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March 24, 2026

Open Letter:

Response requested on the recent Settlement by Vanguard vis a vis an ESG law suit, and other topics

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Office of the Superintendent of Financial Institutions (OSFI)

Cc:

Bank of Canada

Canadian Securities Administrators – CSA

Alberta Securities Commission

AIMCo

The Honorable Danielle Smith, Premier of Alberta

The Honorable Scott Moe, Premier of Saskatchewan

Toronto Stock Exchange

CSSB (via FRAS contact form)

Business Council of Canada

ATTN: Superintendent Peter Routledge

Dear Superintendent Routledge,

RE: Response requested on the recent Settlement by Vanguard vis a vis an ESG law suit brought by Texas AG Ken Paxton and others; Rescission of the US EPA CO₂ Endangerment Finding; Retraction of Kotz et al (2024); Abandonment of RCP8.5

Thank you for your correspondence department's letter of acknowledgement of my recent Open Letter to you, on the rescission of the US EPA CO₂ Endangerment Finding.

Friends of Science Society requested that OSFI issue a public statement regarding the retraction of Kotz et al (2024), a consequential economic paper that falsely made catastrophic claims about future climate damage, and which was used by central banks and the Network for Greening the Financial System to set climate risk and related policies. To what extent did the use of this wildly exaggerated model affect the climate risk assessments which you received last fall from the financial and insurance organizations that you supervise? Canadians deserve to know.

Also, advocates of the Paris Agreement, like Catherine McKenna in her “[Integrity Matters: Winning the Future](#)” report, are claiming that the Paris Agreement has led to a reduction in emissions trajectory, when, in fact, the ‘reduction’ is simply due to the fact that the improbable scenario, known as RCP 8.5,¹ often cited as the ‘business-as-usual’ case, has been recognized as improbable.

In light of these three pivotal issues,

- a) The rescission of the US EPA CO₂ Endangerment Finding
- b) The retraction of Kotz et al (2024) which banks used for the climate damage function
- c) The abandonment of RCP 8.5 for its improbable projections

what recommendations will you be offering to the financial institutions and funds that you supervise, in regard to assessing climate risk? **Please issue a public statement on these matters and how it will affect the banking, finance and securities sector in Canada.** It seems that the more catastrophic climate projections have been rendered fictional and that no price on carbon is relevant.

Indeed, in light of the war in Iran and globally constrained energy, fertilizer, helium, and the product stream for petro-chemical markets, all industries will be impacted with significant price hikes in the immediate and mid-term; encouraging, enabling or demanding a price on carbon by asset managers or the banking sector, to meet ESG (environment, social, governance) goals, seems ludicrous.

In Europe, the bastion of carbon pricing and the European Union Emissions Trading System, France wants reduced emissions taxes, though some are grimly holding on.²

*“It would be a strategic error to say that competitiveness means abandoning climate action,” warned Emmanuel Macron, while suggesting that it would be preferable to bring the **price of a ton of carbon down to around 30 to 40 euros.** [translated, bold emphasis added]*

Note that a 30-40 Euro price on carbon is about CAD\$47 – far below the Government of Canada’s intended April 1, 2026, increase of the minimum industrial emissions carbon tax to \$130/t, which is currently under negotiation between Alberta and Ottawa. As Prof. Sylvain Charlebois (aka “The Food Professor”) has recently pointed out, a rise in the carbon tax will also hit food prices across the board.

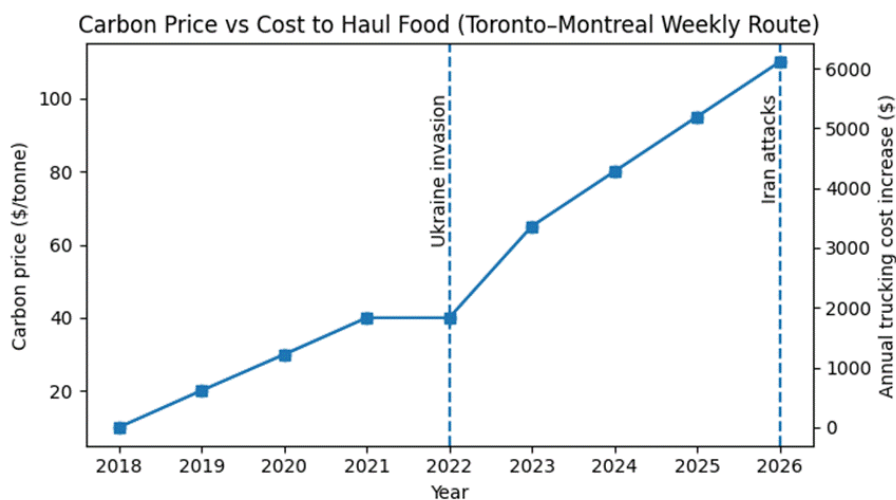
As Charlebois writes in a recent Substack, “Ottawa cannot control global energy markets, but it can decide whether domestic policy adds pressure to the cost of feeding Canadians.”³

¹ RCP stands for Representative Concentration Pathway and is based on the work of [van Vuuren et al 2011](#). As stated by the authors, the pathways were never meant for use in policy-making, only for research purposes.

² <https://share.google/OhazHYVqwg6SHG6NS>

³ https://open.substack.com/pub/agrifoodanalyticslab/p/the-inconvenient-truth-about-the?utm_campaign=post-expanded-share&utm_medium=web

Likewise, we are aware that OSFI does not set government policy, but you are in a position to lead and advise.



Charlebois writes: On April 1, 2026, the carbon price will reach **\$110 per tonne**—more than double what it was when the Ukraine war began. For that same weekly Toronto–Montreal route, the additional carbon-tax cost alone rises to roughly **\$6,000 per year compared with 2018**. That is more than **three times the burden carriers faced when the Ukraine war began**.

And that calculation excludes the obvious: **higher fuel prices themselves**, which inevitably accompany geopolitical shocks such as Ukraine in 2022 or the latest tensions involving Iran.

The cumulative effect becomes clearer when looking at the national logistics system. Canada likely sees **800 to 1,200 long-haul food truck trips each day**, many covering distances of roughly 1,000 kilometres. At a carbon price of **\$110 per tonne**, the diesel tax component alone represents approximately **\$34 million to \$52 million per year** in additional costs across those shipments.

And this estimate is extremely conservative.

Vanguard Settlement with Texas AG Ken Paxton et al

Today, we would also like you to publicly address the recent settlement that asset manager Vanguard came to with the State of Texas Attorney General Ken Paxton, and others.

Vanguard is a significant shareholder in all of Canada's major banks. In the settlement, as outlined in the press release by AG Paxton:⁴

“Under the first-of-its-kind settlement negotiated by Attorney General Paxton, Vanguard has committed to avoid imposing ESG goals over its customers’ profitability. For example, Vanguard will not use its shareholdings to (a) direct its portfolio companies’ business strategies, (b) threaten its portfolio companies that it will withdraw from its holdings unless they agree to act (or not act) in some manner, or (c) nominate directors or shareholder proposals to its portfolio companies. Vanguard has also agreed to pay \$29.5 million to the states.”

How does this US settlement affect OSFI, BoC, and other Canadian banks who also do business in the USA? Will Vanguard extend such relief to the Canadian banks that it is invested in? Has Vanguard's advocacy for ESG goals affected customers of Canadian banks? Are other asset managers engaging in similar ESG coercive pressure on Canadian banks and financial institutions? In other words, have Canadian banks been forced to, or encouraged to, coerce customers into ESG/climate compliance? If so, will this now stop, or does the Vanguard settlement only apply south of the border?

As Dr. Tammy Nemeth points out in a recent Substack, the focus on ESG has not stopped, it has just gone underground.⁵ Barclay's Bank recently issued a report that recognized, **“Energy hierarchy not trilemma:** When energy systems are under pressure, priorities become clear: security of supply comes first, followed by affordability, with sustainability addressed once the basics are assured. The energy trilemma is, in practice, a hierarchy - investment must reflect this real-world order to endure.”

This pragmatic approach does not seem to be reflected in Royal Bank of Canada's (RBC) recently stated policies.

It appears that RBC is emulating coercive tactics of the so-called 'climate cartel' in its recent publications, referencing Climate Action 100+ benchmarks, Glasgow Financial Alliance for Net Zero methodologies, and those of the Net Zero Banking Alliance. All of these organizations have been identified by the US Republican House Judiciary Committee on antitrust violations as potentially having colluded to coerce the businesses they are invested in, into 'net zero' climate action, which is detrimental to shareholder value and the business operations themselves.⁶ This was the whole point of the Texas AG (with others) case against Vanguard, BlackRock and State Street who were said to be collaborating with the banking and climate action parties noted above.

⁴ <https://www.texasattorneygeneral.gov/news/releases/attorney-general-paxton-secures-historic-industry-changing-agreement-vanguard-protect-coal-industry>

⁵ https://open.substack.com/pub/thenemethreport/p/esg-underground?utm_campaign=post-expanded-share&utm_medium=web

⁶ [https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/2024-06-11%20Climate%20Control%20-%20Exposing%20the%20Decarbonization%20Collusion%20in%20Environmental%2C%20Social%2C%20and%20Governance%20\(ESG\)%20Investing.pdf](https://judiciary.house.gov/sites/evo-subsites/republicans-judiciary.house.gov/files/evo-media-document/2024-06-11%20Climate%20Control%20-%20Exposing%20the%20Decarbonization%20Collusion%20in%20Environmental%2C%20Social%2C%20and%20Governance%20(ESG)%20Investing.pdf)

It is deeply concerning that RBC intends to “make difficult business decisions” including denying financial services to non-compliant Net Zero corporations and clients.

RBC CM believes that clients who are proactively planning for the energy transition are better positioned to respond to associated emerging risks and opportunities. This is why client transition plans are an important consideration in RBC CM’s business decision-making. The business considers clients in the “non-committed” band of the maturity scale to be at particular risk of facing significant challenges in making appropriate adjustments to their operations and ultimately maintaining or improving their financial performance. RBC CM is prepared to make difficult business decisions and ultimately step away if a client, after repeated engagement, does not demonstrate sufficient planning for the energy transition. On a case-by-case basis, and considered alongside other financial and non-financial factors, this could include reducing or eliminating available credit and other products and services.²⁶

As noted in RBC’s “Climate Crunch” - ESG now means energy, security and geopolitics.⁷ **Coercing companies into Net Zero targets is exactly what the world does not need now.**

ATB Financial and Studio Energy have published a report showing that “...building and filling incremental oil pipeline capacity could contribute an average of \$31.4 billion (in 2017 dollars) to national real GDP annually between 2027 and 2035, and boost annual employment by 112,000.”⁸

In Robert Lyman’s new report, “[Stop Finding Reasons to Say No: Major Projects Saddled with Major Barriers and Last-Minute Pile-ons](#)” the challenge of getting any major energy or infrastructure project built in Canada is burdened by often pancaked and capricious regulatory requirements. How does it address the “productivity crisis” that the Bank of Canada has repeatedly said our economy faces,⁹ ¹⁰ by also having the banking sector pile-on with unproductive Net Zero reporting and compliance coercion?

Yet, Canadian shareholder activist group “SHARE”¹¹ appears to be trying to impose unnecessary reporting on banks on their ratio of conventional to renewable energy financing within their portfolios.

⁷ <https://www.rbc.com/en/thought-leadership/climate-action-institute/climate-crunch/the-coming-war-for-climate/>

⁸ <https://www.atb.com/company/news/releases/the-gdp-payoff-of-additional-oil-pipeline-capacity/>

⁹ <https://www.bankofcanada.ca/2024/03/productivity-problem/>

¹⁰ <https://www.bankofcanada.ca/2025/11/canadas-weak-productivity-reversing-course/>

¹¹ <https://share.ca/>

Amanda Carr, associate director of climate advocacy at Share, said too many banks are holding back on a key tool for assessing how much banks are aligned with the energy systems needed in the decades ahead.

"Transparent energy finance ratios are no longer a nice-to-have. They're essential for investors trying to understand whether banks are managing transition risk and positioning themselves for the future," she said in a news release.¹²

Though RBC claims in its "Client Engagement Approach" document that it is aligned with the IEA's Net Zero Emissions Scenario by 2050¹³ which advocates for a tripling of renewables, clearly the production of more renewables will require VASTLY more oil, natural gas, and coal, both to drive mining and mineral processing, as well as the very production of wind and solar devices.

It is astonishing that apparently the climate activists at Canadian banks are unable to understand that ***their Net Zero demands on the energy and power generation sectors are diametrically opposed to the fundamental energy needs required to make or operate a Canadian power grid that is planned to be doubled, or to step up as a global supplier of critical minerals, oil, natural gas or coal.***¹⁴ Thus, contrary to the statement by Amanda Carr of SHARE, all "energy systems needed in the decades ahead" will require oil, natural gas and coal, in order to be built, installed, maintained and operated on the grid.

For those companies that refuse to play the RBC (and perhaps other banks) Net Zero transition game, the outcome will be debanking. How is this in the national interest?

RBC states: "As a major lender to the energy sector, RBC has a role to play in helping accelerate the energy transition and supporting the resilience and competitiveness of its clients. This is key to delivering on RBC's climate commitments."

Superintendent Routledge, why does RBC think this is its role to play? As mentioned in our previous letter to you, "It is our understanding of The Bank Act¹⁵ that banks are not permitted to coerce parties into anything, Section 627.04. ...Likewise, according to Section 627.03, no bank shall provide false or misleading information to customers."¹⁶

¹² <https://www.msn.com/en-ca/money/topstories/banks-moving-forward-on-measuring-key-climate-financing-measure/ar-AA1Z0sZs?ei=9>

¹³ <https://www.iea.org/reports/global-energy-and-climate-model/net-zero-emissions-by-2050-scenario-nze>

¹⁴ <https://spectrum.ieee.org/to-get-wind-power-you-need-oil>

¹⁵ <https://laws-lois.justice.gc.ca/eng/acts/b-1.01/page-4.html>

¹⁶ <https://blog.friendsofscience.org/wp-content/uploads/2026/02/Open-Letter-to-OSFI-and-BoC-on-US-Rescission-of-CO2-Endangerment-Finding.pdf>

We believe it is incumbent upon you to inform the Canadian public on the matters discussed herein, and to rein in climate activism in all of the financial, insurance and securities institutions that you supervise.

We look forward to your public statements and clarity on these matters in the directives to the financial institutions that you supervise.

We would appreciate a fulsome response to this letter.

Sincerely,

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