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Bank of Canada – Governor Tiff Macklem
Office of the Superintendent of Financial Institutions – Jeremy Rudin
Competition Bureau – Matthew Boswell, Commissioner
Canada Revenue Agency – Charities Directorate – Tony Manconi, Director General
Ontario Securities Commission - D. Grant Vingoe, Acting Chair and CEO
Canadian Securities Exchange – Steve Blake, Chair
Coalition of Concerned Manufacturers and Businesses – Joyce Bamford, Founder and Board Chair
Canadian Chamber of Commerce – Hon. Perrin Beatty, PC, OC, Pres. and CEO
Canadian Taxpayers Federation – Michelle Eaton, Chair of the Board

To Whom it May Concern:

RE: An Open Letter in Response to "Canadian Pension Fund Giants Call for Green COVID-19 Recovery" and Pension Fund Open Letter

Recent news reports and an open letter signed by the CEOs of eight of Canada's largest pension funds, which hold some $1.6 trillion in assets under management, make climate policy demands of Canadian industry that are untenable and the requirement for such reporting is not supported by the evidence. On August 27, 2017, we sent a letter to the Ontario Securities Commission warning of the dangers of imposing demands of the United Nations Principles for Responsible Investment (UNPRI) on Canadian industry. In that letter, we noted that the UNPRI demands appear to be 'greenwashing' in contravention of Competition Bureau guidelines and laws. Now it appears this effort is being conducted instead by these eight Canadian pension funds, three of which are founding signatories of the transnational, unelected, unaccountable UNPRI. Pension fund socialism combined with climate activism is destroying Canada and turning citizens into carbon serfs.

As climate policy analyst Roger Pielke, Jr. writes, "*Much of climate research is focused on* ***implausible scenarios of the future****, but implementing a course correction will be difficult*". Pielke, Jr. continues, saying "*Evidence is now undeniable that* *the basis for a significant amount of research has become untethered from the real world.*" [underline added] In other words, there are material changes to climate science, carbon budgets, and global warming projections. No imminent catastrophe. More due diligence is required on policies like NetZero2050. There is no need for net zero CO2 emission policies.

A central feature of the pension funds' open letter is that these tax-funded pension funds call for private and publicly funded companies to comply and '*disclose their material business risks and opportunities to financial markets*', and these behemoth funds say that they '*require increased* *transparency from companies*', noting climate change as one element and later focussing on ESG – environment, social and governance reporting. They dangle their $1.6 trillion in assets under management as a not-so-subtle financial carrot or stick for the compliant or non-compliant. How is this not undue influence on markets? The pension funds' open letter refers to the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Disclosures (TCFD) guidelines for standardized reporting.

Do these pension fund giants do-as-I-say?

In terms of material risk, in 2013, the Intergovernmental Panel on Climate Change (IPCC) issued the AR5 report which pointed out that for the prior 15 years, there had been no significant rise in global warming, despite a 8.3% rise in carbon dioxide due to human industrial emissions over the 15 year period since January 1998. This was subsequently deemed by hundreds of scientists to show that, as Dr. Judith Curry phrased it, '*carbon dioxide is not the control knob that can fine tune climate*'. This *material change* in scientific understanding of human impacts on climate change was not incorporated into investment markets; instead, as outlined by climate policy analyst Roger Pielke, Jr., two 'green' billionaires and a supporting cast of climate activists successfully propagated the "Risky Business" report in 2014. This report is based on the most extreme climate simulation (known as RCP 8.5) which most climate scientists say is completely unrealistic, and which was designed for scientists to study *factors affecting* climate change – it was never intended to be used as a policy guideline or pathway and is not fit for such purpose. One of those green billionaires went on to chair the Task Force on Climate-Related Disclosures. This would appear to be a significant Conflict of Interest.

Are these tax-funded pension funds providing adequate disclosure? We think not. Is there adequate disclosure of ***Climate Government Policy Risk*** – *the potential for reduction or elimination of government subsidies and consumers' willingness to pay a premium due to governments' inability to pay (driven by huge debts) or the end to these subsidies on account of a lack of warming resulting in both voter and scientific challenges to the scientific hypothesis that Anthropogenic carbon dioxide (CO2) is the driver of global warming.*

In Mark Carney's well-known and oft cited speech to Lloyd's of London in 2015, "The Tragedy of the Horizon", reference is made to the "Risky Business" report and that "*We don't need an army of actuaries to tell us that the catastrophic impacts of climate change will be felt beyond the traditional horizons of most actors — imposing a cost on future generations that the current generation has no direct incentive to fix*". Neither actuaries or Roger Pielke, Jr. nor climate scientists see evidence of this (though extreme climate modeled simulations may forecast it.) Princeton Energy Advisors' analyst Steve Kopits assessed Carney's speech and found that his catastrophic climate claims were not supported by publicly available evidence.

As outlined in our 2016 report "Undue Influence – Markets Skewed", pension fund socialism, predicted by Peter Drucker in the 1970's, is upon us. Through the philanthrocapitalism of major tax-free foundations in the US, Canada and elsewhere in the world, and through the United Nations Principles for Responsible Investment (a transnational unelected, unaccountable influential organization, to which the 8 pension funds are signatory), *investors have become activists* for climate matters and low-carbon investing – which rely solely on tax-subsidies and government policy for profitability. The public are deceived by the climate catastrophe claims of the myriad of tax-subsidized environmental 'charities', many of which are funded proxies for the interests of the philanthrocapitalists, corporations, or these major pension funds or unions. Many burdensome, ineffective government climate policies and regulations have been set due to the undue influence of tax-subsidized environmental 'charities' and their astounding numbers of lobbyists, their influence and access to government agencies, as outlined in our reports on this matter: Money Matters, Dark Green Money, Big Green Money, Green Titanic, Manufacturing a Climate Crisis.

The fundamental material risk is that climate change investments in 'clean-tech' rely on tax subsidies – and taxpayers are all out of money – yet there is no clear statement of such a risk in the letter from these tax-funded pension funds.

These material risks are not stated by UNPRI signatories – instead, the risk of societal economic collapse is exacerbated by demands of these tax-funded pension funds that public and private companies now be forced to engage in even more onerous reporting requirements that are outside the scope of any corporation, in order to be part of these funds' investments. They are arbitrarily imposing unnecessary standards that are not part of Canadian law, and Canadian law already includes some 600 different climate regulations and incentives through federal, provincial and municipal levels of government.

Climate change science is an extremely complex, multidisciplinary, interdisciplinary field.

Despite that fact, a bevy of economists at the Bank of Canada and the broader banking community through the "Network for Greening the Financial System" are busy trying to forecast climate risks – something that experienced scientists say that for even a semi-accurate 10 year forecast, one would need computing time that is the Age of the Universe[2] (100,000,000,000,000,000,000 years). More than 900 scientists and scholars of CLINTEL, the international climate intelligence organization based in Holland, say there is no climate emergency, carbon dioxide is not the main driver of climate change, natural forces are, and we do have time to address climate and environment issues arising from human industrial activity. Why would pension funds then demand climate risk disclosures from companies when neither the pension funds nor the corporations have such scientific expertise, and they are not more prescient?

It appears that to avoid conventional corporate responsibility for good management and profitable attention to customer demands, the philanthrocapitalist/pension fund set have invented a new accounting method – SASB based on ESG – which skews conventional corporate concerns from the proper operation of business with a focus on excellence on core business, to busy work focussed on counting carbon dioxide molecules and social issues. This is a distraction for industry and business at a time when all human and financial resources are scarce.

As Albertans, we can point to the damage that such influence by large tax-subsidized pension funds have done to our province when NEI Investments and some 120-signatory pension and sovereign wealth funds dropped a similar letter to that of these pension funds, on then Premier Notley in September of 2015. [*See our letter to the Ontario Securities Commission of Aug. 27, 2017, referenced above*] In their letter, they pushed for early coal phase-out, the significant addition of renewables to the grid, and the implementation of a carbon tax. Perhaps these were financial successes for NEI and its tax-subsidized partners, but these policies were extremely destructive to Alberta and ordinary citizens, especially farmers. This initiative appears to have stemmed from the UNPRI's 2014 "Montreal Pledge" which required signatories to become climate activists with 'laggard' corporations and governments. How is this not undue influence by unelected, unaccountable organizations?

Contrary to the claim of the 8 pension funds about '*long-term sustainable value creation'* there is no value-creation when entire industries are built on tax-subsidies, skewed climate models, fictitious accounting of feel-good, instead of competent financial performance parameters, and carbon markets, which entails "the lack of delivery of an invisible substance to no one". It is a tragic irony that investments in wind and solar are deemed to be important ESG investments, when wind turbine blades cannot be recycled and are being buried. This lack of a grip on reality can only be described as a form of climate "Tulip-O-Mania".

There is no 'sustainability' in 'green' investments like renewables which rely on manufacturing in the most toxic conditions in places like China, which get a pass on environmental impact review, which cannot support even basic society in terms of Energy Return on Energy Invested, and which create no viable, exportable product or service to restore international earnings to our shattered economy. Further, when banks create "Green Bonds" some of which are 'ring-fenced', meaning they are based in tax free offshore accounts, then again the tax pool is further drained and taxpayers are burdened with taking on ever more of the share of keeping Canada's economic engine alive, while the pension fund beneficiaries and executives revel in their $1.6 trillion fund.

If we were to follow the green demands of the 8-behemoth tax-funded pension funds and the projects would fail, what would be the consequence to the pension funds? Nothing. Because taxpayers are on the hook for unfunded pension liabilities, one way or the other. Indeed, one might say the preceding decades of tax subsidies to the climate-related renewables investments was just a form of taxation without representation, one which deeply damaged the industrial heartland of Ontario. This evidence alone should make it clear that the 8 behemoth pension funds are leading the public and policymakers astray. Contrary to their claim that COVID19 is a 'historic opportunity' – this a ***historic catastrophe***. They want to make it worse, for their own benefit.

Canada is deeply in debt; the tax pool has been drained of resources by 'green' activist 'charities' as outlined in our reports, which in turn have advocated for more tax-funded programs or 'green' industries. The cupboard is bare.

The conflicts of interest and the lack of CRA-defined '*net public benefit*' from the 'green' climate change programs and reporting demanded by these tax-funded behemoths must be investigated and stopped. The proposals of these tax-subsidized pension funds must be rejected, SASB and ESG standards abandoned and the conflicts of interest in the TFCD investigated.

Canadian citizens are not interested in further financing a form of carbon serfdom Neofeudalism under climate-addled pension fund socialism where the pension funds and mutual funds have extortionary financial powers, acquired from taxpayers themselves. This is an insult to the integrity of every hard-working entrepreneur, business owner, and taxpaying citizen.

Sincerely,

FRIENDS OF SCIENCE SOCIETY