Empty ESG Promises: Investor Recourse for Moral Harms

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Investors increasingly call upon companies to provide information about their environmental, social, and governance (ESG) practices. If a company misrepresents or omits information about its ESG practices, causing its stock value to drop, it may be liable under federal and state securities laws, just as if other information was misrepresented or omitted causing a decline. But what if a company misrepresents its ESG practices and a drop in its stock value cannot be tied to ESG misrepresentations? Or what if its stock value does not drop but the market is illiquid?

This article examines whether shareholders, for whom sustainability is a guiding principle, can bring a claim against a company for its allegedly misleading representations, even though such misrepresentations cannot be tied to economic losses. It also explores whether securities laws provide remedies for those who believed they were investing in environmentally responsible companies, only to learn they were duped.

Read the full article here.

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