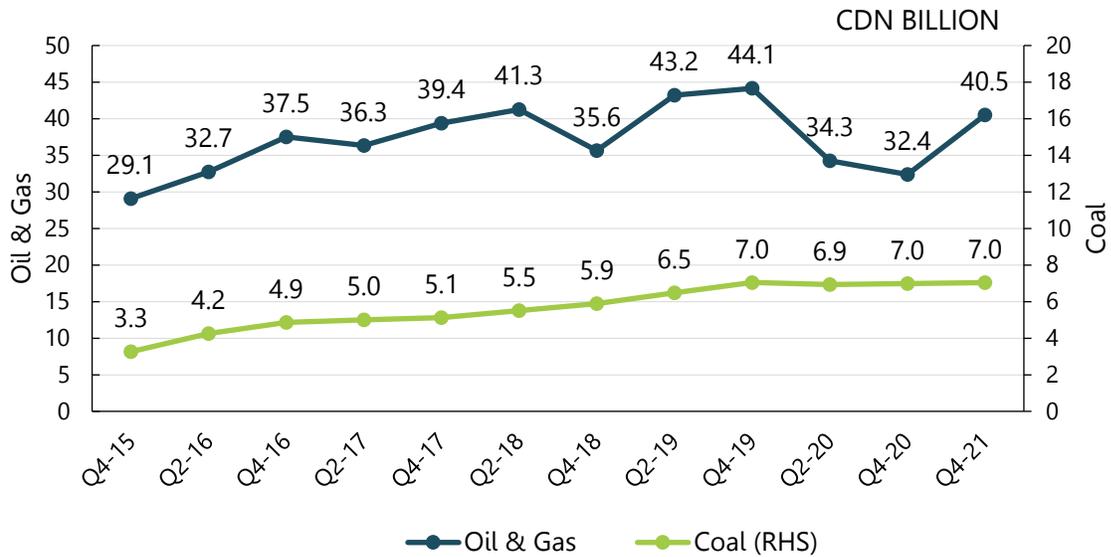


Figure 2. RBC fossil fuel shareholdings (Q4 2015 – Q4 2021)



ii) Banking on Climate Chaos – Rainforest Action Network

In 2022, the Rainforest Action Network (RAN) published its annual *Banking on Climate Chaos: Fossil Fuel Finance Report* with analysis of fossil fuel financing from the world’s 60 largest commercial and investment banks between 2016 and 2021.⁷⁰ The report identified the amount of lending and underwriting that each bank provided to nine different categories of fossil fuel companies.

Table 4 lists the financial support provided by RBC from 2016-2021 to three categories of fossil fuel companies and RBC’s rank as financiers of fossil fuels amongst the world’s 60 largest banks.

Category of fossil fuel companies	Rank (among world’s top 60 private banks)	Total (billions USD)
2,700 subsidiaries of 1,635 companies active across the fossil fuel life cycle	5	\$201
100 key oil, gas, & coal companies expanding fossil fuels	12	\$38.8
Top 30 oil sands production companies & 6 key oil sands pipeline companies	2	\$27.4

Note that RBC ranks 24th amongst these banks in terms of total assets, indicating that RBC is making a disproportionate contribution to fossil fuel financing and climate change.⁷¹ See Table 6 in the Appendix (p.45) for more detailed financing data for all nine categories of fossil fuel companies in the RAN report, including annual financing from 2016-2021.

It is critical to highlight that the RAN data demonstrates that RBC is directing huge sums of money — \$38.8 billion (USD) from 2016-2021 — into *expanding* fossil fuel development, not just into ongoing projects. Despite committing in February 2021 to net zero in its lending by 2050, RBC’s lending and underwriting to 100 key coal, oil, and gas companies expanding fossil fuels increased by \$3.5 billion (85%) between 2020 and 2021. Given the clear conclusion from the IEA that all new and expanded fossil fuel projects are incompatible with the 1.5°C Goal and studies that show that the majority of fossil fuel reserves must stay in the ground, RBC’s billions in funding to expand fossil fuel development is antithetical to genuine support for the Paris Agreement.

iii) Fossil Fuel Financing in Canada: Greenpeace

In 2021, Greenpeace Canada released a report about the financial support flowing from the top six Canadian banks (RBC, TD, Scotiabank, BMO, CIBC, and Desjardins) to fossil fuel companies around the world.⁷² The report found that, in the five years after the Paris Agreement, these six banks have provided over \$694 billion (CDN) to fossil fuel companies in the form of loans (\$477 billion) and underwriting services (\$216 billion). About 88% of this went to oil and gas companies, while coal

⁷⁰ Rainforest Action Network et al. (2022) *Banking on Climate Chaos: Fossil Fuel Finance Report 2022*, accessed 30 Mar 2022 online: https://www.ran.org/wp-content/uploads/2022/03/BOCC_2022_vSPREAD.pdf, (“RAN: Banking on Climate Chaos”); *Banking on Climate Chaos, Methodology FAQ*, accessed 30 Mar 2022 online: https://www.bankingonclimatechaos.org/wp-content/themes/bocc-2021/inc/bcc-data-2022/Methodology_FAQ_Banking_on_Climate_Chaos_2022.pdf.

⁷¹ RAN: *Banking on Climate Chaos*, p.66.

⁷² Rijk, G. et al. (July 2021), *Fossil fuel financing in Canada: Financial flows and balance sheet impacts*, accessed 18 Aug 2021 online: <https://www.greenpeace.org/static/planet4-canada-stateless/2021/08/a0d71ee1-canadian-banks-fossil-fuel-financing-greenpeace-canada-july-2021.pdf> (“Fossil fuel financing in Canada”)

received the remaining 12%. The report also found that these six banks hold \$114 billion (CDN) in shares and \$11.4 billion (CDN) of bonds in fossil fuel companies.

Table 5 lists the financing provided by RBC to oil, gas and coal companies from 2016-2020 and its ranking as the top financier of fossil fuels of the six largest Canadian banks.

Loans & Underwriting (Jan 2016-Dec 2020)				Investment (shareholdings in Q4 2020 & latest filings of bondholdings)			
Rank (among top 6 Cdn banks)	Oil & Gas	Coal	Total	Rank (among top 6 Cdn banks)	Oil & Gas	Coal	Total
1	\$142	\$22	\$164	1	\$37	\$8	\$45

See Tables 7 and 8 in the Appendix (p.46) for more detailed financing data, including annual support.

[Summary: RBC’s representations are false and misleading due to massive fossil fuel financing](#)

Fossil fuel production and consumption is a primary cause of climate change. It has long been understood that fossil fuels and associated financing must be phased out in order to address climate change. The Paris Agreement established international goals for climate action that require rapid and significant wind-down of the fossil fuel production and financing.

However, in the six years since the Paris Agreement was adopted — and despite claiming that it supports the Paris Agreement — RBC has provided tens of billions of dollars annually in loans, underwriting, and investments to support and expand the fossil fuel industry. Cumulatively from January 2016 to December 2021, RBC provided at least \$201 billion (USD) in loans and underwriting to fossil fuel companies. As a result, RBC ranks first amongst Canadian banks and fifth amongst the world’s 60 largest banks for fossil fuel financing.

In 2021, RBC provided at least \$34.4 billion (CDN) in loans and underwriting to fossil fuel companies and holds \$50.4 billion (CDN) of investments in fossil fuel companies. In Q4 of 2021 alone, just after joining a global alliance to address climate change, RBC provided \$10.2 billion (CDN) in loans and underwriting to fossil fuel companies. As depicted in Figure 2, RBC holds more shares in fossil fuels in Q4 of 2021 than it did in Q4 of 2015.

RBC’s fossil fuel financing, particularly as it continued in 2021 after RBC’s net-zero lending commitment and membership in the NZBA, will increase GHG emissions. This inconsistent with any genuine representation that RBC supports the Paris Agreement and is taking action to avoid a 1.5°C temperature rise.

B. [RBC lacks a credible plan for reducing financed emissions and achieving its net-zero targets](#)

RBC does not currently have a plan to reduce all of its emissions in a manner that achieves net-zero and aligns with the 1.5°C Goal. RBC has not had such a plan since it first made its climate representations. RBC is required by the NZBA to develop a net-zero plan but it does not intend to include all of its financed emissions. RBC also continues to finance fossil fuels, undermining the purpose of these plans to contribute to meeting the 1.5°C Goal.

[Climate plans are important](#)

Achieving net-zero is part of the pathway of limiting global warming to 1.5°C and requires immediate, significant, and continuous emissions reductions over the next 30 years. It is important to have a

credible plan because this is a difficult and long-term process, particularly for institutions like RBC that are deeply invested in high-emitting industries like fossil fuels.

The importance of having a credible plan is supported by guidance from the Competition Bureau and Canadian Standards Association that self-declared environmental claims shall be accurate, substantiated and verified.⁷³ In order to be substantiated and capable of being verified, RBC's net-zero targets need to have a credible plan for achieving those targets. Otherwise, there is no way to know whether RBC will take the necessary actions each year over the next three decades to meet its targets and whether the targets will ultimately be achieved.

The absence of net-zero plans and the presence of unsubstantiated and potentially insincere net zero plans is already a valid concern across the globe. Since the Paris Agreement was adopted, there has been a surge of pledges from countries, institutions, and companies to achieve net zero by a certain date, often 2050. Unfortunately, many of these targets and plans lack details, consistency, definitions, transparency, and comprehensiveness. For example, in the United Nations' Race to Zero campaign, just 20% of all corporate and government commitments meet the minimum requirements.⁷⁴

RBC has lacked a credible plan since 2017

In 2017, two years after the Paris Agreement was adopted, RBC made representations that it supports the principles of the Paris Agreement. In February 2021, RBC committed to achieving net-zero in its operations annually and in its lending by 2050.

While these representations convey the impression that RBC is taking climate change seriously, RBC's announcements have not been accompanied by any implementation plan or any immediate policy to reduce fossil fuel financing. For example:

- RBC's *Climate Blueprint* simply states RBC's climate goals and only provides an interim target for GHG reductions for its operations and business travel, which comprise a small proportion of its emissions.
- The only measure provided to address operational emissions is to increase RBC's use of renewable electricity, but it is unclear from the *Climate Blueprint* whether this would even address all of RBC's operational emissions.
- The *Climate Blueprint* does not list any concrete measures that RBC will take to achieve net-zero in its lending.
- RBC has adopted a policy restricting financing of new thermal coal projects, new clients significantly involved in thermal coal, and projects in certain protected areas,⁷⁵ but RBC has taken no action to reduce its broader financing of oil and gas.
- RBC has only started publicly reporting its financed emissions, but leaves out the Scope 3 emissions of their clients. This is a significant portion of emissions, particularly for high-emitting clients like fossil fuel companies. RBC will not require disclosure of Scope 3 emissions when it

⁷³ *Environmental Claims Guide*, sections 4.3 and 5.3.

⁷⁴ Black, R. et al., (2011) *Taking Stock: A global assessment of net zero targets* (2021), Energy & Climate Intelligence Unit and Oxford Net Zero, accessed 5 Nov 2021 online: https://ca1-eci.edcdn.com/reports/ECIU-Oxford_Taking_Stock.pdf?mtime=20210323005817&focal=none; Meager, E. (Aug 2021) *No bite: lack of net-zero accountability puts onus on investors*, Capital Monitor, accessed 25 Aug 2021 online: <https://capitalmonitor.ai/factor/environmental/lack-of-net-zero-accountability-puts-onus-on-investors/>.

⁷⁵ RBC (Oct 2020) *Policy Guidelines for Sensitive Sectors and Activities*, accessed 4 Apr 2022 online: https://www.rbc.com/community-social-impact/environment/RBC-Policy-Guidelines-for-Sensitive-Sectors-and-Activities_EN.pdf

starts requiring its clients to disclose their emissions in 2025. This is contrary to direction from the GHG Protocol, which RBC purports to follow.

To-date, RBC has not published a plan describing how it will achieve net-zero by 2050 in its operational, lending, and investment emissions in alignment with the 1.5°C Goal. In fact, instead of developing such a plan, RBC has continued to finance the fossil fuel industry, which will increase emissions and is contrary to the 1.5°C Goal. RBC has not indicated in shareholder communications and reports that it has any intention of stopping or curtailing fossil fuel financing.⁷⁶

RBC's future net-zero plans are not credible and are undermined by current fossil fuel financing

In October 2021, RBC joined the NZBA and committed to achieving net-zero in its lending and investment portfolios. NZBA membership requires RBC to develop targets in 2030 (or sooner), every 5 years from 2030 onwards, and in 2050 for its financed emissions by March 2023.⁷⁷ As per NZBA guidelines, these targets must include RBC's clients' Scope 1, 2, and 3 emissions where significant and data allows.⁷⁸ RBC has until March 2024 to develop a transition plan to achieve those targets.

RBC has stated that it will set interim targets for its clients in high emitting sectors to report their Scope 1 and 2 emissions by 2023.⁷⁹ However, contrary to the NZBA requirements and the GHG Protocol, these targets omit the Scope 3 emissions of RBC's clients, which constitute a large portion of RBC's financed emissions. (RBC has provided no indication that its clients' Scope 3 data is not available). If the targets do not cover all of RBC's emissions, then it is highly unlikely that RBC's plans will account for these emissions. This means that RBC will not take action on a significant portion of their financed emissions and will not have a credible plan to reach net-zero by 2050 and, as a result, is insincere in their claims to support the goals of the Paris Agreement and reach net-zero emissions.

In addition, regardless of the credibility of RBC's future targets and plans, RBC is currently undermining the purpose of the NZBA and the Paris Agreement by continuing to provide significant financing to the fossil fuel industry. As noted above, in the three months after joining NZBA alone, RBC provided \$10.2 billion (CDN) in lending and underwriting to fossil fuel companies.

Summary: RBC's representations are false and misleading without comprehensive net-zero targets and a credible net-zero plan

RBC's representations that it supports the Paris Agreement and is pursuing net zero targets for its operations and lending give the impression that it is taking climate change seriously in order to align with the Paris Agreement goals. RBC's membership in the NZBA affirms this impression.

However, the net-zero targets in RBC's climate strategy only apply to its operations and lending. Only recently – in RBC's October 2021 NZBA commitment – has RBC committed to go net-zero in its investments. RBC still fails to include emissions from its underwriting in its net-zero targets.

⁷⁶ RBC AGM Management Proxy Circular, p. 107; Royal Bank of Canada (20 Oct 2021), *The \$2 Trillion Transition: Canada's Road to Net Zero*, accessed 18 Nov 2021 online: <https://thoughtleadership.rbc.com/the-2-trillion-transition/>, see Pathway 2: Oil and Gas.

⁷⁷ UN Environment Programme - Financial Initiative (Apr 2021) *Guidelines for Climate Target Setting for Banks*, accessed 5 Apr 2022 online: <https://www.unepfi.org/wordpress/wp-content/uploads/2021/04/UNEP-FI-Guidelines-for-Climate-Change-Target-Setting.pdf> ("NZBA Guidelines"), p.5.

⁷⁸ NZBA Guidelines, p.5; See also UN Environment Programme – Financial Initiative (Oct 2021) *Frequently Asked Questions*, accessed 5 Apr 2022 online: <https://www.unepfi.org/wordpress/wp-content/uploads/2021/10/NZBA-Frequently-Asked-Questions.pdf>, p.10.

⁷⁹ RBC 2021 TFCF Report, p.48.

RBC has not had a credible plan to meet any of its net-zero targets or support the goals of the Paris Agreement since it first made these representations. There is no plan that can substantiate and verify whether and how RBC will achieve its net-zero targets by 2050 along a trajectory consistent with the 1.5°C Goal. RBC does not even disclose a significant portion of its financed emissions, which would allow its customers and clients to understand the scale of the reductions necessary. And, from its continued financing of fossil fuels, it is clear that RBC has not taken any meaningful action to-date to meet these targets.

The credibility of the NZBA targets and plans that RBC intends to develop in the coming years is undermined by RBC's omission of its clients' Scope 3 emissions and RBC's continued fossil fuel financing.

Net-zero targets that truly support the Paris Agreement goals would cover all of RBC's emissions. This includes all of RBC's financed emissions – Scopes 1, 2 and 3 – from lending, underwriting, and investments. Genuine net-zero targets would have a credible plan to achieve them. The plan would preclude financing for any new and expanded fossil fuel developments, commit to a steady decline in ongoing financing of existing projects over the next 30 years, and help to keep the majority of fossil fuel reserves in the ground. Action to reduce financed emissions would start immediately with regular reporting along the way.

In the absence of comprehensive net-zero targets and a credible plan to reduce all financed emissions and due to the continued financing of the fossil fuel industry, RBC's representations regarding its net zero targets and support for the Paris Agreement goals are misleading and false.

3.3.2 RBC's representation that its \$500 billion sustainable finance commitment supports its climate goals is false and misleading in a material respect

RBC has committed \$500 billion in "sustainable finance" by 2025 and represents that this commitment is a "key pillar" of its climate strategy. This representation gives the impression RBC is dedicating a significant amount of money to addressing climate change.

"Sustainability" is defined as "meeting the needs of the present without compromising the ability of future generations to meet their own needs".⁸⁰ This is a very broad term and includes human, social, economic, and environmental factors. For example, the United Nations has 17 Sustainable Development Goals (SDG) that range from addressing poverty and gender inequality to ensuring responsible consumption and protecting the oceans.⁸¹ The SDG for climate action seeks to reduce global emissions in line with the Paris Agreement temperature goals.

Determining whether something is sustainable is difficult. The Competition Bureau has recognized the complexity of sustainability claims and notes that "there are no methods for measuring sustainability or confirming its accomplishment."⁸²

As such, a bank could provide sustainable financing to advance any number of environmental, economic, human, or social issues. However, RBC is claiming that its sustainable financing is addressing climate change and achieving the goals of the Paris Agreement. This requires financing that goes to recipients who are taking meaningful and immediate action to reduce their absolute emissions in line with the

⁸⁰ United Nations (2021) *Academic Impact: Sustainability*, accessed 27 Sept 2021 online: <https://www.un.org/en/academic-impact/sustainability>.

⁸¹ United Nations (2021) *Sustainable Development: The 17 Goals*, accessed 27 Sept 2021 online: <https://sdgs.un.org/goals>.

⁸² *Environmental Claims Guide*, section 4.6.

Paris goals, have very low, zero, or negative emissions, and/or clearly contribute to the transition to a low-carbon economy.

RBC's representation is misleading and false because RBC is providing "sustainable financing" to companies that are not necessarily contributing to addressing climate change as well as to companies that are actively undermining climate-related sustainability by expanding fossil fuel production and increasing GHG emissions.

In *Our Commitment to Sustainable Finance*, RBC lists a number of different types of environmental and social projects that are eligible for sustainable finance but does not provide any definition of "sustainable" or any criteria to ensure that eligible projects are reducing absolute emissions or contributing to a low-carbon economy that meets the Paris goals. From this list, it is apparent that not all of RBC's listed projects are related to addressing climate change. For example: RBC's sustainable financing projects include "socioeconomic advancement and empowerment" and "access to essential services". While these projects might address a valid social or environmental sustainability issue, they do not necessarily address climate change and may even undermine action on climate change. By including such projects in the "\$500 billion sustainable finance" commitment and claiming that this commitment is addressing climate change, RBC is misrepresenting its actual contribution to addressing climate change.

RBC provides "sustainability-linked" loans to fossil fuel companies

The most blatant example of the misleading nature of RBC's commitment around "sustainable financing" and climate action is the provision of "sustainability-linked loans" to Enbridge Inc., a multinational fossil fuel pipeline company headquartered in Calgary, Alberta.⁸³

Enbridge has recently completed construction of the Line 3 pipeline, a replacement pipeline to transport crude oil between the Alberta oil sands and oil markets in Midwestern USA and eastern Canada. Line 3 will double the capacity of the old pipeline, transporting more than 760,000 barrels of oil a day that will produce an additional 193 Mt of GHG emissions per year when burned.⁸⁴ The new pipeline has a lifespan of at least 30 years, but it could operate indefinitely.⁸⁵ This new fossil fuel infrastructure appears unnecessary given the IEA projection that oil demand will fall 75% by 2050 if we are to reach the 1.5°C Goal.⁸⁶

In February 2021, RBC participated in a syndicate of Canadian banks that provided a three-year \$1 billion (USD) "sustainability linked credit facility" to Enbridge.⁸⁷ This credit facility is a loan that allows Enbridge to reduce its borrowing costs if it achieves interim thresholds on its ESG goals.⁸⁸ However, neither Enbridge nor the participating banks have provided any information about which ESG goals or

⁸³ Enbridge (Feb 2021) *Enbridge Reports Strong 2020 Financial Results*, accessed 23 Aug 2021 online: <https://www.enbridge.com/media-center/news/details?id=123663>.

⁸⁴ Minnesota Public Utilities Commission (2021) *Enbridge Line 3 Pipeline Replacement Project*, accessed 27 Sept 2021 online: <https://mn.gov/puc/line3/summary/>; Oil Change International (Jan 2020) *A Giant Step Backward: Carbon Impact of the Line 3 Pipeline*, accessed 27 Sept 2021 online: <http://priceofoil.org/2020/01/29/line-3-climate-impact/>.

⁸⁵ Minnesota Dept. of Commerce (Feb 2018) *Final Environmental Impact Statement – Line 3 Project*, accessed 20 Nov 2021 online: <https://mn.gov/eera/web/project-file?legacyPath=/opt/documents/34079/Line3%20FEIS%20Ch%202%20Project%20Description.pdf>, Chp. 2, p. 2-7.

⁸⁶ *IEA Net Zero Roadmap*, pp. 101-103.

⁸⁷ Reclaim Finance (date) *Enbridge's "sustainable" credit: tar sands and rights violations*, accessed 27 Sept 2021 online: <https://reclaimfinance.org/site/en/2021/03/10/enbridge-sustainable-credit-tar-sands-rights-violations/>.

⁸⁸ Enbridge Inc. (Feb 2021) *Enbridge Reports Strong 2020 Financial Results*, accessed 27 Sept 2021 online: <https://www.enbridge.com/media-center/news/details?id=123663>.

thresholds this loan relates to nor any explanation about how this loan is sustainable. Enbridge has climate-related ESG goals,⁸⁹ but they are weak — Enbridge has not provided any plan to achieve them, the goals fail to account for emissions from the consumption of oil transported by its pipelines, and the goals would actually allow Enbridge’s absolute emissions to increase.

In September 2021, RBC participated in another syndicate of Canadian banks and investors that structured \$1.5 billion in bonds for Enbridge.⁹⁰ The majority of the financing — \$1.1 billion — is “sustainability linked”, which means that the interest rate varies based on whether Enbridge meets certain racial and ethnic diversity and GHG intensity performance targets. However, Enbridge states that it:

“does not intend to allocate the net proceeds specifically to projects or business activities meeting environmental or sustainability criteria, or to be subject to any other limitations associated with green bonds, social bonds, or sustainable bonds”.⁹¹

That is, this \$1.1 billion does not even have to be used to reduce Enbridge’s GHG emissions and contribution to climate change. The remaining \$400 million in financing was issued under different terms.⁹²

Research has found that such loans provide crucial liquidity for Enbridge’s construction spending and will contribute to Enbridge’s overall financial position and its corporate objective: to build oil and gas pipelines.⁹³

RBC does not provide a full list of recipients of their “\$500 billion in sustainable finance”, however, it does name Enbridge. In its *Climate Blueprint*, RBC commits to providing \$500 billion in sustainable financing by 2025 in order to “support clients in the net-zero transition with our products, services, and advice”. A footnote provides a link to RBC’s *Sustainable Finance Commitment*, which lists a few examples of RBC’s sustainable financing transactions to date. The \$1 billion “syndicated sustainability linked loan” to Enbridge in February 2021 is amongst these examples.

RBC’s “sustainable financing” is predicated on its failure to account for the Scope 3 emissions of its clients, as noted above. Companies such as Enbridge and projects like the Line 3 Pipeline have relatively small Scope 1 and 2 emissions but, since they facilitate the combustion of fossil fuels, they have significant Scope 3 emissions (in relative and absolute terms). It appears that, by ignoring these Scope 3 emissions, RBC is able to ignore the significant impacts of its clients on the climate and use other metrics to rationalize these instruments. But, because such deal making leads to an increase in overall emissions, the result is the opposite to “sustainable”, particularly when RBC is claiming that its sustainable financing is part of its climate plan to align with the goals of the Paris Agreement.

⁸⁹ Enbridge’s climate related ESG goals include: reducing the intensity of their operational GHG emissions by 35% by 2030 and achieving net-zero emissions from their business by 2050. See Enbridge Inc. (2021) *Enbridge’s sustainability goals*, accessed 27 Sept 2021 online: <https://www.enbridge.com/esggoals>.

⁹⁰ Enbridge Inc. (Sept 2021) *PRICING SUPPLEMENT NO. 1 DATED SEPTEMBER 17, 2021: Sustainability-Linked Medium Term Notes*, accessed 27 Sept 2021 online: <https://s3.documentcloud.org/documents/21069008/enbrige-pricing-supplement-sustainability-linked-bond.pdf> (“*Enbridge Pricing Supplement No. 1, Sept 2021*”)

⁹¹ *Enbridge Pricing Supplement No. 1, Sept 2021*, p.5.

⁹² Enbridge Inc. (Sept 2021) *PRICING SUPPLEMENT NO. 2 DATED SEPTEMBER 17, 2021: Medium Term Notes*, accessed 27 Sept 2021 online: <https://s3.documentcloud.org/documents/21069009/400mbondenbridge.pdf>.

⁹³ Beuhler, S. (March 2021) *Reclaim Finance: Enbridge’s “sustainable” credit: tar sands and rights violations*, accessed 23 Aug 2021 online: <https://stopthemoneypipeline.com/reclaim-finance-enbridges-sustainable-credit-tar-sands-and-rights-violations/>.

Summary: RBC's sustainable finance commitment is false and misleading

RBC has pledged \$500 billion in "sustainable finance" by 2025 as a "key pillar" of RBC's action on climate change. However, some of this finance is going to companies that advance non-climate-related sustainability issues, while some of this finance is going to companies that actively undermine climate sustainability. RBC's contribution to \$2.1 billion in "sustainability-linked" financing to Enbridge over the past two years is proof of this. Therefore, it is misleading and false for RBC to represent that its sustainable finance commitments address climate change and advance its support for the Paris Agreement.

3.3.3 RBC's false and misleading representations are material to consumers

A misrepresentation is material if it is so important, pertinent, germane, or essential that it could affect the decision of a consumer to purchase the product.⁹⁴ It is not necessary to establish that any person was actually misled by a representation. It is sufficient to establish that an advertisement is published for public view and that it is untrue or misleading in a material respect.⁹⁵

The materiality of RBC's misrepresentations is demonstrated by the following factors:

- 1) the evidence that consumers consider climate change and climate impacts when making purchasing decisions;
- 2) the magnitude of RBC's misrepresentations about its climate action; and
- 3) the limited ability of the consumer to assess the accuracy of RBC's climate representations.⁹⁶

These factors are discussed in turn below.

1) Consumers consider climate change when making purchasing/investment decisions

For many consumers, including RBC customers, climate change is an important issue that affects their financial and purchasing decisions.

In April 2022, as part of a global survey of public opinion on climate change, Ipsos Global Advisor made the following findings about Canadian's attitudes to climate change:

- 66% of Canadians worry about climate change;
- 60% of Canadians are concerned about the impacts of climate change in Canada and 64% are concerned about the impacts of climate change around the world;
- 62% of Canadians agree that, if businesses in Canada do not act now to combat climate change, they will be failing their employees and customers;
- 76% of Canadians agree that businesses have "a great deal/fair amount" of responsibility to reduce their contribution to climate change;
- 48% of Canadians believe that financial service providers (banks, pensions, insurance companies, etc.) have "a great deal/fair amount" of responsibility to reduce their contribution to climate change; and
- 81% of Canadians believe that energy companies/providers (oil, gas, fuel, renewables etc.) have "a great deal/fair amount" of responsibility to reduce their contribution to climate change.⁹⁷

⁹⁴ *R. v. Tege Investment Ltd.* (1978), 51 CPR (2d) 216 at para 7; cited and adopted by *Canada (Commissioner of Competition) v. Sears Canada Inc.*, 2005 Comp. Trib. 2, ("*Sears Canada*") at para 334; *Apotex Inc. v. Hoffmann-La Roche Ltd.* [2000] O.J. No. 4732 at para 16.

⁹⁵ *Sears Canada*, at para 334.

⁹⁶ Factors adapted from considerations applied in *Sears Canada*, at paras 338-41.

⁹⁷ Ipsos Global Advisor (Apr 2022) *Earth Day 2022: Public opinion on climate change*. Accessed 30 May 2022 online: https://www.ipsos.com/sites/default/files/ct/news/documents/2022-04/ipsos-Global-Advisor-Earth-Day-2022-Report_1.pdf

In 2020, Abacus Data conducted a survey on behalf of the Canadian Nuclear Association about Canadians' level of concern and understanding about the impact of climate change and found that:

- 73% of Canadians believe that reducing the use of fossil fuels is either "very important" or "important" as a solution to climate change, with another 21% citing this action as being "somewhat important".⁹⁸

In 2021, the Angus Reid Group conducted a survey on behalf of Greenpeace Canada to understand Canadians' awareness of and attitudes towards fossil fuel financing by banks. The survey found that:

- 79% of Canadians support Canadian banks achieving "net-zero" emissions by 2050 in order to limit the impacts of climate change; and
- 69% of Canadians agree that banks with a net-zero target should avoid funding and lending to fossil fuel projects that expand the fossil fuel industry.⁹⁹

Further, a number of studies have found that concern about climate change affects the purchasing decisions of a significant portion of consumers.

An Ipsos study in 2021 found that, over the past few years, 56% of Canadians have made changes about the products and services they buy or use out of concern about climate change.¹⁰⁰

A study by Cornerstone Advisors in 2021 found that most US consumers want to do business with companies that have policies for protecting the climate.¹⁰¹ In relation to banks, 24% of consumers found it "very important" and another 44% found it "somewhat important" that their banks have such policies. Although this is an American study, it is likely also reflective of Canadian consumers' interests, particularly given the concern for climate change in Canada and support for businesses (and banks) to take action on climate change.

A study by Deloitte in 2020 across six countries (including Canada) found that, due to their values on climate change:

- 35% of consumers changed consumption habits;
- 19% of consumers stopped buying products and services from a company;
- 22% of consumers switched to a company that whose values aligned with theirs;
- 18% of consumers encouraged others to stop buying products and services from a company; and
- 21% of consumers encouraged others to switch to a company whose values aligned with their own.¹⁰²

⁹⁸ Abacus Data (2020) *Canadian Nuclear Association: Climate change, meeting Canada's climate targets and the future of energy*, accessed 1 June 2022 online: <https://cna.ca/wp-content/uploads/2020/10/Canadian-Nuclear-Association-Report-Aug-2020-final-3.pdf>

⁹⁹ Angus Reid Group (Nov 2021) *Greenpeace: Banks and Climate Change*, accessed 30 May 2022 online: <https://www.greenpeace.org/static/planet4-canada-stateless/2021/12/f977cd3c-greenpeace-banks-and-climate-change-report-by-angus-reid-december-release.pdf>

¹⁰⁰ Ipsos Global Advisor (Oct 2021) *Climate Change + Consumer Behaviour*, accessed 7 June 2022 online: <https://www.ipsos.com/sites/default/files/ct/news/documents/2021-11/Ipsos%20Global%20Advisor%20-%20Climate%20Change%20and%20Consumer%20Behaviour%20Survey%20-%20Oct%202021.pdf>, p.2.

¹⁰¹ Cornerstone Advisors (2021) *Going Green: The Climate Change Opportunity in Banking*, accessed 30 May 2022 online: https://prismic-io.s3.amazonaws.com/meniga/4e776eb4-8149-4d83-9e72-63e3f6ec99e5_Meniga+Insight+Paper+-+Going+Green+-+The+Climate+Change+Opportunity+in+Banking.pdf, p.8.

¹⁰² Deloitte (Dec 2020) *Get Out in Front: Global Research Report*, accessed 7 June 2022 online: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Risk/gx-get-out-infront-final.pdf?id=us:2el:3dp:wsjspon:awa:WSJCMO:2021:WSJFY21> ("*Deloitte Global Research Report*"), p.31.

This polling data shows that a meaningful portion of consumers alter their purchasing behaviour based on their values around climate change.

The Deloitte study also found that 18–24-year-olds are three times more likely to switch brands based on their values than those 65 years old and above.¹⁰³ The behaviour of youth consumers is particularly important to banks because this demographic (ages 18-34) has the highest level of concern about climate change and displays the strongest support for action on climate change by banks.¹⁰⁴ In addition, once a person has signed onto a bank, they tend to stay with that bank for the rest of their lives.¹⁰⁵ Demonstrating action on climate change is, therefore, important to attract and retain youth consumers, which is good for banks' long-term business success.

RBC also recognizes that climate change is a significant issue for consumers. RBC's 2021 ESG Report contains a chart depicting RBC's key ESG priority areas and where it is concentrating its resources and activities to have impact and value. In this chart, RBC ranks "climate change" and "sustainable finance" amongst its highest ESG priorities; it is ranked as "very important" for its external stakeholders.¹⁰⁶ The 2021 ESG Report also lists the key ESG topics that RBC heard and responded to through stakeholder engagement in 2021. "Climate change" was listed as a topic for the following stakeholders: clients, investors, shareholders, rating agencies, governments, industry associations, and non-governmental organizations.¹⁰⁷

In its 2021 TCFD Report, RBC also identifies that its reputation (i.e. client sentiment towards RBC and its brand value) could be at risk by moving too quickly or too slowly on climate change, its liquidity could be impacted if RBC is perceived as not addressing the impacts of climate change adequately or fast enough, and that credit risks may arise from client business models and strategies that are misaligned with the transition to a net-zero economy.¹⁰⁸

2) The magnitude of RBC's misrepresentations is significant

The magnitude of RBC's misrepresentations is significant. RBC is not making trivial climate commitments and only barely missing them. Instead, the nature and scale of the climate commitments that RBC has made are substantial and the manner in which RBC's financial services are failing to meet these commitments and exacerbating climate change is also substantial.

RBC has set for itself a high standard on climate action by representing to support the Paris Agreement, achieve net-zero targets, and provide \$500 billion in sustainable financing. However, RBC is not simply failing to meet this standard but is actively undermining it. RBC is providing massive amounts of financing to fossil fuel companies that are making climate change worse, it is failing to take necessary steps to achieve its net-zero targets in a manner that supports the Paris Agreement goals, and it is giving "sustainable financing" to fossil fuel companies. The stark contrast between RBC's ambitious claims and what it is actually doing indicate that RBC's misrepresentations are of a high magnitude.

¹⁰³ Deloitte Global Research Report, p.13.

¹⁰⁴ Greenpeace Canada (2022) *Money Can't Buy Our Love*, accessed 7 June 2022 online: https://www.greenpeace.org/static/planet4-canada-stateless/2022/02/92171728-greenpeace_bankingonabetterfuture_report_moneycantbuyourlove_final_20220224.pdf ("*Greenpeace-Money Can't Buy Our Love*"), pp.2, 7.

¹⁰⁵ *Greenpeace-Money Can't Buy Our Love*, p.7.

¹⁰⁶ RBC 2021 ESG Report, p.13.

¹⁰⁷ RBC 2021 ESG Report, pp.87-88.

¹⁰⁸ RBC 2021 TCFD Report, pp.43-44.

3) Consumers struggle to accurately assess RBC's climate representations

Despite their interest in climate change and desire for businesses to be part of the solution, and despite the magnitude of RBC's misrepresentations, consumers are not well equipped to assess the attributes of RBC's climate representations.

A study of greenwashing in Canada, the UK, and Pakistan found that consumers, even if they are skeptical of greenwashing, fall into the trap of identifying greenwashed products as being sustainable.¹⁰⁹ This indicates that climate representations by a bank are likely to affect consumers' decisions to do business with that bank because they are not equipped to assess whether the representations are true or not.

Consumer assessment in this instance is made even more difficult by the lack of information about fossil fuel financing that is available to consumers from banks. To our knowledge, RBC does not provide information about its fossil fuel financing to the public. Instead, reports on what companies RBC is financing or investing in on behalf of its customers (and how much) come from research conducted by journalists or non-governmental organizations. For example, the \$10 billion loan to the Trans Mountain Pipeline Expansion Project provided by RBC and five other banks was only revealed to the public by journalists and non-governmental organizations collecting data through a Bloomberg Terminal (a paid subscription-based computer software system for financial analysis that most consumers are unlikely to have).¹¹⁰ RBC did not make this information available to consumers. Nor did the other banks or the federal government. RBC's lack of disclosure makes it even less likely that the average consumer will be able to effectively assess RBC's misrepresentations.

Summary: RBC's misrepresentations are material

RBC's representations are false and misleading in a material respect; they are important, pertinent, germane or essential considerations that could affect the decisions of consumers to do business with RBC.

Studies show that, for a significant proportion of consumers, climate change is an important issue and affects their purchasing decisions. Consumers are interested in seeing banks contribute to climate solutions, want to do business with banks that are reducing their emissions, and want to reduce fossil fuel use. Consumers support banks achieving "net-zero" emissions by 2050 in order to limit the impacts of climate change and recognize that pursuing net-zero targets means that banks should avoid funding the expansion of the fossil fuel industry.

RBC's representations commit to high standards of climate action and large-scale quantities of funding for climate solutions, indicating to consumers that RBC is taking the type of action that they want to see. However, RBC's massive fossil fuel financing, inadequate net-zero targets and plans, and provision of "sustainable financing" to fossil fuel companies are a significant departure from its climate representations, undermining the very climate commitments that RBC has made. Unfortunately, consumers are not equipped to determine whether RBC's representations are true or not, in part because RBC does not disclose its fossil fuel financing. This makes RBC's misrepresentations more likely to affect consumers' decisions to bank with RBC.

¹⁰⁹ Urbanski, M. & ul Haque, A. (2020) *Are You Environmentally Conscious Enough to Differentiate between Greenwashed and Sustainable Items? A Global Consumers Perspective*, *Sustainability*, 12(5): 1786, accessed 30 May 2022 online: https://www.researchgate.net/publication/339537652_Are_You_Environmentally_Conscious_Enough_to_Differentiate_between_Greenwashed_and_Sustainable_Items_A_Global_Consumers_Perspective

¹¹⁰ Woodside, J. (May 2022) Canada's biggest banks quietly prop up TMX, *National Observer*, accessed 1 June 2022 online: <https://www.nationalobserver.com/2022/05/31/news/canada-biggest-banks-quietly-prop-tmx>

Part 4 Request for Inquiry

The Applicants request that the Competition Bureau conduct a thorough, rigorous inquiry into the materially false and misleading representations made by RBC to the Canadian public that it is taking ambitious action on climate change in line with the goals of the Paris Agreement. The Applicants submit that these representations constitute reviewable conduct under s. 74.01(1)(a) of the *Competition Act*.

If the inquiry finds that RBC has made materially false and misleading representations to the Canadian public, the Applicants submit that RBC should be required to, at a minimum:

- 1) Remove all public representations that RBC supports the Paris Agreement and will achieve net-zero emissions by 2050 in its lending or investing until RBC:**
 - a) Ceases financing for new and expanded fossil fuel developments;
 - b) Commits to winding down its financing to the fossil fuel industry in line with an emissions trajectory that achieves the 1.5°C Goal; and
 - c) Measures and discloses all of its financed emissions, including Scope 3 emissions from its high-emitting clients, and includes these emissions in its net zero lending and investing targets and plans.

- 2) Remove all public representations about the contribution of “sustainable finance” to RBC’s climate goals until RBC:**
 - a) Publishes clear, quantitative criteria relating to climate action that recipients must achieve in order to receive sustainable financing;
 - b) Lists the recipients of this financing and specifies the recipients’ contribution to addressing climate change; and
 - c) Requires recipients to publish information that demonstrates how RBC financing is supporting actions that are aligned with the goals of the Paris Agreement and mitigate and/or adapt to climate change.

- 3) Pay a \$10 million fine, credited to the Environmental Damages Fund and to be paid to an organization, preferably Indigenous-led, for the purposes of climate mitigation and adaptation in Canada.**

Note that the proposed \$10 million fine is roughly 0.08% of RBC’s net income in 2020 and 0.012% of the RBCs amount of loans, underwriting, and investments to fossil fuel companies in 2021 alone.¹¹¹ In 2006, leading climate economist Nicolas Stern advised the UK government that climate change could be averted by spending 1% of global GDP each year;¹¹² this figure is commonly cited as a benchmark for the amount of funding necessary to address climate change, though it is arguably a conservative amount since global inaction has allowed climate change to accelerate since 2006. In this context, the proposed fine – the maximum permitted by s.74.1(1)(c) of the *Competition Act* in these circumstances– is a small fraction of what RBC is able to pay and should be required to pay for its role in exacerbating climate change.

¹¹¹ RBC (2021) *Reimagining our shared future: Annual Report 2020*, accessed Oct 28 2021 online: https://www.rbc.com/investor-relations/assets-custom/pdf/ar_2020_e.pdf, p. 51.

¹¹² Stern, N. (2006) *Stern Review: the Economics of Climate Change – Executive Summary (short)*, UK National Archives, accessed 28 Oct 2021 online: https://webarchive.nationalarchives.gov.uk/ukgwa/20100407163041mp/http://www.hm-treasury.gov.uk/d/CLOSED_SHORT_executive_summary.pdfhttps://webarchive.nationalarchives.gov.uk/ukgwa/20100407172811/https://www.hm-treasury.gov.uk/stern_review_report.htm.

Indigenous-led organizations are the preferred recipients of funds arising from this fine since Indigenous peoples are disproportionately impacted by climate change, have been working for decades to address the impacts and causes of climate change, and must be afforded a greater role and opportunity to shape action on climate change.

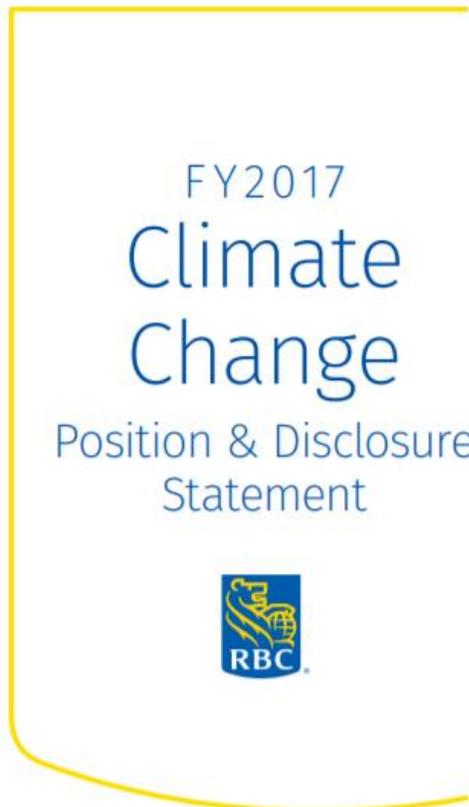
These requirements will help ensure that RBC's clients and stakeholders have a clear understanding of how RBC is contributing to climate change and whether RBC's representations about climate action are genuine. The penalties will also deter other Canadian banks from making representations regarding climate action that are misleading and false. This will allow the public to make informed choices about the financial services they choose and will push RBC and all Canadian banks to meaningfully contribute to the challenge of addressing the climate crisis.

Finally, in bringing the issue of RBC's climate action representations to the attention of the Competition Bureau, the Applicants hope to spark broader consideration by the Competition Bureau about representations about alignment with the Paris Agreement and "net-zero" emissions by the Canadian financial industry as a whole.

The Applicants see great need for standards and guidance from the Competition Bureau as provided in its *Environmental Claims Guide* to ensure that representations by Canadian corporations and financial institutions related to climate change are not misleading, including what is required to credibly support the Paris Agreement, adopt net-zero targets and plans, and make sustainable finance commitments related to addressing climate change.

Appendix

Screenshots of RBC's Climate Action Representations



Introduction

Climate change is one of the most pressing issues of our time and affects almost all sectors and industries. There is strong scientific evidence that climate change is caused by human activities - largely fossil fuel combustion, deforestation and other changes in land use.¹ These activities increase the concentration of greenhouse gases (GHGs) in the earth's atmosphere, causing global warming. The result is rising temperatures, changing weather patterns, and more frequent and extreme weather events. The impacts of climate change are already being felt and as global warming continues it may adversely affect the health, safety and security of our communities, and the economies within which Royal Bank of Canada (RBC, we or our) and our clients operate.

Climate change has galvanized a global response. In December 2015, nearly 200 governments adopted the Paris Agreement,² a legally-binding international agreement aimed at safeguarding economic growth by preventing the worst impacts of climate change. The central aim of the Agreement is to hold global warming to well below 2° Celsius over pre-industrial Revolution levels, and to pursue efforts to keep it to 1.5° Celsius. The Agreement also emphasizes the need to direct financial flows consistent with a pathway towards low carbon emissions and climate-resilient development.

¹ Intergovernmental Panel on Climate Change (IPCC)
² The Paris Agreement entered into force on November 4, 2016.

RBC and Climate Change

RBC has a long history of environmental leadership dating back to 1991 when we launched our first corporate environmental policy. Since 2007, we have identified climate change as one of our priority environmental issues in our corporate environmental strategy.³ RBC is committed to transparency and disclosure, and has reported annually on our key environmental performance metrics and targets since 2003.

Climate-related disclosure is an important tool to enable the management of climate-related risks and opportunities. We are encouraged by the efforts of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) to establish a framework for companies to develop voluntary, consistent climate-related disclosures. RBC is committed to publishing annual disclosures that consider the TCFD recommendations.

In July 2017, RBC became a participant in a global project to pilot the TCFD recommendations, coordinated by the United Nations Environment Programme - Finance Initiative. RBC and fifteen global financial institutions will work collaboratively with the support of external experts to develop scenarios, indicators and methodologies to identify and assess the impact on our business of the transition and physical risks of climate change.

RBC's Climate Change Position Statement affirms that we:

- Support the principles of the Paris Agreement and the international goal to hold global warming to below 2° Celsius.
- Recognize that accelerating low carbon growth and enabling resilient economies and communities in the face of a changing climate contribute to reduced risk, promote long-term environmental protection and social value, and safeguard economic growth.
- Will have an important role to play in supporting an orderly and socially inclusive transition to a low carbon economy, as government actions cannot succeed without support and partnership from the private sector.

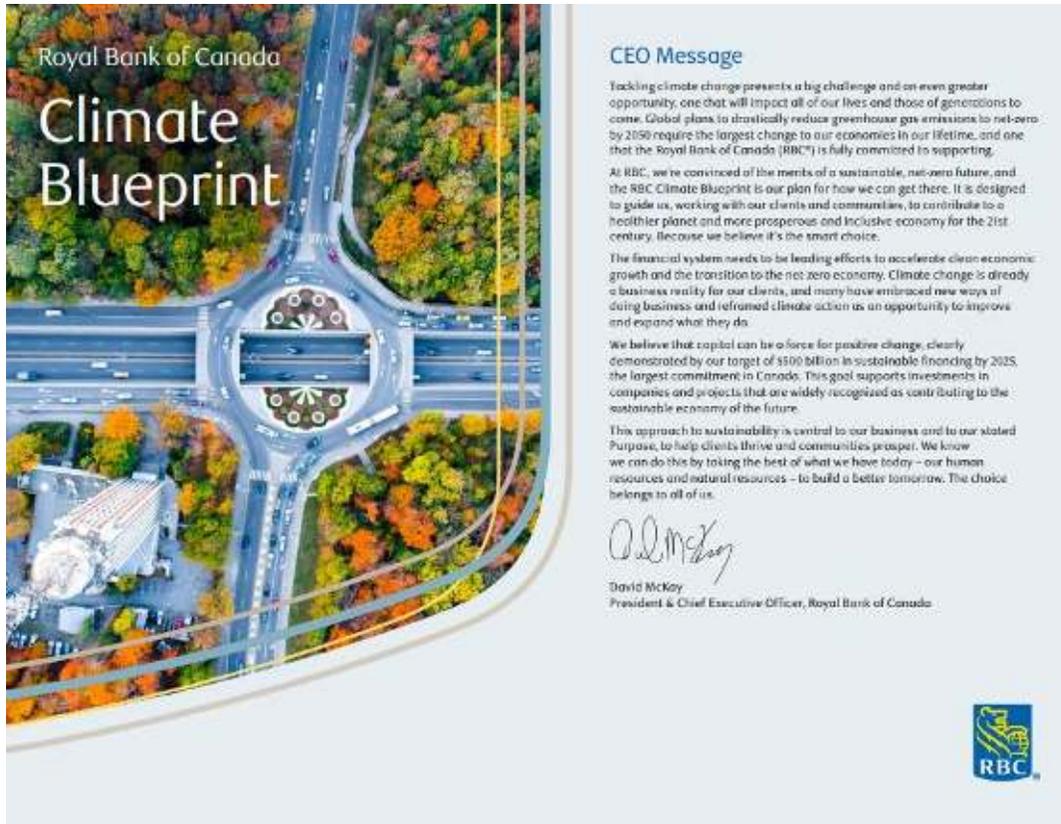
- Will continue to explore ways to better enable clients to respond to climate-related risks and anticipate opportunities through our financial products, services and advice, based on demand.
- Will seek to accelerate the flow of capital to clients engaged in efforts to mitigate and adapt to climate change, and to those providing products and services that enable others to do so.
- Will continue to lead by example in our own operations by focusing on energy efficiency, GHG emissions reductions and applying the principles of green building design and operation.
- Will publish climate-related disclosures, at least annually, that consider the recommendations of the FSB's TCFD.
- Will seek to identify, assess and mitigate climate-related risks that have a material impact on our business.
- Will publish research and develop thought leadership on climate-related issues.

Climate Change Disclosure Statement

At RBC, climate-related risks are included in our approach to environmental and social (E&S) risk management. This disclosure is intended to provide stakeholders, clients, shareholders, investors and analysts with an initial view on RBC's approach to climate-related risks and opportunities, structured according to the four thematic areas of the TCFD recommendations.

We recognize that global best practices in the identification, assessment and management of climate-related risks and opportunities continues to evolve. We are committed to continuous improvement, and expect that our disclosure of climate-related issues will evolve as well.

³ RBC Environmental Blueprint



Royal Bank of Canada
**Climate
 Blueprint**

CEO Message

Tackling climate change presents a big challenge and an even greater opportunity, one that will impact all of our lives and those of generations to come. Global plans to drastically reduce greenhouse gas emissions to net-zero by 2050 require the largest change to our economies in our lifetime, and one that the Royal Bank of Canada (RBC[®]) is fully committed to supporting.

At RBC, we're convinced of the merits of a sustainable, net-zero future, and the RBC Climate Blueprint is our plan for how we can get there. It is designed to guide us, working with our clients and communities, to contribute to a healthier planet and more prosperous and inclusive economy for the 21st century, because we believe it's the smart choice.

The financial system needs to be leading efforts to accelerate clean economic growth and the transition to the net-zero economy. Climate change is already a business reality for our clients, and many have embraced new ways of doing business and reframed climate action as an opportunity to improve and expand what they do.

We believe that capital can be a force for positive change, clearly demonstrated by our target of \$100 billion in sustainable financing by 2025, the largest commitment in Canada. This goal supports investments in companies and projects that are widely recognized as contributing to the sustainable economy of the future.

This approach to sustainability is central to our business and to our stated Purpose, to help clients thrive and communities prosper. We know we can do this by taking the best of what we have today – our human resources and natural resources – to build a better tomorrow. The choice belongs to all of us.

David McKay
 President & Chief Executive Officer, Royal Bank of Canada



Our role in building a sustainable future

Our Strategic Priorities	Our Actions and Commitments		
 <p>Help clients as they transition to net-zero</p>	<p>Work with our clients to understand and support their transition plans and facilitate \$500 billion in sustainable financing by 2025¹</p>	<p>Expand our products, services and client solutions to help businesses and individuals accelerate their climate goals and overcome barriers for adoption</p>	<p>Provide more investment options for clients with climate-related objectives and more tools for investment teams to understand climate-related risks and opportunities</p>
 <p>Hold ourselves accountable</p>	<p>Achieve net-zero emissions in our lending by 2050, with interim targets aligned with our clients' plans and NZBA² commitments, with transparent measurement and reporting</p>	<p>Further embed climate factors and data in our decision-making to anticipate future impacts within our enterprise risk appetite and make client by client decisions</p>	<p>Partner with our industry peers, standard setting bodies, government and other players to advance shared methodologies, accounting frameworks and disclosure best practices</p>
 <p>Inform and inspire a sustainable future</p>	<p>Produce research on climate issues and policies, and convene stakeholders, to stimulate and effect meaningful actions and incentives for progress across all sectors</p>	<p>Foster climate innovation including new investment vehicles and platforms such as RBC Tech for Nature³, our pledge of \$100 million by 2025 to universities and charities developing solutions to address climate change⁴</p>	<p>Champion and support climate literacy and awareness to accelerate the pace and scale of the climate transition across all parts of society</p>
 <p>Advance net-zero leadership in our own operations</p>	<p>Reduce greenhouse gas emissions by 70% by 2025⁴</p>	<p>Increase our sourcing of electricity from renewable and non-emitting sources to 100% by 2025</p>	<p>Maintain carbon neutrality in our global operations with a decreasing reliance on offsets annually</p>

¹ For more information, see our Sustainable Finance Commitment.
² Net-Zero Banking Alliance.
³ For more information, see RBC Tech for Nature.
⁴ The target is inclusive of our global operations, Scope 1, 2 and 3 (business travel) emissions, and uses a baseline of 2018.



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RBC announces progress on its climate strategy including new sustainable finance target of \$500 billion by 2025

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RBC also commits to net-zero emissions in its lending by 2050 and signs on as a member of PCAF and the RMI's Center for Climate-Aligned Finance

TORONTO, February 25, 2021 - RBC today announced progress on its climate strategy with an increased commitment to mobilize \$500 billion in sustainable finance by 2025. RBC's initial commitment of \$100 billion in sustainable financing was achieved in 2020.

In addition to setting an expanded sustainable financing target, RBC committed to:

- Net-zero emissions in its lending by 2050, aligned with the global goals of the Paris Agreement
- Joining the Partnership for Carbon Accounting Financials (PCAF) and RMI's Center for Climate-Aligned Finance
- Measuring and reporting financed emissions for key sectors starting in our 2022 Task Force on Climate-related Financial Disclosures (TCFD) Report
- Setting interim targets to reduce financed emissions and building out climate-related stress testing programs at future dates
- Achieving net-zero emissions in its global operations annually; reducing greenhouse gas (GHG) emissions by 70% and sourcing 100% of its electricity from renewable and non-emitting sources both by 2025

More information is available by visiting the [RBC Climate Blueprint](#).

These updates advance RBC's ongoing commitments to accelerate clean economic growth and support clients in the transition to net-zero, and have been announced in connection with RBC Capital Markets' inaugural Environment, Social and Governance (ESG) Conference, which runs February 24-26, bringing together approximately 2,500 global attendees.

"Climate change is one of the most pressing issues of our time, requiring us to work more closely with our clients, peers, across industry sectors and with government to help build a sustainable economy for future generations," says Dave McKay, President and CEO, RBC. "Our updated climate strategy reinforces the important role RBC has to play in helping clients and communities through the transition to a net-zero economy by 2050. Our commitment to advancing our clients' ESG goals and accelerating society's progress is underpinned by our belief that capital can be a force for positive change."

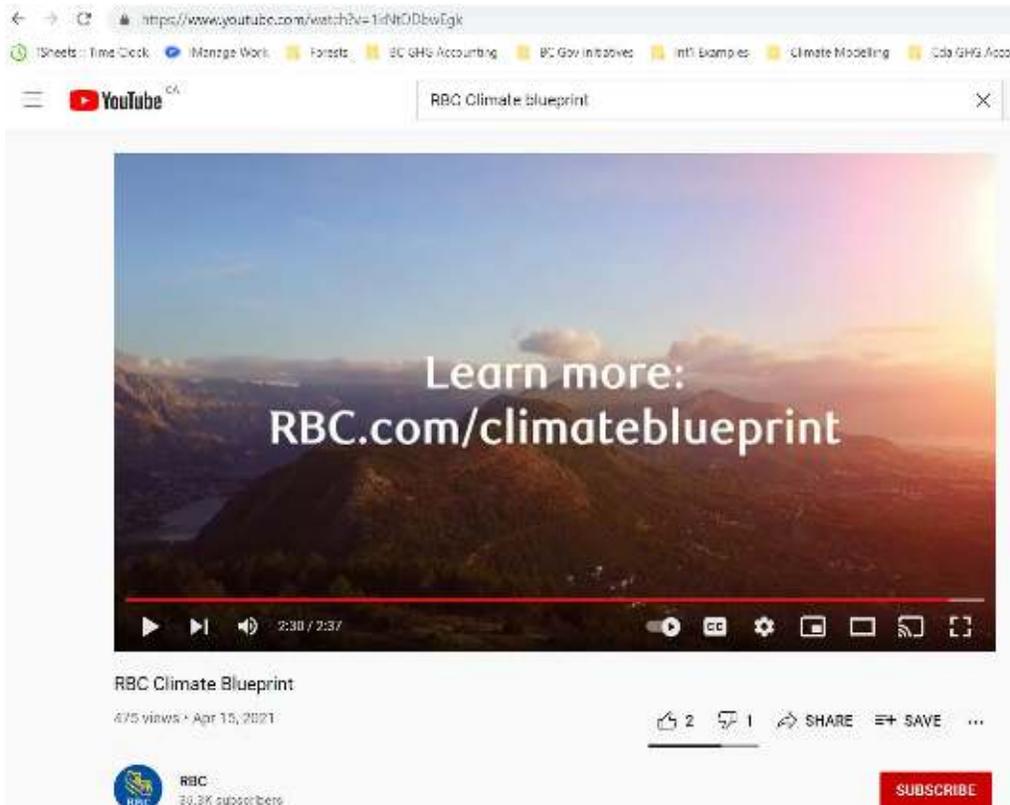
Setting interim targets is critical to ensuring RBC's long-term net-zero lending commitment is tracked and met. Measuring and reporting financed emissions for key industry sectors starting in 2022 will help RBC take significant strides in how the bank accounts for climate-related factors in its lending and financing.

RBC has long-established environmental leadership, dating back to 1991 when it launched its first corporate environmental policy. In 2017, RBC was the first Canadian bank to publish a TCFD aligned disclosure outlining the steps it was taking to manage climate risks and opportunities, and describing the organization's ongoing commitment to climate-related disclosures.

As part of delivering on its enterprise climate strategy, last year RBC convened an executive-led Climate Working Group, focused on the development of climate-related products & services, risk management frameworks, research & partnerships as well as thought-leadership.

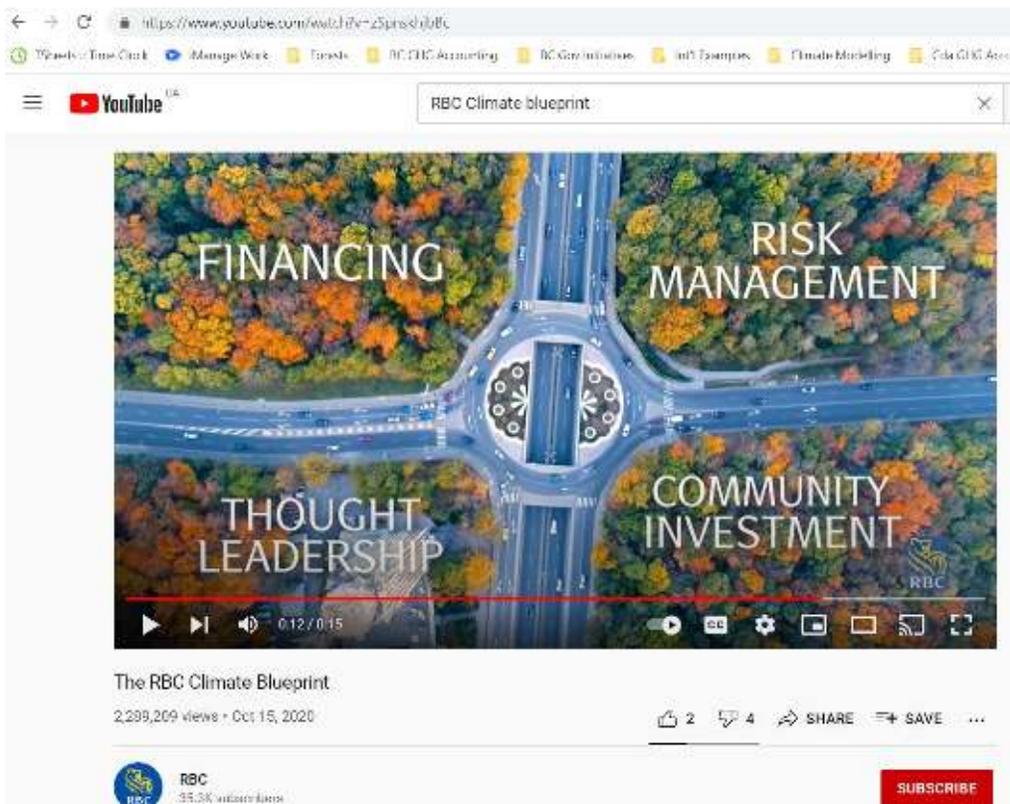
RBC will share more information on climate-related commitments and performance in its 2020 ESG Performance Report and 2020 Task Force on Climate-related Financial Disclosures Report in early April.

Link: <https://www.youtube.com/watch?v=1kNtDDbwEgk>



The screenshot shows a YouTube video player interface. The browser's address bar displays the URL <https://www.youtube.com/watch?v=1kNtDDbwEgk>. The video player itself features a scenic background of mountains at sunset. Overlaid on the video is the text "Learn more: RBC.com/climateblueprint". Below the video player, the video title "RBC Climate Blueprint" is visible, along with "475 views · Apr 15, 2021". The RBC logo and "30.3K subscribers" are shown on the left, and a red "SUBSCRIBE" button is on the right. Interaction icons for likes (2), comments (1), share, and save are also present.

Link: <https://www.youtube.com/watch?v=zSpnskhjBc>



The screenshot shows a YouTube video player interface. The browser's address bar displays the URL <https://www.youtube.com/watch?v=zSpnskhjBc>. The video player features an aerial view of a road interchange with four quadrants labeled: "FINANCING", "RISK MANAGEMENT", "THOUGHT LEADERSHIP", and "COMMUNITY INVESTMENT". The RBC logo is in the bottom right corner of the video frame. Below the video player, the video title "The RBC Climate Blueprint" is visible, along with "2,289,209 views · Oct 15, 2020". The RBC logo and "35.3K subscribers" are shown on the left, and a red "SUBSCRIBE" button is on the right. Interaction icons for likes (2), comments (4), share, and save are also present.

Our Commitment to Sustainable Finance



Our approach to sustainability is central to our business and to our stated purpose: to help clients thrive and communities prosper. We believe sustainable finance represents a growth opportunity for our business and our clients, and we are committed to providing **\$500 billion in sustainable finance by 2025**.

We believe in the importance of transparency and disclosing how we will measure progress against our goal. We have determined eligible environmental and social categories, aligned with the [Green Bond Principles](#) and [Social Bond Principles](#), and developed an accounting methodology that reflects our role in each transaction.

Eligible Environmental and Social Categories

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Sustainable land use
- Clean transportation
- Sustainable water management
- Green buildings
- Affordable housing
- Access to essential services
- Socioeconomic advancement and empowerment

Financial Accounting Methodology

Sustainable finance transactions that are counted towards the goal span a diverse range of products and services, including but not limited to:

- Raising capital and providing advisory services for sustainable clients and projects
- Public sector finance
- Tax equity investments in renewable energy and affordable housing
- Green, social and sustainability bond underwriting
- Credit solutions for sustainable businesses and projects, including green and sustainability linked loans
- Retail and commercial auto financing

Our methodology is designed to reflect RBC's share of each transaction, and where necessary, we apply a league table credit methodology to capture our direct contribution.

The sustainable finance market is evolving rapidly, with additional criteria being developed and new products and services becoming available. We recognize this complexity and are committed to working across industry sectors, with government, other financial institutions and third parties, to promote consistency and comparability, and to evolve our methodology as needed to reflect the changing landscape.

Progress Towards Our Commitment

In 2020, we provided \$73.3 billion in sustainable financing. Learn more about our progress in the [2020 RBC Environmental, Social and Governance Performance Report](#).

Examples of transactions that count towards our commitment are below.

 ENBRIDGE C\$1,000,000,000 Syndicated Sustainability Linked Loan Margin linked to base case and 'stretch' thresholds on three ESG targets CD-Sustainability Structuring Agent February 2021	 TESCO €750,000,000 Sustainability Linked Bond Coupon linked to GHG emission reduction target Joint Active Bookrunner January 2021	 Clearwater Seafood C\$1,000,000,000 Clearwater Seafood's sale to Premium Brands Holdings & a Mi'kmaq First Nations Coalition Financial Advisor to Clearwater Seafood November 2020	 Aequi Acquisition Corp US\$230,000,000 Initial Public Offering for one of the first SPACs to integrate ESG principles Lead Left Bookrunner November 2020	 GM EVgo Undisclosed Nationwide Electric Vehicle Fast Charging Partnership Exclusive Financial Advisor to GM July 2020	 TOTAL SSE US\$3,700,000,000 Purchase of 51% stake from SSE of the Seagreen-1 offshore wind project development Exclusive Financial Advisor to Total June 2020
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Description of RBC's International Climate Finance Initiatives

Task Force on Climate-related Financial Disclosures (TCFD): established by the Financial Stability Board to develop recommendations (released in 2017) for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.¹¹³

Canadian Standards Association. A standards organization composed of representatives of industry, government, and consumer groups that develops standards in 57 areas.¹¹⁴ Currently working to develop transition finance principles and to support the development of the transition finance market in Canada.

Global Financial Markets Association. The GFMA represents the common interests of the world's leading financial and capital market participants. In 2020, the GFMA drafted a report on Climate Finance Markets and the Real Economy.¹¹⁵

Institute for Sustainable Finance. A multi-disciplinary network of academia, the private sector, and government that seeks to advance Canada's sustainable finance capacity.¹¹⁶

International Capital Market Association. A membership association of firms and organizations involved in securities market formed to promote well-functioning and globally coherent cross-border debt securities markets.¹¹⁷

The **Green Bond Principles** are an initiative of the ICMA and enable capital-raising and investment for new and existing projects with environmental benefits.¹¹⁸

RMI Centre for Climate Aligned Finance. Established to help the financial sector transition the global economy toward a zero-carbon, 1.5°C future.¹¹⁹

Smart Prosperity. A national research network and policy think tank based at the University of Ottawa that works with public and private partners to advance policies and market solutions for a cleaner economy.¹²⁰

Climate Action 100+. An investor-led initiative to ensure the world's largest corporate GHG emitters take action on climate change.¹²¹

Bank of Canada and the Office of the Superintendent of Financial Institutions (OSFI). A voluntary pilot project with banking and insurance institutions to use scenario analysis and stress testing to better

¹¹³ Task force on Climate-related Financial Disclosures, accessed 23 Aug 2021 online: <https://www.fsb-tcfd.org/about/>.

¹¹⁴ The CSA Group (2021) *News & Press – Defining Transition Finance in Canada*, accessed 24 Aug 2021 online: <https://www.csagroup.org/news/defining-transition-finance-in-canada/>.

¹¹⁵ GFMA (2021) *GFMA and BCG Report on Climate Finance Markets and the Real Economy*, accessed 24 Aug 2021 online: <https://www.gfma.org/policies-resources/gfma-and-bcg-report-on-climate-finance-markets-and-the-real-economy/>.

¹¹⁶ Institute for Sustainable Finance (2021) *Shaping the future of sustainable finance*, accessed 24 Aug 2021 online: <https://smith.queensu.ca/centres/isf/index.php>.

¹¹⁷ ICMA (2021) *Mission*, accessed 24 Aug 2021 online: <https://www.icmagroup.org/About-ICMA/mission/>.

¹¹⁸ ICMA (2021) *Green Bond Principles*, accessed 24 Aug 2021 online: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>.

¹¹⁹ Centre for Climate Aligned Finance (2021) *Climate alignment*, accessed 24 Aug 2021 online: <https://climatealignment.org/climate-alignment/>.

¹²⁰ Smart Prosperity (2021) *About Smart Prosperity*, accessed 24 Aug 2021 online: <https://institute.smartprosperity.ca/about>.

¹²¹ Climate Action 100+ (2021) *About Climate Action 100+*, accessed 27 Sept 2021 online: <https://www.climateaction100.org/about/>.

understand the risks to the financial system related to a transition to a low-carbon economy.¹²²

Canadian Bankers Association. The voice of more than 60 domestic banks and foreign banks working in Canada, advocating for public policies that contribute to a sound, thriving banking system.¹²³

United Nations Environment Programme Finance Initiative. A partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. The UNEP FI has established the Principles for Responsible Banking (PRB), the Principles for Sustainable Insurance (PSI), and the Principles for Responsible Investment (PRI).¹²⁴ RBC is a signatory to the PRI. The UNEP FI has also been working to help the banking industry implement the recommendations of the TCFD.

Partnership for Carbon Accounting Financials (PCAF): formed in 2015, a group of financial institutions that formed to facilitate transparency and accountability of the financial industry to the Paris Agreement.¹²⁵

Net-Zero Banking Alliance. An industry-lead and United Nations convened alliance of over 160 financial institutions to accelerate the transition to net-zero emissions by 2050.¹²⁶

Carbon Disclosure Project. A non-profit global environmental disclosure system within which members (companies and governments) complete questionnaires on climate change, forests and water security to help manage their own environmental risks and opportunities and provide information for their stakeholders.¹²⁷ Members' responses are scored.

Equator Principles Association. Promotes and encourages the adoption of the Equator Principles, a common baseline and framework for financial institutions to identify, assess environmental and social risks when financing projects.¹²⁸

Climate Bonds Initiative. International, investor-focused organization working to mobilize the \$100 trillion bond market for climate change solutions.¹²⁹

Business Renewables Centre Canada. A community group for corporations to learn how to source renewable energy directly from project developers.¹³⁰

Carbon Pricing Leadership Coalition. A voluntary initiative of government, private sector, academia, and civil society organizations working to expand carbon pricing around the world.¹³¹

Sustainable Finance Action Council. Established by the federal government, a group of financial experts with a mandate to make recommendations on critical market infrastructure needed to attract and scale sustainable finance in Canada.¹³²

¹²² OSFI (2021) *Bank of Canada and OSFI launch pilot project on climate risk scenarios*, accessed 24 Aug 2021 online: <https://www.osfi-bsif.gc.ca/Eng/osfi-bsif/med/Pages/20201116-nr.aspx>.

¹²³ Canadian Banking Association (2021) *The CBA today*, accessed 24 Aug 2021 online: <https://cba.ca/cba-today>.

¹²⁴ UNEP FI (2021) *About Us*, accessed 24 Aug 2021 online: <https://www.unepfi.org/about/>.

¹²⁵ *Partnership for Carbon Accounting Financials*, accessed 23 Aug 2021 online: <https://carbonaccountingfinancials.com/about>

¹²⁶ UNFCCC (Apr 2021) *New Financial Alliance for Net Zero Emissions Launches*, accessed 5 Nov 2021 online:

<https://unfccc.int/news/new-financial-alliance-for-net-zero-emissions-launches>

¹²⁷ Carbon Disclosure Project (2021) *About us*, accessed 24 Aug 2021 online: <https://www.cdp.net/en/info/about-us>.

¹²⁸ Equator Principles (2022) *Equator Principles*, accessed 7 June 2022 online: <https://equator-principles.com/>

¹²⁹ Climate Bonds Initiative (2021) *About us*, accessed 24 Aug 2021 online: <https://www.climatebonds.net/about>.

¹³⁰ Business Renewables Centre Canada (2021) *What we do*, accessed 24 Aug 2021 online: <https://businessrenewables.ca/about>.

¹³¹ Carbon Pricing Leadership Coalition (2021) *Who we are*, accessed 21 Aug 2021 online:

<https://www.carbonpricingleadership.org/who-we-are>.

¹³² Government of Canada (2021) *Canada launches Sustainable Finance Action Council*, accessed 7 June 2022 online:

<https://www.canada.ca/en/department-finance/news/2021/05/canada-launches-sustainable-finance-action-council.html>



Our Commitment to the Net-Zero Banking Alliance

As Canada's biggest bank, and one of the largest in the world based on market capitalization, we recognize we have an important role to play in accelerating clean economic growth and helping our clients and communities thrive in a socially inclusive transition to a net-zero economy.

RBC is pleased to be joining the Net-Zero Banking Alliance (NZBA), a global, industry-led initiative to accelerate and support efforts to address climate change. We joined the NZBA as we believe global banking collaboration is key to driving collective and credible progress toward achieving net-zero emissions by 2050. The NZBA will also provide a structured forum to support banks' and our clients' transition to net-zero in an inclusive way that takes account of such things as the resource-based and export-oriented nature of the Canadian economy. Also of key importance is the NZBA's commitment to a just and orderly transition to net-zero that will strengthen individuals, communities and economies.

As we work to advance our climate goals and the advancement of the NZBA goals, external factors outside of RBC's reasonable control may act as constraints on their achievement, including varying decarbonization efforts across economies, the need for thoughtful climate policies around the world, more and better data, reasonably supported methodologies, and technological advancements, the evolution of consumer behavior, the challenges of balancing interim emissions goals with an orderly and just transition, and other significant considerations such as legal and regulatory obligations.

For more information on NZBA signatory expectations, visit: [Net-Zero Banking Alliance – Frequently Asked Questions](#) ↗

For more information on RBC's strategic approach to climate change, visit: [RBC Climate](#)



Six of Canada's Largest Banks Join United-Nations-convened Net-Zero Banking Alliance

Global initiative furthers banks' efforts to help address climate change by aligning financing activities with net-zero emissions by 2050

TORONTO, Oct. 15, 2021 - Today, ahead of the United Nations Climate Change Conference (COP26) in Glasgow, six of Canada's largest banks – BMO, CIBC, National Bank of Canada, RBC, Scotiabank, and TD – together announced their pledge to join the Net-Zero Banking Alliance (NZBA) as part of a global, industry-led initiative to accelerate and support efforts to address climate change.

Joining NZBA reinforces the six banks' commitment to play a significant role in financing the climate transition and support collaborative approaches between the public and private sectors to reach the goal of net-zero by 2050. It also represents the advancement of the banks' shared goals to combat climate change in an inclusive way. Considerable attention will be dedicated to helping clients develop and implement their own transitions to a low-carbon economy, recognizing the complex and interdependent efforts of many stakeholders across the economy.

This approach is also consistent with the six banks' participation in the Federal government's Sustainable Finance Action Council, focused on establishing a well-functioning sustainable finance market that will give investors confidence in Canada, protect the resilience of the Canadian financial sector in the years ahead, and ensure Canada's broader long-term economic strength.

Aligned with The Paris Agreement, BMO, CIBC, National Bank of Canada, RBC, Scotiabank, and TD have over the last several years, undertaken significant efforts to reduce overall climate change impact through operations and financing companies' and organizations' sustainability efforts. Each institution has taken steps to partner with clients to reduce carbon emissions, invest in renewable energy projects and support sustainable financing.

'A transformation of the financial system to ensure a prosperous and just transition to net-zero is needed,' said Mark Carney, the UN Special Envoy, and Chair of the Glasgow Financial Alliance for Net Zero. 'Canadian banks, by joining NZBA and GFANZ, are bringing their deep expertise and strong balance sheets to drive solutions for the sustainable economy that Canada and the world needs.'

To learn more about each of the banks' climate commitments and initiatives visit:

BMO: www.bmo.com/climate

CIBC: www.cibc.com/environment

National Bank of Canada: [Social responsibility: Take action now | National Bank \(nbc.ca\)](https://www.nbc.ca/social-responsibility)

RBC: www.rbc.com/climate

Scotiabank: <https://www.scotiabank.com/ca/en/about/responsibility-impact.html>

TD: td.com/esg

For information on the Net-Zero Banking Alliance including frequently asked questions visit:

<https://www.uneepf.org/net-zero-banking/>

<https://www.uneepf.org/wordpress/wp-content/uploads/2021/10/NZBA-Frequently-Asked-Questions.pdf>

Table 6. Fossil Fuel Financing Data for RBC from *Banking on Climate Chaos (Rainforest Action Network)*¹³³

Table 6. RBC lending and underwriting to fossil fuel companies from 2016 to 2020 (USD)								
Sector	Rank (among world's top 60 private banks)	2016	2107	2018	2019	2020	2021	Total
2,700 subsidiaries of 1,635 companies active across the fossil fuel life cycle	5	\$29.9 B	\$38.8 B	\$38.6 B	\$35.9 B	\$19.3 B	\$38.8 B	\$201.2 B
100 key oil, gas, and coal companies expanding fossil fuels	12	\$4.30 B	\$7.21 B	\$6.80 B	\$8.68	\$4.15 B	\$7.68 B	\$38.8 B
Top 30 oil sands production companies & 6 key oil sands pipeline companies	2	\$2.42 B	\$8.38 B	\$3.51	\$5.52 B	\$2.17 B	\$5.44 B	\$27.4 B
Top 30 Arctic oil & gas companies	30	\$24.9-M	\$9.35 M	\$20.8 M	33.9 M	\$14.7	\$120 M	\$224 M
Top 30 offshore gas companies	26	\$762 M	\$194 M	\$242 M	\$924 M	\$351 M	\$363 M	\$2.84 B
Top 30 fracking companies & 10 key fracked oil & gas pipeline contracts	9	\$1.83 B	\$3.16 B	\$4.77 B	\$3.64 B	\$4.47 B	\$3.71 B	\$21.6 B
Top 30 LNG import & export companies	12	\$590 M	\$485 M	\$418 M	\$939 M	\$697 M	\$1.91 B	\$5.04 B
Top 30 coal mining companies	40	\$35.4 M	\$40.7 M	\$56.2 M	\$150 M	\$89.6 M	-	\$372 M
Top 30 coal power companies	25	\$353 M	\$529 M	\$45.0 M	\$314 M	\$492 M	\$206 M	\$1.94 B

B = Billions M = Millions

¹³³ Rainforest Action Network (2022) *Banking on Climate Chaos, Financing By Year & Sector* – Download this Data, accessed 30 Mar 2022 online: <https://www.bankingonclimatechaos.org/#data-panel>.

Tables 7 & 8. Fossil Fuel Financing Data for RBC from *Fossil Fuel Financing in Canada* (Greenpeace)

	Loans & Underwriting (Jan 2016-Dec 2020)				Investment (shareholdings in Q4 2020 & bondholdings latest filings)			
	Rank (among top Cdn banks)	Oil & Gas	Coal	Total	Rank (among top Cdn banks)	Oil & Gas	Coal	Total
RBC	1	\$142	\$22	\$164	1	\$37	\$7	\$44
Big 6 Cdn Banks	N/A	\$609	\$84.8	\$693.8	N/A	\$93	\$21	\$114

		Fossil Fuel	2016	2017	2018	2019	2020	Total
RBC	Loans & Underwriting	Oil & Gas	\$24	\$32	\$34	\$28	\$24	\$142
		Coal	\$4	\$4	\$4	\$6	\$4	\$22
	Investment (Q4 shares)	Oil & Gas	\$38	\$39	\$36	\$44	\$32	
		Coal	\$5	\$5	\$6	\$7	\$7	
Big 6 Cdn Banks	Loans & Underwriting	Oil & Gas	\$105	\$133	\$140	\$140	\$91	\$609
		Coal	\$17	\$15	\$17	\$20	\$16	\$84.8
	Investment (Q4 shares)	Oil & Gas	\$111	\$115	\$101	\$123	\$93	
		Coal	\$16	\$18	\$19	\$23	\$21	

Solemn declarations of applicants