

For What It's Earth

Global ESG Headlines from Step toe

September 04, 2024 – Issue 54

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Litigation

On August 28, a trade association filed a lawsuit against the state of Texas alleging that anti-ESG legislation passed in 2021 violates their members constitutional rights. The 2021 anti-ESG legislation requires Texas to divest from and prohibit investments with firms that boycott fossil fuel-based energy companies. In the complaint, the American Sustainable Business Council asserts that the Texas law violates its members rights to free speech and freedom of association, in addition to other claims. The complaint was filed in the US Western District Court of Texas.



Litigation

Two environmental groups are challenging the EU's climate targets for agriculture, waste, transport and small industry as "grossly inadequate." The lawsuit was filed with the Court of Justice of the European Union after a direct appeal to the European Commission to review the targets was rebuffed in December 2023. The groups argue that the EU's 2030 targets were not derived from the best available climate science and are not consistent with the Paris Agreement. The case has been fast-tracked and will be heard in 2025.



Supply Chain

The US Customs and Border Protection is increasing its scrutiny of Indian solar panels under suspicion of potential links to Chinese forced labor. Approximately \$43 million in shipments of electronics equipment from India have been detained in the last year, compared to no detainment of Indian electronics shipments under the Uyghur Forced Labor Prevention Act (UFLPA) in prior years. The move signals a broadening of enforcement under the UFLPA beyond Chinese solar panel manufacturers.



Litigation

The International Court of Justice will hear an advisory case on December 2, 2024 addressing a series of questions relating to whether nations have legal obligations to combat climate change. The UN General Assembly asked for a formal opinion to determine the legal obligations of nations to ensure the protection of the environment from emissions of greenhouse gases and the legal consequences of states contributing greenhouse gases to smaller island nations. Advisory opinions by the International Court of Justice are not binding under international law.



Statement

A Missouri federal court ruled in favor of Securities Industry and Financial Markets Association (SIFMA), blocking new state rules requiring disclosure and consent for nonfinancial investment objectives. The court cited preemption by federal laws and constitutional vagueness, issuing a permanent injunction, marking a significant victory for SIFMA.

SIFMA President and CEO, Kenneth E. Bentsen, Jr. August 14, 2024

"Under today's federal securities laws, financial professionals are already required to provide investment advice and recommendations that are in their customers' best interest. That means they cannot put their interests ahead of their customers' interests when recommending securities. The Missouri rules were thus unnecessary and created confusion."