POLICY TIP SHEET

PREPARED BY THE FRONTIER CENTRE FOR PUBLIC POLICY

ESG: Roles of Federal Office of the Superintendent of Financial Institutions; OSC

Environmental, social, and governance (ESG) scores are an insidiously envisioned mechanism by which ideologically aligned influential interests represented by unelected supranational organizations are attempting to "reset" the global financial system to their advantage. This emerging design would circumvent national and individual sovereignty by altering traditional financial methods of assessing risk and debt/capital allocation. This attempted shift from "shareholder capitalism" to a "stakeholder collectivism" model hinges upon assigning companies, and soon individuals, arbitrarily determined ESG scores. These scores would mandate subjective and difficult-to-define and evaluate metrics assessing one's commitment to "climate" and "social justice" issues.[1] Essentially, poorly scored companies suffer reduced or altogether eliminated access to capital and credit, while highly scored companies receive "preferred status" capital in-flows via traditional capital and debt markets, in addition to tax credits, grants, access to "special financial vehicles," preferential contracting, and potentially other yet-to-be-defined advantages through future legislation, executive action, or international treaty.[2]

ESG's metrics have ostensibly been designed to combat systemic global problems such as climate change, racial inequality, and world hunger—in alignment with the United Nations' Sustainable Development Goals.[3] In reality, these measures will simply centralize power and control in the hands of unelected technocrats and private global institutions influenced solely by the wealthy elite that control monetary policy, capital, and credit through global central banks, where "baskets of currencies" make up the current global system. ESG is a major step toward consolidating a unitary global governance model utilizing digital identification and central bank digital currencies (CBDCs) as micromanagement tools that can be isolated upon individual transactions. ESG would therefore be a major step towards the dissolution of free markets, national sovereignty, due process under the law, and individual liberty. Below are brief descriptions of the role of the Ontario Securities Commission (OSC) and related bodies in coercing companies into ESG compliance.

OSFI; Ontario Securities Commission: Their Mandates and Roles as Regulatory Authorities

The Office of the Superintendent of Financial Institutions was created by Ottawa in 1987 to monitor the safety and soundness of financial firms.[4] The OSC was established by Canada's largest province in 1932 as the first provincial regulator of securities markets, responding to the 1929 stock market crash that led to the Great Depression.[5] Though its original authority was more limited in scope, later provincial and federal court rulings expanded the agency's power to regulate the financial system, viz. the "… OSC makes rules to maintain the integrity of … capital markets and … prevent financial misconduct. … To engage … the public and securities experts, the OSC: publishes proposed rules for … comment on our website … the OSC Bulletin consults with investors, industry … and … through advisory committees, roundtables, community outreach, and year-round stakeholder engagement."[6]

According to the OSC, "The Ontario Securities Commission works to: protect investors from unfair, improper or fraudulent practices; foster fair, efficient and competitive capital markets, and confidence in capital markets; foster capital formation; contribute to the stability of Ontario's financial system and the reduction of systemic risk."[7] The OSC states, "The Commission may consist of nine to 16 Commissioners, including a full-time Chair & CEO and up to three full-time Vice-Chairs."[8] The OSC's current CEO is Grant Vigoe, from March 25th, 2022 after being appointed by the Finance Minister of the Province.[9] The other nine provinces and three territories have similar procedures for configuring their respective securities commissions.

OSC's Proposed Rule Change Related to ESG Disclosure; Canadian Securities Administrators' validation

As ESG infuses Canadian finance, the OSC and its peers follow. On January 19th, 2022, the Canadian Securities Administrators, coordinating all thirteen securities commisions,[10] approved ESG disclosure guidelines.[11] Quoting the CSA: "The guidance … addresses areas of disclosure, including investment objectives, fund names, investment strategies, risk disclosure, continuous disclosure and sales communications."[12] The intent: prevent 'greenwashing'.[13] ESG reporting costs and difficulties can be large.[14] US perspective: "As the U.S. financial system and regulatory agencies under the Biden administration have become increasingly infused with ESG practices, the SEC has followed suit." Canada, as noted, is emulating this. *Cont'd...*

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Impact of Proposed OSC and OSFI Rule Changes on Canadian Financial Community

Going beyond what the OSC has proposed, the federal government has introduced ESG reporting requirements for all federally regulated financial institutions, which are overseen by the Office of the Superintendent of Financial Institutions, 'OSFI', to take effect in 2024.[15]

The driving goal of ESG is to promote investment in companies that adhere to subjective metrics that have not been established by any popular democratic process. Instead, these metrics have been determined by powerful asset management firms such as BlackRock, Vanguard, and State Street;[16] pension funds such as the Canadian Pension Plan Investment Board and the Caisse de depot et placements; insurance titans such as Sunlife, Manulife and Great West; international organizations such as the United Nations and the World Economic Forum; The Toronto Stock Exchange, 'TSX', and other authorities such as the Financial Stability Board's Task Force on Climate-Related Disclosures.[17]

Rather than protecting investors and free markets, the OSC's and OSFI's new rules erode both principles by forcing companies to make decisions based upon subjective social goals that inherently run counter to the natural law of supply and demand. The OSC and OSFI are the main agencies attempting to undermine traditional free-market capitalism in favor of stakeholder capitalism. Any attempts to frame these new mandates as anything other than an attempt to centralize market control in the hands of a powerful few are intentionally misleading, and should be approached with extreme skepticism.

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