

Sunsetting *Investors* for Paris Compliance.

Progress, shortcomings & lessons learned.



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A decision *to sunset.*

We have made the decision to sunset Investors for Paris Compliance.

Five years ago, we set out to test whether investor accountability could meaningfully enforce the wave of voluntary net zero commitments being made by Canada's financial institutions and largest emitters. In doing so, we aimed to help the Canadian economy become cleaner and less exposed to physical and transition risk.

At the time, this approach was promising. If investors demanded net zero compliance from the companies they owned – through engagement, voting, and divestment if needed – then markets could, in theory, drive the transition by pricing climate risk without the need for regulatory intervention.

We found that this approach only works at the margins.

Our efforts were able to surface risks, improve disclosure, and generate incremental change. We helped expose inconsistencies, sharpen expectations, and, in some cases, move companies to act. But this did not, and cannot on its own, drive the scale or speed of change required to address a risk that is now beginning to affect system stability.

Our conclusion is structural: investor accountability, in the absence of regulatory change or legal consequences, is not sufficient to deliver net zero outcomes or to manage climate risk at the system level.

Which *tragedy*?

I4PC's work has been situated in a broader strategic context. For years, people had been arguing that climate risk is set to disrupt the financial system, but this was taken more seriously following Mark Carney's 2015 "Tragedy of the Horizon" speech that he made when serving as Governor of the Bank of England.

That speech catalyzed an institutional response by central banks and prudential supervisors, but also sowed the seeds of inefficacy. In Carney's telling, the problem is one of timing: investment decisions are made on a short term basis whereas climate risk is longer-term. Yet, those short-term decisions can also reinforce that risk. Hence, the "tragedy" of the time horizon. That diagnosis lends itself to regulators asking for better climate risk information so that the market can fix the problem voluntarily.

Yet, despite its lack of novelty, Carney should have also invoked the more traditional "tragedy of the commons" as a core part of the diagnosis. In our engagements with financial companies, we heard that banks and investors will keep making financial decisions they know to be damaging to the climate and to their long-term interests because if they don't, then their competitors will. That's the tragedy of the commons.

The problem is that once we admit that the tragedy is also one of the commons, then that means that more robust regulatory intervention is needed to reshape markets, something that financial regulators have had little appetite for.

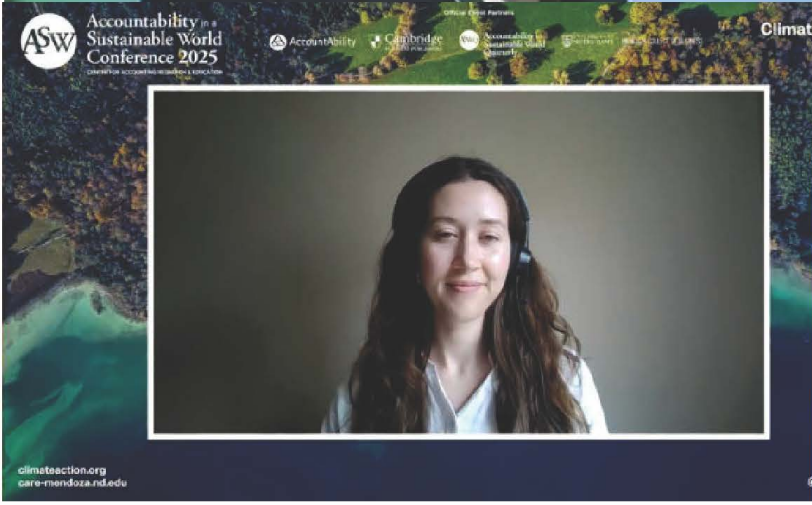
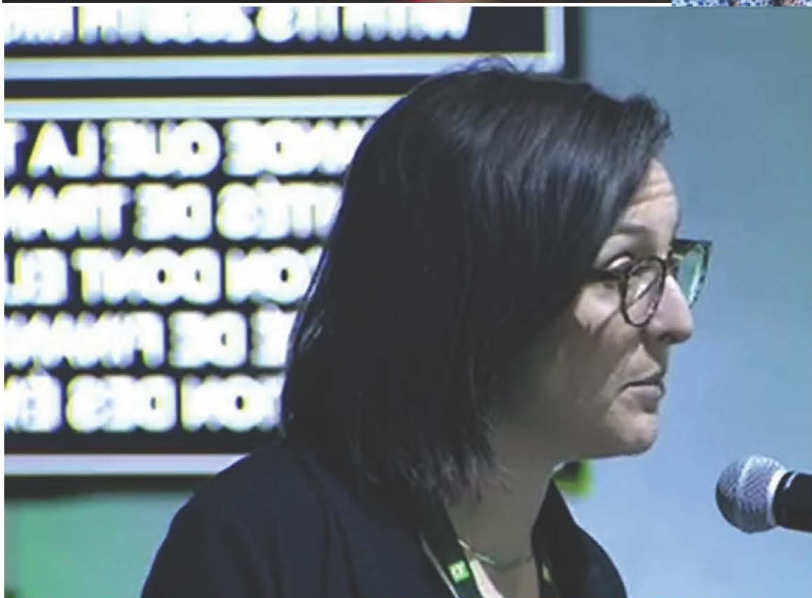
Instead, in Canada we continue to see a predominantly one-sided, climate-risk-disclosure approach to the issue – first through voluntary, industry-led initiatives, and more recently through regulator guidance.

The financial industry opted into voluntary frameworks under the umbrella of the Glasgow Financial Alliance for Net Zero (GFANZ), with various sub initiatives for banks, asset owners, asset managers, and insurers. Canada’s banks, for example, joined en masse in 2021, each committing to achieving net zero in financed emissions by 2050.

Our experience, elaborated on below, demonstrated the limitations of those voluntary agreements. Yet even the perception of financial institutions taking climate risk seriously became a red flag to culture warriors in the U.S. Republican party. An organized campaign ensued to have Republican Attorneys General threaten members of GFANZ with “collusion,” complete with boycott lists for bidding on state business. This was enough to collapse most GFANZ initiatives and to lead many North American companies to water down their climate disclosures. The chill blew into Canada.

The first Canadian financial sector regulator to require climate risk disclosure from financial institutions was the Office of the Superintendent for Financial Institutions via its Climate Risk Management guidance. Across the broader economy we are still waiting for basic emissions disclosure due to foot dragging by provincial securities regulators.

This is the context in which we find ourselves today. The climate risk identified over ten years ago by Carney has only increased, yet the willingness of the financial industry to even talk about it has waned. Politicians, meanwhile, are caught up in a world upended by tariffs and wars, which in Canada drives many to the economic security of the past – fossil fuels – thereby increasing rather than tackling transition risk. Meanwhile, physical risk hands us billions in climate damages each year, trending upwards. At this point, the prognosis isn’t great, with system stability at stake.



Progress, *at the margins.*

Over five years, we tested whether investor pressure could meaningfully enforce corporate net-zero commitments across Canada's financial system. We did so through a combination of shareholder proposals, reports, regulatory complaints, and targeted engagement across banks, insurers, asset managers, and oil and gas companies.

We're proud of our track record. Pound for pound, we have been incredibly productive. Yet we feel our work generated only incremental results.

We demonstrated that shareholder pressure can influence disclosure, even when it falls short of changing actual business practices. For example, sustained scrutiny of "sustainable finance" claims contributed to RBC retiring that broad label in favour of more specific language around renewables. Similarly, repeated proposals at banks and insurers helped push forward more detailed financed emissions reporting and transition-related disclosures.

We also established that a meaningful minority of investors is willing to support stronger climate action. Across multiple AGM cycles, our proposals regularly received support in the 20–25% range, with occasional higher votes. These votes, while not decisive, signal that a base for incremental action exists within capital markets.

Targeted engagement occasionally translated into tangible, if partial, wins. National Bank's \$20 billion renewables financing commitment, Sun Life's emerging work on climate-related health impacts, and TD's improvement of its climate criteria for directors all demonstrate that pressure can produce some movement.

At the system level, our work helped surface gaps and inconsistencies that were previously opaque. This includes the first comprehensive assessments of Canadian bank net zero plans, investor climate voting records, private equity disclosures, and the intersection of insurance, affordability, and physical climate risk. These efforts contributed to greater transparency.

At the same time, our experience with securities and financial regulators consistently revealed limited follow-through, even where credible concerns were raised regarding greenwashing, system stability, or market conduct.

Taken together, this body of work leads us to this conclusion: investor accountability can surface issues, improve transparency, and generate incremental progress. But on its own, it is not sufficient to drive the scale or speed of change required. That outcome depends on regulatory, legal, and incentive structures that suffer from inertia in Canada. As climate risk grows, this must change or the system will destabilize.



Nine *lessons* learned.

We have learned an incredible amount over the past five years, and there is still much more to know. We have for now distilled our experience into nine working conclusions – rooted in specific engagements with Canadian banks, insurers, asset managers, oil and gas companies, and the regulators charged with overseeing them.



01 About A Quarter Of The Market Is Up For Incremental Progress

I4PC's theory of change centred on the fact that most major Canadian investors have net zero commitments and should therefore be motivated to hold their investees accountable to their commitments. This should manifest in those investors demanding that investees take appropriate action, whether behind closed doors or during AGMs in the form of their votes.

Our experience filing proposals is that about a quarter of institutional investors are willing to back resolutions asking investees to do more, and only when “doing more” is framed incrementally rather than doing enough. This is not helped by the large proxy advisors – ISS and Glass Lewis – having a limited understanding of climate risk and nearly always recommending to vote against related proposals.

Therefore, as a theory of change, there is a structural limitation to expecting that this will result in the progress needed on the timeline that climate science dictates.

02 Banks Will Change When Incentives Change

As the largest actors in the Canadian financial system, and as some of the country's most politically powerful companies, our big banks are an obvious starting point on net zero. Also, as quasi-utilities granted the privilege of profiting from Canada's money supply, citizens have a unique expectation of banks to act in the public interest.

Our banks have expended a good deal of time and effort measuring financed emissions and setting up internal processes, but for the most part have not changed their day-to-day business and remain highly exposed to fossil fuels. From the start they have said they are waiting for others to lead on climate economic policy, and do not use their political capital to advance this, with some doing the opposite. There are some differences between the banks, with BMO and National doing better on reducing fossil fuel exposure and investing in renewables, respectively. Scotiabank consistently came last in our assessments and has now renounced its net zero target.

A learning is that banks are not incentivized to care about climate risk. Unlike asset owners like pensions which have long investment timelines that need to incorporate longer-term risks, banks are financial intermediaries that are in and out of deals more quickly. They will only prioritize climate risk once regulators change the incentive structure, such as altering risk ratings for carbon-intensive assets or climate solutions.

03 The Fiction Of Oil & Gas Net Zero Commitments Is Almost Over

We spent two years trying to engage with Canada's big oil and gas companies, before realizing that despite their rhetoric, they were going in the opposite direction to net zero. Instead, they are doubling down on fossil fuel expansion, including "ESG darlings" like Enbridge. We concluded that our work was probably making things worse by giving institutional investors cover by doing little other than voting for our proposals. We therefore decided to stop filing them.

Big picture, Calgary signaled it was going net zero because Bay Street said it was, and the oil and gas industry couldn't risk getting cut off from capital. Yet, spend five minutes on any specific oil and gas company net zero plan, and you'll conclude that there's no there there. Scope 3 emissions are ignored (which is where transition risk lies), the scope 1 and 2 targets are themselves inadequate, and there's no capital expenditure to back them up. The silver bullet of carbon capture and storage – a speculative and expensive fix that also ignores scope 3 emissions – was outsourced to an association that lobbied for 100% taxpayer subsidies and is now speaking out against carbon pricing.

Institutional investors have mostly gone along with the fiction that Calgary has a credible net zero strategy, since it would be too awkward to conclude otherwise. In the current environment where massive fossil fuel expansion is on the table, it's unclear whether this fiction can survive. Indeed, if securities regulators upheld their anti-greenwashing mandate, it would fail tomorrow.

04 Bay Street Is Learning The Wrong Lesson From The Iran War

Even before the energy shocks from the Iran war, renewables plus battery storage had become cost competitive with fossil fuels, creating massive transition risk for oil and gas exporting countries like Canada, particularly higher cost producers like us.

Now, replacing foreign fuels has become a security imperative for dozens of countries, superseding net zero motivations. Unlike the oil shocks of the 1970's, this time there are cheap alternatives, and adopting them is a one way gate – you don't go back. The world is now undergoing major structural change that puts all new fossil fuel projects, particularly more expensive ones, at risk.

Instead of learning this lesson, the more vocal Bay Street voices are cheerleading the expansion of Canadian fossil fuel production. Already overly-concentrated in fossil fuels, this puts Canada's economy and financial sector at even greater risk on purely business terms. Fiduciary duty in this context requires moving beyond the prejudices of the past.

05 It's Not Engagement Vs. Divestment; It's Both

Ask most institutional investors about their plans to divest from companies that are clearly misaligned with net zero, you'll almost always hear some variation on “we choose instead to engage those companies to improve them.” This includes the banks' client engagement programs.

This neatly sidesteps the divestment imperative, and for the most part in exchange for no progress. If institutional investors are having frank closed-door conversations with Canada's major emitters, this is not showing up in performance. Indeed, emissions are going in the opposite direction. Publicly, institutional investors are not saying anything about fossil fuels and net zero, and almost none of them are filing shareholder proposals.

If investors are serious about engagement, they'll see engagement and divestment as points along a continuum. Effective engagement requires escalation and consequences, including leaving a company behind if they refuse to change. LGIM in the UK provides a good example of an investor doing engagement well, providing transparent company net zero assessments and divesting where companies show no progress.

06 The Costs of Physical Risks Are Being Passed Through – For Now

Physical risk to Canada's financial system is growing, manifesting primarily via the P&C industry's losses due to extreme weather, which exceeded a record \$9 billion in 2024. Home insurers on average lost money in Canada in 2023/2024. And, no insurance means no mortgages. No mortgages means no housing market – Canada's largest asset class.

Our insurance system is set up to flow through climate damages to homeowners and taxpayers. Insurance companies pass through claims losses via higher premiums and reduced coverage, hitting homeowners' balance sheets. Taxpayers pick up the tab for restoration, backstopping the system, and are being asked to invest more in adaptation. These coping mechanisms can only work for so long. Those creating the damages – major polluters – are not yet being asked to cover their costs. The insurance industry itself is scared to even talk about societal emissions reductions, focusing only on adaptation.

Note that insurance companies write one year policies while mortgage issuers write up to 30 year loans, meaning that banks are ultimately more exposed than insurance companies. Expect this issue to come to a head in the coming years.

07 Canada's Lifecos Have A Unique Fossil-Health Link, But Action Lags

Canada has some of the world's largest life insurance companies, or "lifecos." They have a clear imperative to act on climate risk in their portfolio since burning fossil fuels leads to air pollution and extreme weather that have massive negative health outcomes. Yet, the three largest lifecos, who together have over \$3 trillion in AUM, rank among the country's top investors in fossil fuels. They continue to invest policy holder premiums in activities that worsen the very health outcomes they're insuring against.

After over three years of engagement, one of the three – Sun Life – is starting to review its claims against climate data, and finding a correlation, for example between forest fire events and lung related health claims. This kind of research should motivate lifecos to shift their investments into clean energy, but they are moving very slowly.

08 Accounting And Audit Practices Are Masking Risk

If the cleanup bill for the oil and gas industry came due tomorrow, the industry would go bankrupt. In Canada alone this amounts to hundreds of billions of dollars. The absolute amount itself is a matter of major uncertainty given the Alberta government's inclination to shield the industry from transparency.

Luckily for oil and gas companies, they get to spread those costs out over time, and their accountants get to do the same for their financials, playing with accounting assumptions to make a billion dollar cost seem like mere millions, hiding from investors the true scale of the liability.

But wait, there's a check on these kinds of financial shenanigans in the form of independent auditors, yes? Yet, those auditors are utterly silent on the matter. Their independence is structurally compromised by getting paid by the companies they audit, and many have overly-long and cosy relationships, such as PwC's 53-year tenure at CNRL.

09 Regulators Need To Step Up To Deliver Their Mandates

In sum, if companies cannot be relied on to police their own voluntary net zero commitments, this means that climate risk will continue to grow, ultimately threatening the system itself. Several regulators, both federal and provincial, are charged with system stability. How are they doing?

With the exception of OSFI and the AMF, the regulators remain largely on the couch. Through climate risk disclosure and climate scenario analysis, OSFI and AMF have advanced the ‘better information’ approach to climate risk management started by Carney, to date not veering into incentivizing or requiring actual changes in practices.

The remaining provincial securities regulators and market conduct authorities are mostly silent, occasionally expressing concern about climate risk or disclosure, but doing almost nothing. For example, the Canadian Public Accountability Board, set up by securities regulators to police auditing, has thus far refused to investigate oil and gas liabilities accounting despite tens of billions in shareholder equity at stake.

What's *next.*

Climate risk continues to grow, and is now beginning to test the stability of the Canadian financial system.

Physical risk is already manifesting in the home-insurance market – with rising claims, reduced coverage, and billions in costs offloaded onto households and taxpayers. That coping mechanism can only stretch so far, with clear implications for mortgages and the housing market.

At the same time, Canada is moving in the wrong direction on transition risk. If Canada were a portfolio, it would be judged as significantly overexposed to fossil fuel assets at a time when lower-cost alternatives are quickly scaling globally, particularly after the Iran shock. Yet policy and capital allocation decisions are reinforcing, rather than reducing, that exposure. Canada's financial leaders are not resisting this trend; indeed, many are cheerleading it.

This has two implications. First, markets acting on voluntary signals will not adjust at the speed or scale required. Second, the remaining levers for managing climate risk are regulatory, legal, and political. The next phase of this work will therefore be defined by changing incentive structures and forcing accountability.

SECTION V · CONTINUED

This includes litigation to assign liability for damages, alongside cost recovery approaches that shift the growing burden of physical risk back onto major emitters. It includes regulatory action that goes beyond disclosure to reshape behaviour: adjusting capital requirements and risk weights, enforcing credible transition plans, and applying existing rules on accounting, auditing, and market conduct.

The tools to act already exist. What has been missing is the will to use them.

Shareholder advocacy has a role to play in exposing risk and testing disclosure, but it cannot substitute for these more fundamental levers. As long as market actors are rewarded for short-term returns without bearing the full cost of climate risk, they will continue to compound that risk, even when they recognize the problem.

That is the tragedy of the commons, and not just the tragedy of the horizon.

I4PC's work tested the limits of voluntary action. Having done so, the path forward is clearer. In the future, members of our team will advance this work through other initiatives, focused on the legal, regulatory, and accountability mechanisms required to match the scale of the challenge. But first we'll take some time off to reflect and recharge.



SECTION VI · ACKNOWLEDGEMENTS

À bientôt.

The team would like to thank everyone we have worked with over the past few years. Thank you to our donors who made this work possible, to the journalists who recognized its importance, and to those within the financial system working, often quietly, to push for better.

We'll always have Paris.

A detailed *activity timeline*.

Given our status as a shareholder advocacy organization, I4PC tracks its work over AGM cycles, generally running from Spring to Spring each year. These are the highlights of the past five years. For more details, reports, and other products, visit www.investorsforparis.com

2021– 22

I4PC was founded in 2021 and released its first report on net zero best practices for banks. This informed I4PC's first shareholder proposal at RBC's 2022 AGM asking the bank to improve its "sustainable finance" criteria given the questionable deals earning that label. Despite earning only around 8% support, this issue would persist for RBC, ultimately resulting in the bank retiring the vague label in favour of more specific renewables language.

That season, I4PC also filed a proposal at Enbridge asking for improved 2030 targets, including scope 3 emissions, and aligning capital spending. That proposal earned about 23% support, which is over the 20% threshold often considered a trigger for management to take the content seriously. Enbridge, however, never has, which is a pattern repeated at all Canadian oil and gas companies.

2022– 23

In our second season we expanded our work. This included looking at Canada's massive life insurance companies – also major asset managers – Sun Life and Manulife. We produced a report quantifying their financed emissions, which are each larger than the combined emissions of Ontario and Quebec. This led to a shareholder proposal at Sun Life's 2023 AGM asking for a report on the health impacts of its fossil fuel investments on its life insurance clients. While that resolution only garnered 13.7%, Sun Life is now actively researching climate and health relationships.

I4PC filed a total of seven resolutions for the 2023 AGM season, including two at Enbridge, and one each at Cenovus, Suncor, BMO, and TD. Two of the oil and gas resolutions asked for greater lobbying disclosure, with Cenovus surprising everyone by endorsing the proposal, ensuring 98% support. The company would follow up with inadequate lobbying disclosure, but in fact better than we see from Canada's major banks – an issue we were to take up later with BMO.

Our other oil and gas resolutions centred on accounting issues. For Enbridge, this concerned the fact that the company (still) refuses to count the end-use emissions of the products it ships in its scope 3 calculations. This is where its main transition risk lies, but its investors are being misled about the scale.

Our first first bank net zero report card showed that banks had started to disclose their financed emissions and specified reduction targets, but none explained how they were actually going to get there. Our TD proposal asked for greater clarity in its climate transition plan. The resolution received 23.5% in favour, with another 5% abstaining, for an unusually large vote breaking with management. We saw this as confirmation that TD's plans – and by extension all Canadian bank plans – are not fit for purpose in reaching net zero. To date, no Canadian bank has articulated a credible pathway to achieving net zero financed emissions.

In February we released our first report card tracking the AGM voting of major Canadian asset owners and managers on climate-related proposals, the first time anyone had done this. Despite many investors being members of Climate Action 100+, their voting history fell short of their stated climate ambitions. Among other weaknesses, many commitments to engage with portfolio companies – instead of divesting – were subject to major caveats, like exclusions of growing passive investment portfolios and independence of subsidiaries. This daylighting, however, would help improve results the following year.

2023– 24

We had been in the weeds of the big six banks' net zero work, and condensed these learnings into our second Canadian banks net zero report card. It continued to find a lot of variation in how the banks define and measure financed emissions, with large room for improvement not only in tracking, but tackling. The report card also revisited the issue of widespread greenwashing in the “sustainable finance” business segment of the banks.

We began a deep dive into private equity, and in particular Canada's largest participant, Brookfield. This resulted in a major report on the company, the first independent assessment given Brookfield's positioning as a green leader, raising billions for its “transition” funds. While a leader in many areas, the report found much room for improvement, particularly disclosing Brookfield's extensive oil and gas holdings, which don't feature in the company's promotions.

In January 2024 we took our first major step into the intersection of voluntary commitments and regulatory activity with a securities complaint filed with the Ontario Securities Commission and Quebec’s Autorité des marchés financiers regarding greenwashing in the banks’ “sustainable finance” business segment. The complaint garnered a lot of media attention, but inconclusive activity from the securities regulators who acted more like CSIS, acknowledging receipt but neither confirming nor denying follow up. Some of the banks did issue subsequent disclaimers, and RBC eventually ended up retiring its general claims in favour of more specific ones – progress of sorts.

In February we released our second climate voting report card, expanded to assess 35 investors, including members of Climate Engagement Canada. We also added a focus on investor climate engagement policies and voting transparency. The analysis of voting patterns on 26 climate-related resolutions at North American companies showed an incremental increase in support from the previous year’s analysis.

I4PC ended up filing four shareholder proposals at the 2024 AGMs, refiling similar proposals to 2023 at TD, Enbridge, and Suncor, while adding Power Corporation to the list. Power Corp is a major financial holding company with majority stakes in the likes of IGM and Canada Life. At issue was the failure of the holding company HQ to track and act on the climate risk of its various entities. As a dual share class company, the proposal was defeated by management, but Power Corp has gone on to improve its centralized financed emissions reporting. We also filed a proposal at National Bank on their fossil fuel and renewables ratio, but withdrew for negotiations.

2024– 25

For our next cycle we dug into the property and casualty insurance sector, often billed as the canary in the coal mine of climate risk. The irony is that the industry is also a major facilitator of the fossil fuel industry, investing in and underwriting projects, with Toronto-based Fairfax the third largest fossil fuel underwriter in the world. We produced a report both tracking the net zero performance of some of Canada’s largest P&C insurers as well as quantifying this contradiction.

We also announced that we were done filing oil and gas shareholder proposals. Not only did we see Canadian oil and gas companies going in the opposite direction to net zero (still true), but we also concluded that our activity on the file was giving an excuse to the large institutional investors to hang back. A full page ad in the Globe and Mail said “the job’s all yours – as it should be.”

Instead, we began to articulate the investment risk associated with the political push for LNG expansion in Canada, pointing out in a report that we are Late to the Party given the global over-build of LNG capacity, with projected demand failing to fully emerge and Canadian projects more expensive than our competitors. We would follow that up concluding the same arguments applied to the potential resurrection of the GNL Quebec project.

Our third climate voting report card showed some improvement in the climate voting records of major Canadian investors, although with a few key asset managers like RBC GAM and Scotia GAM still failing to match their climate rhetoric with votes. We added a focus on Canada's largest pension, CPP, which had the least supportive climate-related shareholder resolution voting record of the 10 pensions assessed. We also added an assessment of engagement escalation practices, by reviewing director votes to see whether any were withheld for climate related reasons.

Our third and final bank net zero report card added an assessment of their massive asset management arms, noting further inconsistency in their net zero commitments. BMO GAM stood out as the only one of the six banks to provide climate solution investments products and following-through on its escalating engagement policies. In the run up to the 2025 AGMs, we re-filed at National Bank after negotiations there bogged down, but then in the Spring we again withdrew as the bank announced an industry-leading \$20 billion by 2030 commitment to renewables financing, much larger than RBC's similar \$15 billion commitment given the size difference between the banks.

We also began to investigate the shady world of oil and gas liabilities accounting, where billions in costs on the balance sheet are routinely shrunk via high discount rates and overly-long asset life assumptions. In the build up to 2025 AGMs, we produced investor briefs on this issue related to Suncor and CNRL, although did not recommend any voting consequence yet.

For the 2025 AGM season, we ended up filing five shareholder proposals: at BMO on lobbying, Great-West Lifeco (majority owned by Power Corp) on transition plan disclosure, Fairfax on basic financed emissions disclosure, Brookfield on its definition of "transition" for its funds, and TD on its climate governance. We ended up settling with TD for improvements in its board selection criteria. Others went to a vote, with the usual range of support from the high teens to mid twenties. Around 40% of independent Fairfax investors voted with us, demonstrating that company's outlier status in both the insurance sector and on Bay St., failing to do anything on climate risk.

2025–
26

This brings us to our final cycle. We were already feeling the structural limitations of shareholder pressure and began to spend more time on regulatory approaches. This included a complaint to the Ontario Financial Services Regulatory Authority (FSRA) regarding growing system instability in the property insurance sector due to climate damages driving affordability issues, lack of disclosure, as well as the conflict of interest that insurers bring to the table with their fossil fuel activities helping to cause price hikes for premium holders. Unlike its BC and Quebec counterparts, FSRA has made no formal statements regarding climate damages, so it was perhaps unsurprising that the regulator responded that it would do nothing.

We also filed another greenwashing securities complaint, this time at the Alberta Securities Commission (ASC) regarding the net zero claims of Cenovus and Enbridge, representative of most oil and gas company disclosures in Canada. Much controversy has surrounded stronger anti-greenwashing provisions under federal competition law, allowing provincial securities regulators to cede the field and do nothing to follow through on their stated concerns about greenwashing. The ASC replied it would do nothing. Not only that, but the Alberta government then moved to further protect companies in that province from greenwashing scrutiny.

September 2025 marked the ten-year anniversary of Mark Carney’s “Tragedy of the Horizon” speech, and I4PC helped coordinate an appeal by an international grouping of 50+ climate finance NGOs to central bankers and prudential supervisors to use more regulatory tools to tackle climate risk, given that voluntary measures aren’t fit for purpose.

We followed up our initial oil and gas liabilities accounting and auditing work with a deep dive into how the top 15 Canadian companies are using questionable accounting practices to downplay the size of these costs on their books. Their auditors are totally silent on the issue, despite supposedly being accountable to investors. We also quantified the potential spread between the overall size of liabilities between a leaded Alberta Energy Regulator report and what’s on oil and gas books today – a difference of over \$113 billion

We released the report *Who Pays?* about how billions in climate damages are being passed along to homeowners and taxpayers via higher rates, reduced coverage, and various taxpayer-funded responses. This is already causing affordability issues, which threaten to compound to the point of system instability. The solution is to place the risk where it belongs – on those companies causing the problem in the first place, large emitters. We discussed these issues at a Canada Climate Week XChange event in Toronto with former California Insurance Commissioner Dave Jones.

Given the volatility of LNG markets and participants, we released another report outlining the similarities between LNG development and betting in a high-risk casino. This highlighted the different incentives and risks of the various types of participants, with some getting paid no matter what, and with long-term equity holders left holding the bag when things go wrong.

Our only shareholder proposal at 2026 AGMs was a re-filing at Fairfax. Following the significant independent vote the year before, the company did nothing to respond to shareholder concern to the point of refusing to even meet with us, unlike its peers. Despite anti-ESG headwinds, the vote increased to around 45% of independent shareholders.

We mounted an AGM campaign to highlight investor risk due to ongoing oil and gas liabilities accounting and auditing shortcomings at Canadian oil and gas companies. We voted “no” at Suncor and Cenovus for the election of the Chair of the Audit Committee and for the reappointment of the auditor and shared this analysis with institutional investors. We also helped produce *The Big Shortfall*, a parody video starring comedian Colin Mochrie in a bathtub explaining dodgy accounting practices.

Canada’s green and transition taxonomy process finally kicked off in the Spring of 2026. I4PC helped bring together around 30 organizations to set forward five principles to keep a Canadian taxonomy credible in the face of efforts to include fossil fuels.

Our final product will be a regulator assessment report, arriving at the logical conclusion to our work, that climate risk will only be successfully managed when Canadian regulators live up to their mandates for system stability. This includes federal bodies like the Bank of Canada and the Office of the Superintendent of Financial Institutions, but also provincial entities like securities regulators and market conduct authorities.
