

Stand.earth Proposal Filed at Royal Bank of Canada End Financing for New Fossil Fuel Exploration, Development and Transportation

Ramin Eshraghi-Yazdi, represented by [Stand.earth](#), has submitted the following proposal:

RESOLVED: Shareholders request that the Board of Directors of the Royal Bank of Canada (RBC) adopt a policy for a time-bound phase-out of the RBC's lending and underwriting to projects and companies engaging in new fossil fuel exploration, development and transportation.

Supporting Statement

Climate change poses a systemic risk, with estimated global GDP loss of 11-14% by midcentury under current trajectories.¹ The climate crisis is primarily caused by fossil fuel production and combustion.

According to scientific consensus, limiting warming to 1.5°C means the world cannot develop new oil and gas fields, pipelines or coal mines beyond those already approved (new fossil fuel exploration, development and transportation).² Existing fossil fuel supplies are sufficient to satisfy global energy needs.³ New oil and gas fields will not produce in time to mitigate energy market turmoil resulting from the Russian invasion of Ukraine.⁴

RBC has committed to align its financing with the goals of the Paris Agreement,⁵ achieving net-zero emissions by 2050 consistent with limiting global warming to 1.5°C.⁶

The High-Level Expert Group (HLEG) on the Net-Zero Emissions Commitments of Non-State Entities standards released November 2022 make it clear that RBC's current policies and practices are not a credible pathway to net-zero by 2050.⁷

RBC is the world's fifth largest funder of fossil fuels, providing over US\$200 billion in lending and underwriting to fossil fuel companies during 2016-2021, including over US\$38 billion USD to 100 top companies engaged in new fossil fuel exploration and development.⁸

Without a policy to phase out financing of new fossil fuel exploration, development and transportation, RBC is unlikely to meet its climate commitments and merits scrutiny for material risks that may include:

- **Greenwashing:** Banking and securities regulators are tightening and enforcing greenwashing regulations, which could result in major fines and settlements.⁹ The Competition Bureau of Canada, a federal law enforcement agency, began an investigation into the bank's alleged deceptive marketing practices related to its stated climate actions.¹⁰
- **Regulation:** Central banks are starting to implement climate stress tests¹¹ and scenario analyses,¹² and some have begun to propose increased capital requirements for banks' climate risks.¹³ The Office of the Superintendent of Financial Institutions (OSFI) has begun to develop

¹<https://www.swissre.com/institute/research/topics-and-risk-dialogues/climate-and-natural-catastrophe-risk/expertise-publication-economic-s-of-climate-change.html>

²<https://www.iisd.org/system/files/2022-10/navigating-energy-transitions-mapping-road-to-1.5.pdf>

³<https://www.ipcc.ch/report/ar6/wg3/resources/spm-headline-statements/>

⁴<https://www.iea.org/commentaries/what-does-the-current-global-energy-crisis-mean-for-energy-investment>

⁵<https://www.rbc.com/community-social-impact/environment/nzba.html>

⁶<https://www.unepfi.org/net-zero-banking/commitment/>

⁷<https://www.un.org/sg/en/content/sg/statement/2022-11-08/secretary-generals-remarks-launch-of-report-of-high-level-expert-group-net-zero-commitments-delivered>

⁸<http://bankingonclimatechaos.org/>

⁹<https://www.bankingsupervision.europa.eu/press/speeches/date/2022/html/ssm.sp220922~bb043aa0bd.en.html>

¹⁰<https://ecojustice.ca/wp-content/uploads/2022/10/2022-09-29-Notice-of-Inquiry-Commencement-RBC-complaint-to-Competition-Bureau.pdf>

climate risk management guidance that will include measures on capital and liquidity adequacy.

- Competition: Dozens of global banks have adopted policies to phase out financial support for new oil and gas fields¹⁴ and coal mines.¹⁵
- Reputation: Continued fossil fuel expansion project financing like the Coastal GasLink fracked gas and Trans Mountain oil sands pipelines have been shown to conflict with Indigenous rights and are opposed by some communities, resulting in increasing negative media articles and demonstrations at RBC locations.¹⁶

By exacerbating climate change, RBC is increasing systemic risk, which will have significant negative impacts – including physical risks and transition risks¹⁷ – for itself and for diversified investors.

We urge you to vote **FOR** this proposal.

¹¹ <https://www.bankingsupervision.europa.eu/press/pr/date/2022/html/ssm.pr220708~565c38d18a.en.html>

¹² <https://www.federalreserve.gov/newsevents/pressreleases/other20220929a.htm>

¹³ <https://www.bis.org/review/r220223e.htm>

¹⁴ <https://oilgaspolicytracker.org/>

¹⁵ <https://coalpolicytool.org/>

¹⁶ <https://www.iheartradio.ca/am800/news/university-students-protest-presence-of-rbc-on-campus-1.18656090>;

<https://www.winnipegfreepress.com/breakingnews/2022/10/31/zombies-say-banks-fossil-fuel-involvement-no-halloween-treat>;

<https://bc.ctvnews.ca/dozens-of-celebrities-sign-petition-calling-on-rbc-to-stop-financing-coastal-gaslink-pipeline-in-b-c-1.5821485>

¹⁷ <https://www.bis.org/bcbs/publ/d517.pdf>