

Monday 24th March 2025

Toronto City Council
100 Queen Street West
Toronto, Ontario
M5H 2N2

RE: Support for MM28.37 Addressing the Financial Industry's Carbon Footprint - by Councillor Paula Fletcher, seconded by Councillor Dianne Saxe

Dear Members of Toronto City Council,

We are writing in support of all the recommendations outlined in **MM28.37** as a means to align the city's financial sector with the broader aims of TransformTO. Climate-aligned finance is the missing piece of Canada's climate plan, and the City of Toronto has a valuable opportunity to help advance Canada toward building a more secure and sustainable financial system.

According to recent research from the University of Toronto, 18 Toronto-based financial institutions contributed over \$1.43 trillion CAD financing to fossil fuel companies via loans, bonds and equity in 2022. This financing contributed to 1.44 billion tCO₂e emissions.¹ Canada's biggest banks also recently walked away from the Net-Zero Banking Alliance; a global initiative which convened banks to set goals and strategies to reach net-zero. Although these institutions claim that they will continue to pursue action on climate change, there is more need than ever for leadership and support for climate-aligned financial regulations.

Climate change poses substantial financial risks to Canada's economy. Emissions from fossil fuels are making climate change worse, and this is increasing the rate and severity of extreme weather events. In July 2024, Toronto experienced dangerous flash flooding. This flooding caused almost \$1 billion in insured damages, as well as infrastructure damage, business closures and uninsured costs.² Weather events like this will continue to increase in frequency as long as fossil fuel emissions continue to rise. Addressing financed emissions is therefore in Toronto's economic interest. By encouraging the shift toward climate-aligned finance, the city can help

¹ Oshinowo, T, Allegra Nesbitt-Jerman, and Robert Soden. "Bay Street Climate Report." Toronto: Toronto Climate Observatory, 2024. <http://climateobservatory.ca/baystreetclimatemonitor>.

² Insurance Bureau of Canada. "July Flash Floods in Toronto and Southern Ontario Caused over \$940 Million in Insured Damage," August 19, 2024. <https://www.ibc.ca/news-insights/news/july-flash-floods-in-toronto-and-southern-ontario-caused-over-940-million-in-insured-damage>.

mitigate climate-related financial risks while positioning itself as a leader in the growing sustainable finance sector.

We strongly endorse the recommendations outlined in the motion that:

1. The City should convene experts to discuss developing a Toronto 'Sustainable Finance Hub', and conduct a study on best practices from peer cities regarding supporting sustainable finance
2. The City should encourage and support the development of mandatory climate transition plans from provincial and federal governments
3. The City should express support for comprehensive climate-aligned finance regulation that would position Canada as a global leader in sustainable finance
4. The City should urge all Toronto-based finance institutions to take all actions possible to reduce financed emissions and accelerate financial support for the energy transition

Toronto has the opportunity to become a leader in municipal action on sustainable finance. The Government of Quebec and Finance Montreal are currently developing the Quebec Sustainable Finance Roadmap. This roadmap is the first of its kind in North America, and positions Quebec and Montreal as leaders in building a resilient and sustainable economy. In early 2025, the City of London launched the Transition Finance Council initiative, which brings together key financial and political stakeholders to make the City of London a global leader in transition financing. Similarly, the New York City Comptroller reports on the financed emissions of each of the city pension plans and has committed to divest each of these pension funds from fossil fuels. Toronto must step up if it is to keep pace with ambitious financial centres across the world.

The City of Toronto has long been involved in encouraging the growth of the city's financial sector. Through its work with Toronto Finance International/ the Toronto Finance Alliance, the city has worked with the provincial and federal governments to build a productive financial sector on Bay Street. The city has the experience necessary to work with the federal and provincial governments to encourage comprehensive climate-aligned financial regulations.

Bay Street is a significant part of Toronto's global identity. As Canada's primary financial hub, it houses the Toronto Stock Exchange, and the headquarters of the country's major financial institutions which collectively manage trillions of dollars in assets. Bay Street's financing decisions have an outsized impact on Canada's economy.

We urge the council to support this motion promptly. This motion provides the first steps towards making Toronto a global leader in sustainable finance. Additionally, Toronto has a responsibility to address the climate impacts of institutions based in the city in its overall climate strategy. This would work toward protecting the city against the economic impacts of climate change, and also help ensure the durability of one of Toronto's largest economic sectors. Comprehensive action on sustainable finance is needed now, and we look to the City Council to provide leadership on this matter.

Yours Sincerely,

Alex Walker
Climate Finance Program Manager
Environmental Defence Canada

Julie Segal
Senior Program Manager, Climate
Finance
Environmental Defence Canada

Adam Scott
Executive Director
Shift: Action for Pension Wealth &
Planet Health (A project of Makeway)

Amy Gray
Associate Director of Climate Finance
Stand.earth

