News Release

Senator Rosa Galvez

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Independent Senator Rosa Galvez reintroduces bill to align Canadian financial sector with climate commitments

Ottawa, October 29, 2025 – Today, the Honourable Senator Rosa Galvez reintroduced in the Senate Bill S-238, the *Climate-Aligned Finance Act* (CAFA), strengthened through expert consultations to ensure that Canada's financial sector becomes a driver of climate action. CAFA's goal is to align the activities of federal financial institutions and federally-regulated entities with Canada's climate commitments. The bill would guide Canada's financial sector through an orderly transition to a low-carbon economy in order to meet our climate targets while safeguarding the financial system from the systemic risks posed by climate change.

The bill would require financial institutions and Crown corporations to develop action plans and targets; establish a duty of alignment with climate commitments for directors and officers of federally-regulated entities; require the appointment of a person with climate expertise to certain boards of directors; and push for capital adequacy requirement proportionate to the climate risks generated by financial institutions. After the bill's predecessor, bill S-243, died on the Order Paper, CAFA was amended to address some of the criticism it received, notably by:

- Removing mention of specific capital risk-weights for financing of fossil fuel activities,
- Requiring disclosure, not removal, of board members of reporting entities who have climate conflicts, and
- Deeming those complying with the new duty to align with climate commitments to carry out their duties under any other enactment.

CAFA is more relevant than ever. The consequences of climate change are becoming more costly, but our major financial institutions, the ones that should be financing our future, are lagging. In this time of economic uncertainty, the need to diversify and climate-proof the economy is an imperative. It is high time to make timely and meaningful progress towards safeguarding the stability of both the financial and climate systems.

Quotes

"We can no longer afford incrementalism. We are out of time for half-measures. CAFA is not radical, it is simply inevitable. It is the next logical step to protect Canadians, our economy, and our climate. Voluntary pledges have failed to shift capital at the scale and speed required. CAFA is essential because Canada's reliance on fossil-fuel financing is increasing systemic risk. We need structural rules, not wishful thinking."

"Climate change is already starting to wreak havoc on our financial system. Extreme weather events are becoming more frequent and more costly. In 2024 alone, insured losses were estimated at $9.2 billion, representing only a fraction of the total losses suffered by Canadians. We need to act now, or risk bearing the cost of inaction."

– The Honourable Senator Rosa Galvez, Ph.D., P.Eng., FEC, FCSCE

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Related Links:

- Read the text of the bill
- Read the white paper on Aligning Canadian Finance with Climate Commitments
- Read more resources on CAFA
- Learn more about Senator Rosa Galvez
- Follow Senator Rosa Galvez on Twitter or Facebook @SenRosaGalvez

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