

FRIENDS OF SCIENCE SOCIETY

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January 19, 2024

Office of the Superintendent of Financial Institutions ATTN: Superintendent Peter Routledge

Bank of Canada ATTN: Governor Tiff Macklem

CC: Toronto-Dominion Bank (TD Bank), Royal Bank of Canada (RBC), Bank of Nova Scotia (Scotiabank), Bank of Montreal (BMO), and Canadian Imperial Bank of Commerce (CIBC).

Premier Daniel Smith

Premier Scott Moe

Premier Wab Kinew

Canadian Securities Administrators

The Association of Canadian Pension Management (ACPM)

Dear Superintendent Routledge and Governor Macklem,

RE: Discrepancy between UNFCCC COP Scenario Baseline and that of the Standardized Climate Scenario Exercise (SCSE)

On Oct. 16, 2023, the Office of the Superintendent for Financial Institutions (OSFI) released its [Standardized Climate Scenario Exercise \(SCSE\) methodology](#) for consultation. The Standardized Climate Scenario Exercise is based on Representative Concentration Pathway RCP 8.5, a wildly exaggerated scenario which is implausible. Yet your organizations describe RCP 8.5 as the ‘business-as-usual’ scenario. We provided this report “[Collapse and Catastrophe](#)” in response to OSFI’s request for consultation.

Over the past several months Friends of Science Society has written to both the OSFI and the Bank of Canada (BoC) ^{iii iii iv v vi vii viii ix} explaining why RCP 8.5 is an outlier and why the RCPs were never intended to be used for setting policy; they were only meant for research purposes. It is unclear why you have disregarded this information when we have provided reliable third-party references.

Canada is signatory to the United Nations Framework Convention on Climate Change (UNFCCC) which is where our climate initiatives stem from, yet the OSFI and BoC are relying on a scenario that has been abandoned by the UNFCCC. **Why would you choose to use RCP 8.5, a climate scenario that is predicated on burning more coal than exists in the world; a world which has 3 to 6 billion more people than even the UN forecasts by 2100; a world which burns more oil than is presently deemed to be recoverable?** It makes no sense to use an implausible, imaginary scenario to evaluate future climate risks in order to manage investments in a world of hard realities.

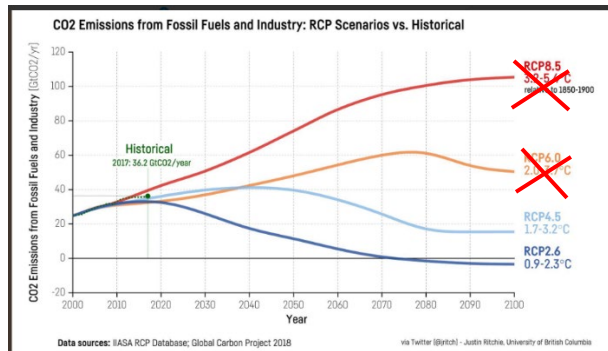
As Dr. Judith Curry pointed out in [testimony to the US Senate](#) on March 23, 2023 “Climate crisis isn’t what it used to be.”

The “climate crisis” isn’t what it used to be. Circa 2013 with publication of the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5), the extreme emissions scenario RCP8.5 was regarded as a baseline business-as-usual emissions scenario, with expected warming of 4 to 5 °C (7 to 9 °F) by 2100.

*Now, there is general acceptance that the RCP8.5 scenario is implausible. **The Conference of Parties (COP) to the UNFCCC Agreement dropped consideration of the RCP8.5 scenario in***

COP26 (2021) and COP27 (2022). COP27 is working from a baseline temperature projection based on RCP4.5 (SSP2-4.5) of 2.5 °C by 2100, relative to temperatures in the late 19th century (note: 1.1°C of warming has already occurred). Only a few years ago, an emissions trajectory that followed RCP4.5 with 2 to 3 °C (4 to 5 °F) warming was regarded as climate policy success.

In the parlance of the world of securities, this constitutes a crucial *material change*.



Please explain why your organizations are continuing on this path of deception.

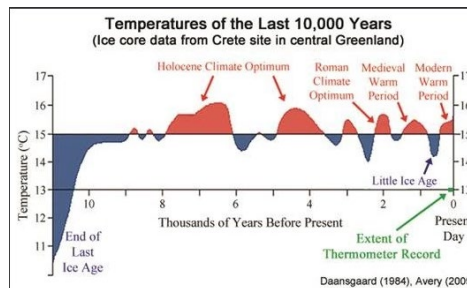
Canada’s economy is facing degrowth, energy insecurity, and socio-economic destruction due to misguided climate policies being set by policymakers and the banking sector. These are based on faulty use and misinterpretation of the purpose of the RCP scenarios. Senator Rosa Galvez’ Bill S-243 has similar roots in climate catastrophe scenarios that bear no relationship to reality.

If the OSFI mandate is: “Our purpose is to contribute to public confidence in the Canadian financial system by regulating and supervising approximately 400 federally regulated financial institutions (FRFIs) and 1200 federally regulated pension plans (FRPPs)”... then surely the use of realistic scenarios for evaluating climate risk would be essential to contributing to public confidence, rather than leading all these financial institutions astray, using the implausible RCP 8.5 scenario in your Standardized Climate Scenario Exercise, which even the UNFCCC has abandoned. Climate is cyclical and risk evaluation should include consideration of potential global cooling.

Looking forward to your response.

Sincerely,

Ron Davison, P. Eng.
President
Friends of Science Society



ⁱ <https://blog.friendsofscience.org/2021/09/20/open-letter-to-the-bank-of-canada-on-climate-change/>
ⁱⁱ <https://blog.friendsofscience.org/2022/05/31/urgent-call-for-review-of-climate-emergency-declaration-evidence-and-conflicting-public-policies-on-ghg-reductions-and-immigration/>
ⁱⁱⁱ <https://blog.friendsofscience.org/2022/06/09/royal-banks-netzero-decarbonization-estimate-is-severely-underestimated/>
^{iv} <https://blog.friendsofscience.org/2022/06/22/insights-for-bank-of-canada-on-netzero-esg-sec-ifrs-agricultural-collapse-and-famine/>
^v <https://blog.friendsofscience.org/2022/11/05/greenwashing-complaint-filed-against-rbc-by-ecojustice-and-stand-earth-on-behalf-of-six-canadians-is-scientifically-unfounded/>
^{vi} <https://blog.friendsofscience.org/2023/07/12/open-letter-to-the-bank-of-canada-on-climate-risk/>
^{vii} <https://blog.friendsofscience.org/2023/07/31/open-letter-to-office-of-the-superintendent-of-financial-institutes/>
^{viii} <https://blog.friendsofscience.org/2023/11/19/dear-bank-of-canada-we-do-not-need-carbon-taxes/>
^{ix} <https://blog.friendsofscience.org/2023/11/21/you-must-ensure-energy-security-for-all-canadians-osfi/>