SENATE | SÉNAT
CANADA

Statement: Senator Galvez vows to continue push for the *Climate-Aligned Finance Act* despite it being killed by prorogation

Ottawa, January 9, 2025 – The 1st Session of the 44th Parliament ended on January 6, 2025, when Prime Minister Justin Trudeau prorogued Parliament. As a result, Bill S-243, the *Climate-Aligned Finance Act* (CAFA), died on the Order Paper.

I introduced CAFA on March 24, 2022, after identifying significant gaps in Canada's sustainable finance policy. It was clear then, and it remains clear now, that we will never achieve our climate goals without the full and proactive participation of the financial sector. The objective of this bill was to align the activities of federal financial institutions and other federally regulated entities with the superseding economic and public interest matter of achieving our climate commitments. It aimed to make timely and meaningful progress toward safeguarding the stability of both the financial and climate systems. It recognized the systemic risks posed to all sectors of the economy by not aligning financial flows with climate commitments.

CAFA was developed through consultation with dozens of national and international experts in sustainable finance and climate. It has the support of 120 organizations from coast to coast and Members of Parliament from four out of the five parties in the House of Commons. After being referred to the Standing Senate Committee on Banking, Commerce and the Economy in June 2023, a study of the Bill commenced in November 2023 but ultimately the Bill stalled in committee in early May 2024 until it was dropped off the Order Paper earlier this week.

The need to align Canada's financial institutions with its climate commitments is as great as ever. Since the introduction of CAFA, the Office of the Superintendent of Financial Institutions published Guideline B-15, which sets out OSFI's expectations for the management of climate-related risks, and the Canadian Sustainability Standards Board has released its Canadian Sustainability Disclosure Standards. The federal government has also unveiled its plan to develop a green and transition taxonomy which would provide sustainable investment guidelines for investors. However, Canada is still lagging. Countries like the United Kingdom and the United States have already legislated the requirement for mandatory climate disclosures for many of their financial institutions, and the EU has adopted a new framework for ESG disclosures.

I remain committed to fighting for a financial system that is sustainable, inclusive, and fair. I commend the work done by the House of Commons Standing Committee on Environment and Sustainable Development during their study of Environment and Climate Impacts Related to the Canadian Financial System, including its recommendation to the Minister of Environment and Climate Change and the Minister of Finance that Canada reform its financial system to align with climate commitments, citing CAFA and stating that it would "provide a robust, science-based regulatory framework for conducting transition plans and annual progress reports and address greenwashing concerns around climate action." I urge the Committee to pursue its important work in sustainable finance, as I continue to advocate for a climate-aligned financial system.

Related Links:

- Learn more about the Climate-Aligned Finance Act
- Learn more about Senator Rosa Galvez
- Follow Senator Rosa Galvez on Twitter or Facebook @SenRosaGalvez

For more information please contact:

Stéphane Laviolette | Political Strategic Advisor and Office Manager
Office of Senator Rosa Galvez
613-614-1753 | Stephane.Laviolette@sen.parl.gc.ca