

Extinction Rebellion Québec
c/o quit-rbc@extinctionrebellion.ca

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Jacqueline Mulenga
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Dear Ms. Mulenga,

Thank you for your recent response to our letter of July 14 2020 to RBC's CEO David McKay. We appreciate the time you took in responding, and we wish to continue the conversation if we may.

First, we were pleased to read that RBC understands that people are concerned about how fossil fuel exploration impacts the planet. We were also greatly relieved to read that RBC considers global warming to be an important issue that banks have a responsibility to mitigate, as do governments, other businesses and individual citizens.

Thank you for inviting us to ask further questions regarding your institution's environmental practices and commitment to environmental stewardship. We have three questions relating to some of your substantive claims in the letter, as these lead us to wonder if RBC is (1) underestimating the public's concern over environmental degradation including global warming, and (2) failing to acknowledge the depth and scope of its corporate responsibility.

First, we would like to ask **What criteria or standards support your claim that "RBC is a global leader in environmental sustainability and corporate responsibility"**? This is no small claim, and with respect, it looks problematic at best. On the contrary, we can present an independent source that highlights RBC's practices as being especially reckless, the *Banking and Climate Change Fossil Fuel Finance Report 2020*, pp. 18-24: <https://www.ran.org/bankingonclimatechange2020/>. Here, based on an analysis of banks' published policies with respect to limiting fossil fuel financing activities, RBC was rated as among the worst globally, finishing with a total score of 1 out of a possible 200 points. For comparison, JPMorgan Chase scored 19.5, Goldman Sachs scored 21.5, while Crédit Agricole, at the top of the group, scored 82. These banks are also global heavyweights like RBC. And RBC scored only one point out of 200 for its policy statements. This is not the score of a global leader. We invite you to consult the *Banking and Climate Change Report*, (see above, pp. 78-9) for guidance on this, as the report outlines what it means for a bank that has signed on to the UN's Principles for Responsible Banking and to the Equator Principles to be aligned with the Paris Agreement.

Our second question is **How do you justify the claim that you have achieved a "suitable level of social and environmental due diligence" regarding RBC's investment activities?** "Suitable" is a relative term, and when we have disagreements, we are called upon to justify what we say.

Our position is that RBC is doing the opposite of practising social and environmental due diligence. Your lending and investment practices may be in accord with Canadian law but that is a long way from ethical

practice. Are “suitable” and “ethical” aligned in RBC’s corporate practice lexicon? And how is this determined?

What we do know is that RBC is the fifth biggest financier of fossil fuel projects in the world, and neck in neck with TD Bank for #1 globally in tar sands financing. For evidence we direct your attention to *Banking on Climate Change*, pages 8 and 36: <https://www.ran.org/bankingonclimatechange2020/>

We can point to criteria that are important to us, and we can back them up with scientific reports that relate to stability, health and livability on planet earth. Among the important messages in those reports are that our activities must ensure: keeping the global temperature increase to less than 1.5 degrees; reducing the extent of human encroachment upon or destruction of ecosystems, species, and places; and recognizing the profound risks to human communities, economies and well-being that can result from ignoring planetary boundaries. We will not go on about that. But what are RBC’s criteria? Because financing fossil fuel projects leads to production, shipping, sale and use. The more that this happens, the more that the atmosphere and oceans heat up and the more fiercely that diseases, hurricanes, wildfires, heatwaves, droughts, floods, food systems stresses, forced migrations, violence, instability and a host of other problems will increase on a non-linear scale. These are outcomes that have already started but we do not know how bad things will get – happily, we still have time to reduce the worst of the damage. We do not think that continuing to facilitate increased fossil fuel development shows a suitable level of due diligence and we can point to well-established scientific consensus that the current pathway will lead to catastrophic harms.

Canada’s projected fossil fuel production is on a path to increase. According to Canada’s own reporting to the UN, even with announced but not yet implemented measures, we will be far from meeting our 2030 emissions targets (see pp. 28-29 https://unfccc.int/sites/default/files/resource/br4_final_en.pdf). Canada is projecting increased oil production, ramping up by 60% between 2017 and 2040 to almost 7 million barrels per day, mostly from tar sands expansion (Stockholm Environment Institute et al., 2019 p. 36 <http://productiongap.org/wp-content/uploads/2019/11/Production-Gap-Report-2019.pdf>). The increased emissions and global heating from this supply are out of sync with a livable (1.5 or 2 degree) future. RBC plays an essential role in making this happen. Our question remains. **What is a suitable level of due diligence?** Simply following the rules is not being a leader.

Our third question, like the first two, is related to accountability and criteria. **When you say that RBC requires “project proponents to conduct comprehensive social and environmental (including aboriginal title and treaty rights) review of the impacts of projects as a condition of financing” what do you do when your project proponents fail?** For an example of what we mean, consider the Coastal Gas Link pipeline financing (https://www.banktrack.org/project/coastal_gaslink_pipeline). Did RBC conduct a comprehensive social and environmental review of the Coastal Gas Link pipeline project and its pathway through unceded Indigenous territory? The project proponent’s reviews failed. Did RBC review the December 13 2019 letter from the United Nations Committee on Racial Discrimination that called upon the Government of Canada to “immediately halt the construction and suspend all permits and approvals for the construction of the Coastal Gas Link pipeline in the traditional and unceded lands and territories of the Wet’suwet’en people, until they grant their free, prior and informed consent, following the full and adequate discharge of the duty to consult.” This decision takes its force from the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf . The UNDRIP also serves as the framework for implementing the Calls to Action of the 2015 Truth and Reconciliation Commission, a model for Canada’s path towards a respectful and just future in its relations with Indigenous peoples

on this land. The letter is clear, and the message to the banks, the Government of Canada, the insurance companies and to the RCMP should also be clear.

It is our impression that RBC is considering rules, but not the rules that call for sustainability by any standard that would produce a transition to a healthy and just future for life on earth. The present times call for doing better business and for doing what is right.

We think that the social licence for your business model has expired. And we think that a large sector of the population would disagree with RBC's practices as well. We will test this question by bringing it to the public to advocate for RBC's evolution to adopting practices that fit with a livable future. Besides, even though they are substantial, your fossil fuel investments are (we estimate) less than 3% of your portfolio; and they are not making money for your shareholders, as fossil fuel investments have been underperforming, market laggards for several years now <https://www.nybooks.com/daily/2020/05/12/thanks-to-climate-divestment-big-oil-finally-runs-out-of-gas/>. We invite you to join us in this.

To conclude, we will repeat our three demands:

- 1 Immediately stop **all new investments** in the fossil fuel industry.
- 2 Withdraw from **Coastal Gas Link** and all projects violating the rights of Indigenous communities by the end of 2020.
- 3 Phase out **all existing investments** in fossil fuel companies by 2025.

Thank you and all the best,

We invite you to respond at quit-rbc@extinctionrebellion.ca