

Welcome to this week's presentation & conversation hosted by the **Canadian Association for the Club of Rome**, a Club dedicated to intelligent debate & action on global issues.



The views and opinions expressed in this presentation are those of the speaker & do not necessarily reflect the views or positions of CACOR.

Financial Regulation is a Climate Solution.

Description: Banks, pension funds, & insurers make investments that shape our economy & society. Rules that guide the financial sector—financial regulations—are an important part of a democracy to help align financial institutions with public interests. Canada currently lacks rules related to how our financial institutions contribute to climate change. Canadian financial institutions are the world's largest financiers of oil & gas, & underinvest in clean energy, in part because of this policy gap. Julie Segal will discuss solutions, including the Climate-Aligned Finance Act.

Biography: Julie Segal (B Comm from McGill U) leads a climate finance policy program at Environmental Defence Canada, where she advances climate-related financial policy & regulation. She is a Visiting Fellow at the Grantham Research Institute (London School of Economics) on sustainable finance & just transitions, & previously managed a portfolio of impact investments at the McConnell Foundation. Her work has been recognized with national & global awards for integrating environmental justice into sustainable finance. Julie writes about climate finance, contributes to environmental groups, advises policymakers on climate-related financial policies, & advises foundations on strategies for impact investing. The presentation will be followed by a conversation, questions, & observations from the participants.

CACOR acknowledges that we all benefit from sharing the traditional territories of local Indigenous peoples (First Nations, Métis, & Inuit in Canada) and their descendants.



Website: canadiancor.com
YouTube: [Canadian Association for the Club of Rome](#)
2025 Feb 19 Zoom #233

Financial Regulation as a Climate Solution: Canadian Association for the Club of Rome

Julie Segal
Environmental Defence Canada



environmental
defence

Summary: Banks, pension funds, and insurers make investment decisions which shape our economy and society. Policy to guide the financial sector - known as financial regulation and supervision - is an important part of democracy and general public policy to help align financial institutions with the public best interests. Canada currently lacks rules related to how our financial institutions contribute to climate change. Canadian financial institutions are the world's largest financiers of oil and gas and statistically underinvest in clean energy, in part because of this policy gap. Julie Segal will discuss solutions, including the Climate-Aligned Finance Act.

Climate-related Financial Policy

- Financial policies are the rules which governments set to guide and oversee the private financial sector. The objectives are generally to protect public consumers and preserve financial stability.
- Damages from climate change cause significant economic and financial risks. The investments from financial institutions currently contribute to an economy that worsens climate change.
- Policy proposals exist to align Canada's financial sector with climate action, but no meaningful progress has yet been made.

How Financial Regulation & Supervision works in Canada – examples

Federal supervisor
securities



Distinct pension legislations
and pension administration



Corporate



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

Canadian Financial System and Climate Change

Investments

- Canadian banks are among the most significant investors in oil, gas, and coal globally over the past decade.
- Canadian banks statistically underinvest in clean energy relative to peers.
- Canadian investor's support for climate issues increased in 2024.

Canadian Financial System and Climate Change

Risks

- **Physical damage:** Over \$8-billion CAD in insurable damages in 2024; rose from over \$3-billion CAD in 2023 and 2022.
- **Climate transition globally:** Estimates of over \$100-billion CAD losing their value as “stranded” investments from moving too slowly on the climate transition.

Global State of Climate-Related Financial Policy

European progress



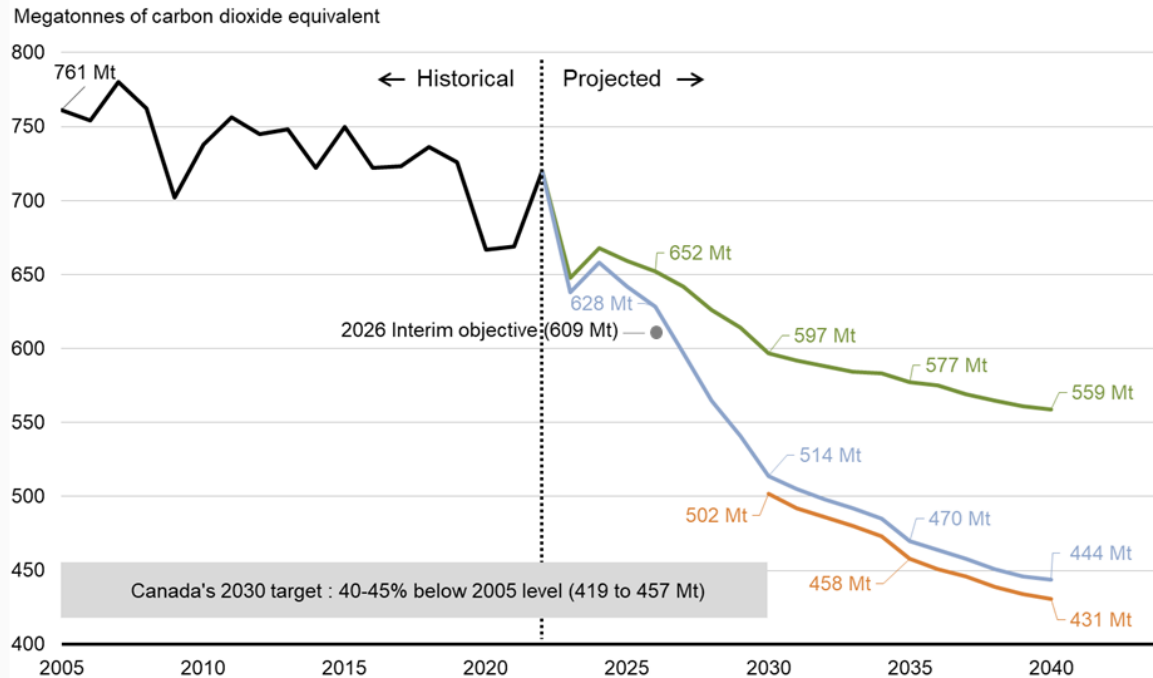
US progress



UK progress

California “*Climate Corporate Data Accountability Act*” being implemented and followed by other US states

Connecting with the rest of the economy



With measures

Additional measures
(without NBCS/agriculture
measures)

Additional measures

Solutions for Canadian Climate-Related Financial Policy

THE CLIMATE-ALIGNED FINANCE ACT

Senator Rosa Galvez

THE PROBLEM

- \$911 BILLION**
fossil fuel funding by Canada's top five banks since the Paris Agreement was signed in 2015 (BAN, 2022).
- 8 OUT OF 10**
of Canada's pensioners have at least one board member or executive, who is actively directing a company in the oil or gas sector (CBC, 2023).
- \$3.1 BILLION**
in insured damages in Canada due to severe weather in 2022 (BBC).

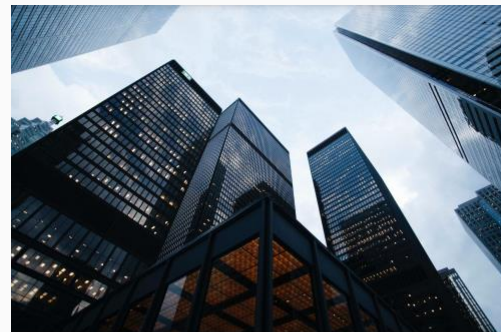
PURPOSE

To align the activities of federal financial institutions and other federally regulated entities with the superseding economic and public interest matter of achieving climate commitments.

KEY ACTIONS

- Establishes a **duty** for directors, officers and administrators to align entities with climate commitments
- Aligns **purposes**, including market oversight by OSFI with climate commitments
- Requires the **development of action plans**, targets and progress reports on meeting climate commitments through annual reporting requirements
- Ensures **climate expertise** on certain boards of directors and avoiding conflicts of interest
- Makes **capital adequacy requirements** proportional to micro-prudential and macro-prudential climate risks generated by financial institutions
- Requires a **government action plan** to align financial products with climate commitments
- Mandates timely **public review processes** on implementation progress to ensure iterative learning.

To learn more visit: rosagalvez.ca/en/initiatives/climate-aligned-finance/



Roadmap to a Sustainable Financial System in Canada

Achieving Alignment Through Credible Climate Plans

November 2, 2022



environmental
defence

ecojustice shift

ACTORS FOR
SYSTEM HEALTH
AND PLANET HEALTH

Questions and Discussion

- Sustainable investing is still relatively new for financial institutions – but exceeding 1.5C of warming would make everything much harder.
- Many financial institutions set voluntary net zero targets – but often without the required short-term actions.
- Climate risk are growing in Canada – and the best way to reduce climate risk is to invest in a way that helps reduce the severity of climate change.
- **Other jurisdictions have implemented climate-aligned financial policy – yet Canada still needs to take meaningful action on this area of financial, climate, and public policy.**

