

Attention of:

Senator Raymonde Saint-Germain, Facilitator of the Independent Senators Group  
Senator Marc Gold, Leader of the Government in the Senate  
Senator Jane Cordy, Leader of the Progressive Senate Group  
Senator Scott Tannas, Leader of the Canadian Senators Group  
Senator Donald Plett, Leader of the Conservative Party of Canada in the Senate

Dear Senate leaders and facilitators,

On behalf of the signatories below, we call on you to advance Bill S-243, *the Climate Aligned Finance Act* (CAFA), by referring it to committee for study.

Senators, as leaders and facilitators of your respective groups, you hold the exclusive power to move Canada towards economic stability and competitiveness in a decarbonizing world.

CAFA is a gold-standard legislation tabled by Senator Rosa Galvez which would align Canada's financial system with the country's climate commitments. As of today, CAFA is in second reading and is awaiting your action to move it to committee. Discussing CAFA in committee is an essential part of the Senate's role. This would allow discourse and thoughtful engagement about the systemic risks that climate change poses to Canada's financial system.

The Office of the Superintendent of Financial Institutions (OSFI) and the Bank of Canada found in a January 2022 pilot study that climate change leaves Canada's financial system exposed to systemic risk and business default, particularly in the fossil fuel sector. The study highlights that "delaying climate policy action increases the overall economic impacts and risks to financial stability."<sup>1</sup> OSFI has drafted guidance that federally regulated entities disclose their exposure to climate-related risks and opportunities, but further policies are needed. CAFA presents an opportunity for the Senate to discuss the next steps for sound Canadian financial policy.

Canada's banks and institutional investors have publicly recognized climate risks. Many have pledged to align with commitments Canada has undertaken under the Paris Agreement on Climate Change. We believe most would welcome more regulatory clarity.

Other jurisdictions including the European Union, the United Kingdom, Australia, and even the United States have advanced policies to protect their financial systems from climate change risks, and to access the related opportunities. Canada needs regulatory clarity to build a more stable financial system. This is also essential to enable investors to take advantage of opportunities in a decarbonizing world. The Senate must at least discuss CAFA in committee to enable an open discussion about the implications of climate change on our financial system.

Senators, Canada's economic stability and competitiveness hinge on you. We trust you recognize the significance of your role and that you share our desire for Canadian businesses to remain stable and profitable. We plan to publicize our support for CAFA but decided to write to you first, to encourage your role in the process.

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<sup>1</sup><https://www.bankofcanada.ca/2022/01/bank-canada-osfi-pilot-helps-canadian-financial-sector-assess-climate-change-risks/>

We ask you to agree to call for a vote on CAFA in the Senate so that it may progress to committee review as soon as possible when the Senate resumes, so the committee may call witnesses and experts for the necessary discourse on the bill.

Sincerely,

*The following 56 professors and academics*

Canadian academics

Amr Addas, Concordia University

Basma Majerbi, University of Victoria

Thomas Walker, Concordia University

Luciano Barin Cruz, HEC Montréal

Luo He, Concordia University

Yves-Marie Abraham, HEC Montréal

Hajer Tebini, HEC Montréal

Michael King, University of Victoria

Sanjay Banerjee, University of Alberta

Kathryn Bakos, Intact Centre on Climate Adaptation, University of Waterloo

Paul Calluzzo, Queen's University

Ke Xu, University of Victoria

Ekaterina Rhodes, University of Victoria

Yrjo Koskinen, University of Calgary

Sophia Carodenuto, University of Victoria

Trevor Hancock, School of Public Health and Social Policy, University of Victoria

Crystal Tremblay, University of Victoria

Diane-Laure Arjaliès, Ivey Business School, Western University

James Rowe, University of Victoria

Truzaar Dordi, University of Victoria

Colin Goldblatt, University of Victoria

Jean-François Obregon, Ivey Business School

Irene Herremans, Haskayne School of Business, University of Calgary

Ted Sheldon, University of Victoria

Sybil Seitzinger, University of Victoria

Peter Whitelaw, Simon Fraser University

Johanne Turbide, HEC Montréal

Olaf Weber, University of Waterloo

Alison Shaw, Action on Climate Team (ACT), Simon Fraser University

Andrea Piccinin, University of Victoria

Heather Ranson, Peter B. Gustavson School of Business, University of Victoria

Natalie Slawinski, Peter B. Gustavson School of Business, University of Victoria

Ricardo Flores, Peter B. Gustavson School of Business, University of Victoria

Brian Carriere, Colleges and Institutes Canada

Amir Barnea, HEC Montréal

Tessa Hebb, Sprott School of Business, Carleton University

Frank Coggins, Université de Sherbrooke

Bruce Campbell, York University

William Carroll, University of Victoria

René Audet, Université du Québec à Montréal (UQÀM)

Philippe Gachon, Université du Québec à Montréal (UQÀM)

Stephen Huddart, Peter B. Gustavson School of Business, University of Victoria

Mark Purdon, Université du Québec à Montréal (UQÀM)

Cecile Bulle, Université du Québec à Montréal (UQÀM)

François Delorme, Université de Sherbrooke

Bouchra Mzali, Université du Québec à Montréal (UQÀM)

Janis Sarra, Canada Climate Law Initiative, University of British Columbia Centre for Business Law

Jason MacLean, University of New Brunswick

Ivan Tchotourian, Université Laval

Pascale Cornut St-Pierre, Faculté de droit, Université d'Ottawa

Sara Hastings-Simon, University of Calgary

International academics

Ben Caldecott, University of Oxford

Cary Krosinsky, Sustainable Finance Institute

Nathan de Arriba-Sellier, Yale University

Anders Bjørn, Technical University of Denmark

Ellen Quigley, University of Cambridge