InfluenceMap PRESS RELEASE

New Study: Canada's Big Five Banks Undermining Own Net Zero Commitments

New analysis suggests banks are failing on climate with weak oil and gas policies, expanded fossil fuel financing, and obstructive industry associations

Canada's five largest banks may be undermining their own net zero goals, according to new analysis released today by independent think tank InfluenceMap. Analysis of the climate performance of the **Royal Bank of Canada (RBC)**, **Toronto-Dominion Bank (TD Bank)**, **Scotiabank**, **Bank of Montreal (BMO)**, and **Canadian Imperial Bank of Commerce (CIBC) –** all of which are signatories of the **Net Zero Banking Alliance –** finds that all five appear misaligned with climate science across all three assessment areas: climate governance, financing portfolios, and climate policy engagement.

This research, undertaken by InfluenceMap's FinanceMap program, shows that the financing and fossil fuel exclusion policies of the Big Five Canadian banks appear highly misaligned with the IEA's and IPCC's science-based net zero pathways. It reveals that the proportion of total financing going to the fossil fuel value chain from these banks has increased year-on-year, from 15.5% in 2020 to 18.4% in 2022. This compares with an average of 6.1% for leading US banks and 8.7% for leading European banks across the same period.

FinanceMap's assessment of the policy engagement by the banks finds that all five are members of industry associations that have engaged obstructively with financial and real-economy climate policies in Canada. The **Canadian Bankers Association**, for example, stated in November 2023 that Canada does not require climate-related banking regulations, while the **Business Council of Canada** has advocated for the expansion of Canadian fossil gas as recently as March 2023.

FinanceMap's overall assessment of the banks' climate governance, strategy, and policies against TCFD guidelines and IPCC and IEA technological positions show that there are no leaders in the Canadian banking sector, with an average regional score of D+.

"*The Big Five banks hold significant economic and political influence in Canada, yet they are delaying action that is essential to respond to the climate crisis, while retaining strong financing links to the country's fossil fuel sector,*" said **FinanceMap Program Manager Daan Van Acker**.

All banks assessed in this research were offered the opportunity to review the analysis and provide feedback prior to release.

The scores for the banks, alongside the averages of leading US and European banks, are as follows:

Bank	Fossil Fuel to Green Financing Ratio	Portfolio Net Zero Alignment Score*	Climate Governance Score	Policy Engagement	
				Score	Intensity
RBC	3.8 : 1	-27%	D+	D+	12%
TD Bank	4.3 : 1	-29%	D+	D+	11%
Scotiabank	3.0 : 1	-27%	D+	C-	15%
BMO	6.8 : 1	-26%	D+	C	10%
CIBC	3.7 : 1	-26%	D	C	9%
US banks (avg.) [1]	2.8 : 1	-30%	D+	D+	17%
European banks (avg.) [2]	2.0 : 1	-26%	C+	C-	29%

**The Portfolio Net Zero Alignment Score, based on the PACTA tool, shows to what extent a bank's corporate lending and bond and equity underwriting portfolios consist of companies transitioning in line with the IEA Net Zero by 2050 Scenario in key sectors. Portfolio Paris Alignment Scores can range from -100% to +100%, with a score of 0% indicating the portfolio is perfectly aligned with IEA Net Zero. Negative scores indicate that the portfolio is overfinancing companies expanding polluting technologies and underfinancing companies expanding green technologies.*

Additional findings from the report include:

- The banks continue to favor fossil fuel financing over green financing by a factor of 3.9 to 1, a significant jump from the ratios seen in the largest US and European Banks, which stand at 2.8 to 1, and 2.0 to 1 respectively. **BMO** had the highest fossil-fuel-to-green ratio at 6.8 to 1, while **Scotiabank** had the lowest at 3.0 to 1.

- FinanceMap also assessed the climate governance, strategy, and policies of the Big Five banks and found that the banks do not appear to be aligning their short and medium-term emissions reduction targets with their long-term net zero commitments. **CIBC, TD Bank, RBC,** and **Scotiabank** have all set relative, intensity-based targets allowing for absolute financed emissions to rise year on year. Only **BMO** has set an absolute target for Scope 3 oil and gas emissions. Most banks have not expanded the scope of their targets to cover facilitated emissions from capital markets activities.

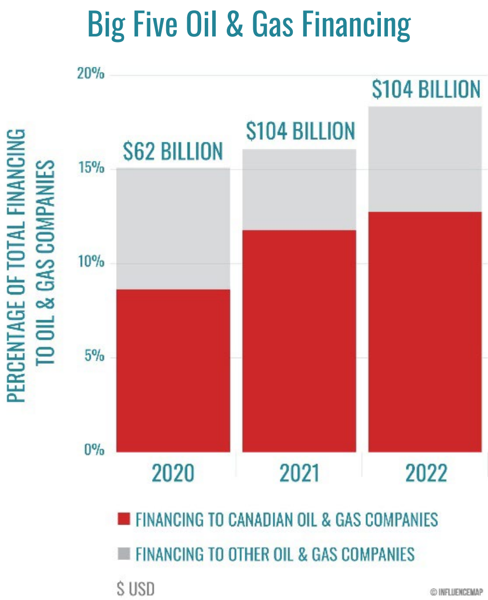
- None of the banks have committed to restricting financing for the development of new oil and gas fields or to phasing out the financing of thermal coal. Overall, the five banks' fossil

[1] US banks included in assessment (banks in brackets only in governance assessment): J.P. Morgan, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, (Bank of America, Morgan Stanley)

[2] European banks included in assessment (banks in brackets only in governance assessment): HSBC, BNP Paribas, Crédit Agricole, Barclays, Santander, (Deutsche Bank, UBS, ING)

fuel exclusion policies are highly misaligned with IPCC science, consistently scoring F across coal, as well as oil and gas, under FinanceMap's scoring methodology.

- This study finds that the lack of robust financing exclusion policies at the Big Five has allowed $275 billion (USD) to flow to companies in the fossil fuel value chain through lending and security underwriting activities from 2020 to 2022. Using the PACTA tool, it finds each bank's combined lending and securities underwriting portfolios to be significantly off track with the IEA Net Zero by 2050 scenario.



- Domestic oil and gas financing represented 68% of the banks' total oil and gas financing deal flows over the three-year period assessed, representing an increasing proportion of overall financing year-on-year. Total domestic oil and gas financing stood at $184 billion over the three-year period assessed. Canadian oil and gas giants **Enbridge**, **Cenovus,** and **TC Energy** have particularly benefited from this, with $62 billion (USD) in financing between 2020 and 2022.

"*This report shows that despite their position of power, the Big Five Canadian banks are failing to support ambitious climate policy in Canada in line with their net zero commitments. These banks hold the keys to unlocking the green transition if they commit to using their climate influence and redirecting financial flows from fossil fuels towards clean energy and solutions. This would not only help tackle climate change but also create good jobs and increase Canada's global competitiveness.*"

Catherine McKenna, CEO of Climate and Nature Solutions, Chair of UN Secretary-General's High-level Expert Group on Net-Zero Commitments, former Canadian Minister of Environment and Climate Change

Click here for full report, graphics, and quotes

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Methodology

FinanceMap's assessment of the Big Five banks is divided into three key research areas:

1. **Portfolio analysis**, which analyzes portfolio exposure metrics and Net Zero alignment scores,

2. **Climate governance, strategy, and policies scoring**, which assesses how banks are incorporating climate issues into their decision-making and operations; and
3. **Policy engagement scoring**, which examines banks' direct and indirect engagement with climate-related financial regulation.

Further details on the methodology can be found in FinanceMap's Banking Methodology here.

About InfluenceMap and FinanceMap

FinanceMap is a research program and platform by non-profit think tank InfluenceMap. InfluenceMap provides objective and evidence-based analysis of how companies and financial institutions are impacting climate change. Our data and content are used extensively by a range of actors including investors, the media, NGOs, policymakers, and the corporate sector. InfluenceMap does not advocate or take positions on government policy. InfluenceMap is based in London, UK, with offices in New York, Tokyo, Seoul, and Canberra. Our content is open source and free to view and use under our Terms and Conditions.