



Competition Bureau launches inquiry into RBC's green advertising

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PUBLISHED OCTOBER 11, 2022

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A person walks past RBC signage in Toronto on Sept. 20.

ALEX LUPUL/THE CANADIAN PRESS

Canada's Competition Bureau has opened an inquiry into whether Royal Bank of Canada [RY-T \(/investing/markets/stocks/RY-T/\)](/investing/markets/stocks/RY-T/) +2.82% ▲ made misleading statements about its actions to fight climate change after the watchdog received an application from a group of concerned citizens backed by environmental groups.

The bureau confirmed it has “commenced an inquiry” in a letter dated Sept. 29, and is seeking “to determine the facts relating to allegations that RBC has contravened the [Competition] Act by making false or misleading environmental representations.”

The probe stems from a complaint first lodged in April by six individual applicants that alleges the bank made statements that are “false or misleading.” The group’s application targets RBC’s claims it supports the principles of the Paris Agreement to hold global warming below two degrees Celsius from preindustrial temperatures, and is committed to achieving net-zero emissions in its annual operations and in its lending by 2050.

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The application alleges RBC is currently working against those goals by providing billions of dollars in financing to the oil and gas industry, and says the bank “lacks a credible plan” to reach its stated goals. It further claims a promise RBC has made to provide \$500-billion in sustainable financing is misleading because it allows for financing to go to energy companies that produce fossil fuels.

A spokesperson for RBC, Andrew Block, said in an e-mail the bank “strongly disagrees with the allegations in the complaint, and believes the complaint to be unfounded and not in line with Canada’s climate plan.”

RBC has responded to critics by advocating for an “orderly” climate transition that includes financing energy companies’ efforts to generate cleaner sources of fuel, and has rejected calls for an abrupt end to financing for those companies. “It’s critically important that we get the transition to net-zero right in order to address climate change and we have taken a measured, thoughtful, and deliberate approach in our climate strategy,” Mr. Block said.

Competition Bureau spokesperson Marie-Christine Vezina confirmed the investigation, but declined to comment further.

The inquiry by the bureau comes as environmental advocates and regulators around the world launch a growing number of legal challenges to instances of perceived greenwashing – making false or exaggerated environmental claims – involving financial institutions. Those actions are testing the statements some major companies have made about their commitments to sustainability.

Earlier this year, the U.S. Securities and Exchange Commission fined BNY Mellon US\$1.5-million for misstatements and omissions about ESG factors that went into investment decisions for some of its mutual funds. The same month, German police raided the Frankfurt offices of Deutsche Bank AG’s asset management division, DWS, in connection with accusations of investment fraud related to greenwashing.

The Competition Bureau’s letter confirming the RBC inquiry, which is signed by a senior officer of the branch that deals with deceptive marketing practices, is addressed to two lawyers at Ecojustice, a Canadian environmental law charity that supports the complaint. The action also has backing from environmental non-profit Stand.earth.

“Without a credible plan, RBC is just making an unverified promise to clients that it will act eventually,” said Matt Hulse, an Ecojustice lawyer, in a news release.

With files from Jeffrey Jones.

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