



October Recap

Speaking Sustainability - Legal & Regulatory Updates

Akin's Speaking Sustainability newsletter provides a monthly digest of key news items and other relevant information on significant legal and regulatory developments in the continuum of sustainability issues, including environmental, social and governance (ESG) and climate-related considerations.

As a reminder, visit **Speaking Sustainability**, where we keep you up to date with alerts and blog posts, and where you can also find our earlier newsletters.

Sustainability Highlights

- CARB Proposes Updated Timeline to Publish Final Regulations Covering SB 253 and SB 261
 - Net-Zero Banking Alliance Disbands
 - European Parliament Rejects Simplified CSDR Package
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The Details

1. The California Air Resources Board (CARB) recently added a notice to its webpage indicating that it will further delay the issuance final regulations for California's climate-related reporting statutes (Senate Bills 253 and 261), likely until the first quarter of 2026.

- The agency attributed the delay to “the large volume of public comments staff have received, and ... ongoing input related to identifying the range of covered entities.” A preliminary list of entities was published September 24, although CARB underscored that entities are responsible for evaluating whether they are subject to reporting obligations under SB 253 and SB 261, irrespective of whether an entity appears (or does not appear) on that list. CARB is accepting feedback on the list through an online survey.
- We do not anticipate that this delay will cause changes to current compliance deadlines. Companies operating in California with annual revenues above \$500 million must submit climate-related risk reports by January 1, 2026. Entities with revenues exceeding \$1 billion must disclose Scope 1 and 2 greenhouse gas emissions by June 30, 2026, based on CARB guidance to date. We have written extensively regarding these statutes.
- CARB is also continuing to take public feedback in relation to its draft reporting template for Scope 1 and Scope 2 GHG emissions through October 27.

2. Recent reporting confirms the Net-Zero Banking Alliance (NZBA) has ceased operations following a series of high-profile departures from the group without the membership base to sustain its activities.

- The Alliance was a United Nations-backed coalition launched in 2021 to align banks’ financing activities with global net zero goals.
- A spokesperson for the group said the decision to disband came after an exodus of members since late 2024. NZBA’s members voted to transition NZBA from a member-based alliance into a “framework initiative” offering guidance for banks on climate target setting (e.g., decarbonization goals), transition finance and transition planning for climate migration.
- The closure is a continuation of the broader challenges faced by the financial sector climate alliances. For instance, the Net Zero Asset Managers, another United Nations-backed group ceased operations earlier this year; however, the group recently announced that it intends to resume target and implementation support activities in early 2026, albeit without requiring signatories to invest in line with achieving “net zero” by 2050.

3. The European Parliament rejected a vote on Wednesday, October 22, to simplify rules for the Corporate Sustainability Reporting Directive (CSRD) under the proposed Omnibus I package, with final count at 309 votes in favor, 318 against and 34 abstentions.

- The vote comes on the heels of a contrasting October 13 vote by Parliament’s Legal Affairs Committee to adopt the decision, representing the current fissures within Parliament in its attempt to find common ground on the sustainability package.
- Supporters of the compromise (the center-right Christian democrats and the liberals), argued it would have reduced administrative burdens on smaller companies struggling to comply with complex ESG mandates. The opponents (far left and those split from the

center-left social democrats), warned rolling back requirements could undermine the European Union's (EU) climate goals and deprive investors of essential information to assess environmental and social risks.

- Members will vote on amendments to the file at the upcoming plenary session in Brussels on November 13, then plan to initiate talks with EU governments, which already adopted their position on June 23. Parliament aims to finalize the legislation by the end of 2025.
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Key Environmental Developments

FERC Issues New Final Direct Rule Implementing Executive Order on Regulatory Sunsetting (*Akin*)

The Federal Energy Regulatory Commission (FERC) issued an order amending certain elements of its regulations to incorporate a conditional sunset date, in compliance with the Trump administration's April 2025 executive order "Zero-Based Regulatory Budgeting to Unleash American Energy."

EU Eases Compliance and Delays Rollout of Deforestation Regulation (*ESG Today*)

The EU Deforestation Regulation will now provide a six-month grace period for checks and enforcement of large and medium-sized companies set to begin reporting on December 30, 2025. For micro- and small-enterprises, the regulations will take effect December 30, 2026.

U.S. Federal Reserve, FDIC Scrap Climate Risk Management for Banks (*ESG Today*)

The U.S. Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation (FDIC) and Office of the Comptroller of the Currency (OCC), announced that they are withdrawing the interagency Principles for Climate-Related Financial Risk Management for Large Financial Institutions.

Key Social Developments

LaborSpeak: FTC's Letter Concerning Healthcare Non-Competes (*Akin*)

Akin explores how the FTC voted to drop appeals defending its nationwide ban, but also launched an enforcement action against non-compete agreements and sent letters to several large healthcare employers and staffing firms urging a review of non-compete agreements.

How to Mitigate Child and Forced Labor In Asset Owner Portfolios (*Forbes*)

The third installment in a series of articles discussing child and forced labor due diligence and monitoring.

AI-Driven ESG Boosts New Energy Industry Quality (*Scienmag*)

A recent research study integrated artificial intelligence (AI) with ESG standards to assess and enhance the performance of renewable energy companies, finding fluctuations in social performance indicators due to underlying factors in workforce welfare, community engagement and equity.

EcoVadis Launches Worker Voice Connect for Global Supply Chains (*ESG News*)

EcoVadis has introduced Worker Voice Connect, a digital grievance mechanism designed to give supply chain workers a direct, anonymous channel to raise workplace concerns.

Key Governance Developments

Glass Lewis to Move Away from a Single “House View”: A New Era in Proxy Advice (*Akin*)

The proxy advisory firm, Glass Lewis, recently announced that, beginning with the 2027 proxy season, the firm will cease issuing proxy voting recommendations based on a single, benchmark approach, and shift instead toward client-customized voting recommendations.

Transatlantic Securitisation Alignment: How 2025 UK and EU Reforms Reshape Compliance for U.S. Structures (*Akin*)

Akin discusses efforts by EU and United Kingdom (UK) regulators over the last 12 months to clarify, reform and reshape the securitization compliance landscape.

SEC Allows State-Chartered Trust Companies to Serve as Crypto Custodians (*Akin*)

The U.S. Securities and Exchange Commission (SEC) issued a no-action letter stating the staff would not recommend enforcement action against registered investment advisors or regulated funds for maintaining crypto assets, cash and cash equivalents, with state-chartered trust companies.

ESG Goals Belongs In Your Business Strategy, Not In A Pledge (*Forbes*)

Maintaining cross-functional ESG working committees may be one of several strategies to incorporate ESG practices and commitments into business operations.

Narrative Contradictions: An Emerging Corporate Governance Risk (*Intelligize*)

As a matter of corporate governance practices, there is an evolving recognition of crafting narrative coherence across corporate public disclosures as an increase of regulators, investors and stakeholders evaluate public statements.

Additional Resources

Akin maintains three trackers to help keep you up to date in between our newsletters:

Sustainability Legislation & Regulation Monitor covers the latest sustainability-related legal and regulatory developments across the United States, which can be searched by state or topic.

EPA Deregulation Tracker logs the environmental regulations the Environmental Protection Agency (EPA) plans to reconsider and provides a current status of the changes underway.

Trump Executive Order Tracker keeps up with the fast pace of executive orders issued by the Trump administration.

Upcoming Sustainability Events

COP30

United Nations Climate Change Conference

Belém, Brazil

November 10-21, 2025

9th Sustainable and Impact Investments International Conference

European Commission

Hamburg, Germany

January 22-23, 2026

CleanTech Forum North America

CleanTech Group

San Diego, CA

January 26-28, 2026

Akin's Sustainability Practice

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Questions?

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