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ESG investing: the new battlegrounds

By Lisa Beth Lentini Walker

There is never a dull moment in the emerging environmental, social, and governance (ESG) industry. Part of the reason is that the players continually refine and apply old regulatory approaches to new developments.

In November 2022, the U.S. Securities and Exchange Commission reached a settlement with Goldman Sachs. In the settlement, Goldman Sachs agreed to pay a \$4 million penalty over allegations that the bank's asset management division misled customers about their ESG investments. The settlement highlights the risk of unsupported claims in marketing and advertising made by financial groups when it comes to ESG investing. This particular case focused on ESG screening that was done well after the selection of the companies in a portfolio. The settlement also dovetails an April 2022 settlement with Bank of New York Mellon for \$1.5 million for omitting and misstating considerations for their ESG funds.

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