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**Feb. 05, 2026**

To: Office of the Superintendent of Financial Institutions (OSFI)
CC: Bank of Canada
Financial and Reporting Standards Canada - FRASCanada
Canadian Securities Administrators - CSA
Alberta Securities Commission
AIMCo
The Honorable Daniel Smith, Premier of Alberta
The Honorable Scott Moe, Premier of Saskatchewan
Toronto Stock Exchange
CSSB
Business Council of Canada

**ATTN: Superintendent Peter Routledge**

Dear Superintendent Routledge,

RE: **Should Banks Push Climate Action and Emissions Reduction when the Canadian Economy is on Life Support? Bill S-238, Climate Aligned Finance Act, will kill it.**

We last corresponded with you on Dec. 5, 2025,[1] and we requested a reply, preferably a public statement on the retraction of the Kotz et al (2024) economic paper, upon which banks had set their climate damage function. Other than an acknowledgment of receipt, we have not received a response from you.

Despite the fact that we communicated to OSFI, in an Open Letter of Sept. 12, 2025,[2] that the Climate Risk reports that you had received from various banks and financial institutions in Canada were likely flawed due to the errors in Kotz et al (2024) and that there were concerning Conflicts of Interests surrounding this paper, it seems you took no notice of this.

In the transcript of the Nov. 9, 2025, session of CSSB and UN PRI's "Sustainability Disclosure in Canada: Overcoming the Headwinds", you had an opportunity to make the other panelists aware that climate risk has been wildly over-estimated by the banking sector, due to the reliance on the flawed Kotz et al climate damage function, and the misuse of the Representative Concentration Pathways scenario known

[1] https://blog.friendsofscience.org/2025/12/05/2025-insights-on-climate-risk-returns-and-retraction-by-nature-of-kotz-et-al-2024/
[2] https://blog.friendsofscience.org/2025/09/12/open-letter-to-osfi-on-the-network-for-greening-the-financial-systems-ngfs/

as RCP 8.5, misnamed as the “business-as-usual” case, when it is implausible, if not impossible. However, based on the transcripts, you did not do that.

Fellow panelist, Grant Vingoe, of the Ontario Securities Commission stated, “*We have existing standards and guidance on making accurate climate and sustainability disclosures, and we’re examining for them. What’s lost is potentially a uniform baseline, but what’s not lost is* ***our commitment to avoiding misleading disclosure*** *and our ambition to encourage more forthright forward-looking disclosure.” (bold added)*

In the wrap up, you said, *“Because we deal on the climate issue and the international for all the time, and I’ll quote our prime minister, or maybe I’ll steal a quote from him: We take note of what our international peers are doing. We don’t take direction. We’re going to do what’s right for Canada and Canada’s financial system.”*

Would it not be right for Canada and Canada’s financial system that you issue a ‘recall’ of sorts, as the auto industry does when there is a potentially harmful or fatally flawed component? In terms of the many Senate and parliamentary committees you’ve addressed and banking directives that you have issued related to climate risk, it is incumbent upon you to clearly and publicly retract the climate emergency aspect of your comments and **clarify that the banking sector’s reliance on Kotz et al (2024) and RCP 8.5 have fatally skewed climate and energy policies in Canada in particular, and in the world, in general.**

A clear example of this is also found in the transcript. Lindsay Walton of the UNPRI stated, “*And I think everybody has seen this report—the International Energy Agency report in June. We all quote it that this year investment in clean technologies was 2.2 trillion. It is set to double that of investment of fossil fuels 1.1 trillion. So, I would like to hear from each of our panelists on this: At this crucial time, how is your organization helping Canada remain competitive to benefit from the global transition to a low-carbon economy?”*

The diversion of UNPRI investment dollars from conventional oil and gas to ‘low-carbon’ investments is placing the world at risk of a shortfall in conventional supply, which will create all kinds of socio-economic problems, far worse than ‘climate change.’

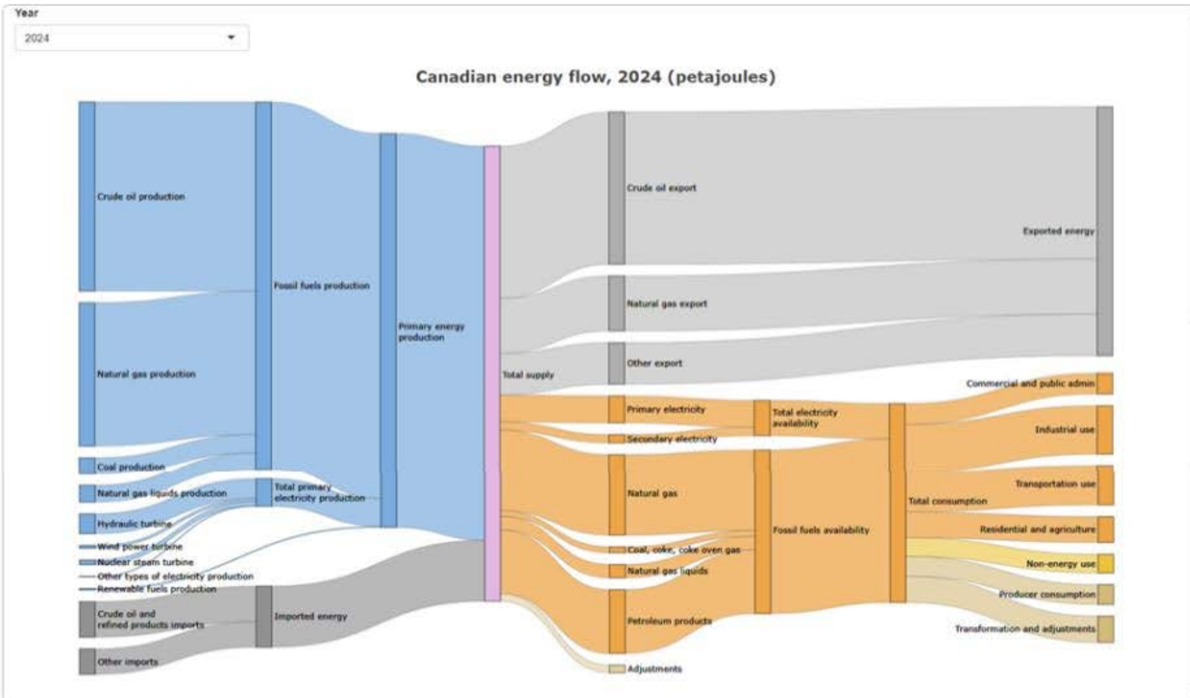
The investment in clean technologies is primarily due to the government subsidies offered across a scattered smorgasbord of so-called “New Economy” ideas, which includes Electric Vehicles, for example. Recall that some $50 billion in Canadian government investments in EV battery plants disappeared in what can only be called a stock pump-and-dump scheme; imagine if that money had been dedicated to properly equipping provincial wildfire crews with a buffet of mitigation money; millions for fuel-load clearing near communities so that a Jasper-megafire never threatens people again; millions for trained crews who are contracted all year, so that we don't find ourselves at the height of autumn wildfire season when university student wildfire crews and their manpower disappear in September when we often need them most; millions for water bombers and choppers. Rather than seeking to mitigate wildfire insurance risk by Property and Casualty insurers doing geolocating of flood or wildfire risks, how about encouraging the Canadian federal government to advance funds to **actually mitigate** flood and wildfire risk and damage?

For instance, it was estimated that the dike systems in the Fraser Valley needed $35 million for upkeep and maintenance; now several consecutive years have seen catastrophic flood damage in the billions, with the TransCanada Highway shut down for days at a time, affecting domestic and international trade. At the same time billions of federal dollars have been showered on environmental groups and climate change studies, including research on behavioural 'nudging' on climate change.[3] These studies will not stop atmospheric rivers; they will not stop the naturally occurring La Nina/El Nino cycles nor will they stop the naturally-caused heat domes like that which struck lower and central British Columbia in 2021.

Unfortunately, the push for renewables, decarbonization/electrification will have deadly outcomes as we witness presently in the United States, where the Hydro Quebec NECEC line to New England failed to deliver power in the extreme winter weather and New England reverted to burning oil, while Quebec was importing natural gas generated power from Ontario. In part, this is due to Quebec having electrified home heating, but weather-dependent hydro is experiencing drought conditions. Recall that Venezuela was brought to its knees due to an initial domino falling of unreliable delivery of its hydro-based power generation, facing a natural drought.[4] In Tennessee, dozens of people have died due to not having power for over a week as an ice storm destroyed power poles and brought lines down.

This Sankey diagram below, produced by the Government of Canada, clearly shows that there is no transition to a low-carbon economy.[5] As Professor Emeritus, Vaclav Smil has pointed out, "to get wind power, you need oil" …and natural gas and coal.[6] The more renewables you make, the more fossil fuels you will use.

[3] https://research.ubc.ca/content/changing-human-behaviour-avert-climate-crisis
[4] https://www.newyorker.com/tech/annals-of-technology/the-electricity-crisis-in-venezuela-a-cautionary-tale
[5] https://energy-information.canada.ca/en/resources/canadian-energy-flow-sankey-diagram
[6] https://spectrum.ieee.org/to-get-wind-power-you-need-oil




As Robert Lyman wrote of the 2023 Sankey diagram,

> "***Fossil fuels constitute 93 per cent of domestic energy supply***.
>
> For all the publicity given to the alleged electrification of Canada, domestic electricity and renewables production provides only seven per cent of our energy production.
>
> ***Fossil fuels also meet by far most of Canada's energy consumption needs.***
>
> Electricity meets only 18 per cent of Canada's energy demand, slightly below the average in most other OECD countries.

Clearly net zero decarbonization/electrification is a long way off. Indeed, Robert Lyman wrote a report on the Bloomberg NEF annual report on the global energy "transition" trends which we published in Feb. 2025, titled, "The High Cost of Make Believe."[7]

> *"The terminology used to describe the investment trends is misleading. According to the Statistical Review of World Energy 2025,[8] the world is not "transitioning" to a decarbonized economy, as indicated by the fact that 86.6% of the global energy consumption continues to be provided by fossil fuels and demand for oil, natural gas and coal are all at historic highs. The growth in investment in the energy sources covered in the Bloomberg NEF report is impressive.*

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[7] https://blog.friendsofscience.org/2025/02/15/the-high-cost-of-make-believe/

[8] https://blog.friendsofscience.org/2025/06/30/statistical-review-of-world-energy-2025-some-highlights/

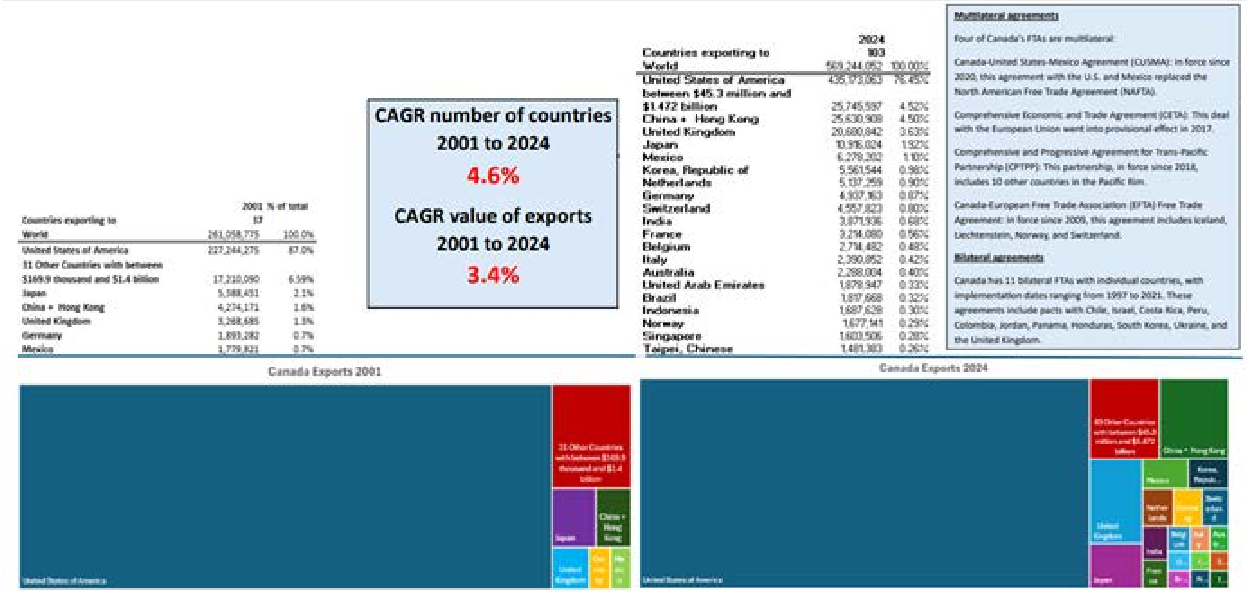
> *Bloomberg does not address the factors that have given rise to such significant increases over a relatively short period, but we can gain some insight into this by considering where the increases have occurred. Almost 80% (USD 1,637 billion) of the global investment in 2024 occurred in China, the United States, the European Union, the United Kingdom and Canada. In other words, it occurred in countries in which the investment decisions were primarily driven by government policies, regulatory requirements and subsidies, not by purely commercial considerations. If and when government policies were to change because of the cost of these policies and/or consumer resistance, the trends in investment could reverse."*

In the transcript you state, *"Adapting to climate change is a big public policy issue to be debated in the public arena. For our purposes at OSFI, climate change is an immense challenge and opportunity to our financial system. And our job … We've used the metaphor of a pivot. I'm going to use a metaphor of "just keep driving forward day after day, step after step, mile after mile to progress the maturity by which we measure and understand climate risk". That's our job. Let the public arena and the participants there debate climate policy. We just want to move steadily forward step by step and be relentless on this. That's our job."*

This is not your job. Your relentless influence on climate risk reporting is imposing extremely costly and burdensome reporting measures on industries and businesses in Canada, at a time when our economy is on life-support.

In the transcript, Wendy Berman, Chair of Canadian Sustainability Standards Board said, *"So, when we look at numbers like that for clean energy, when we look at countries, 8 of our 10 largest trading partners have or will have mandatory sustainability disclosure regimes in the near term. Eight out of 10. So, that's a significant amount right there."*

But those 8 countries do not equate to the value of trade with our largest trading partner, the USA, which has abandoned the Paris Agreement and is rejecting mandatory reporting requirements. Imposing mandatory reporting, climate risk reporting and CSSB standards in Canada will make our economy uncompetitive in every way.




Source: Facts on Canada's Global Trade – An Open Letter to Senior Deputy Governor Carolyn Rogers

In closing, we note that Senator Rosa Galvez' "Climate Aligned Finance Act" (Bill S-238) has received second reading in the Senate as of Feb. 04, 2026. This bill, if implemented, will destroy Canada's energy sector, which is vitally important to our overall economy. You have testified in Senate hearings in favor of this bill, likely you were misled on the 'climate emergency' based on the misuse of RCP 8.5, and more recently the flawed, now-retracted Kotz et al paper.

**We believe it is incumbent upon you to publicly recognize that the Kotz paper has been retracted and that any bank or organization that used it for climate risk assessment has misled the public, and likewise that RCP 8.5 is not the 'business-as-usual' scenario; it is implausible and impossible.**

Canada's economy is on life-support. Climate policies are killing it.

The only 'climate action' Canada needs at this point is to withdraw from the Paris Agreement and dismantle the CSSB and related climate risk reporting mandates.

Sincerely,

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