



January 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

- **U.S. To Withdraw from International Organizations - Most Impacting Sustainability Issues**
- **ESMA Publishes Thematic Note on Sustainability-related Claims**
- **CSE Publishes Guide for Sustainability Reporting Standards in the U.S.**

The Details

1. In a [presidential memorandum](#) issued January 7, President Trump announced the United States will begin executive proceedings to withdraw from a historic number of international organizations, conventions and treaties, including the United Nations Framework Convention on Climate Change and others aimed at environmental protection and climate action.

- The announcement identifies 31 U.N. Organizations and 35 non-U.N. organizations that the U.S. will exit "as soon as possible," claiming those agreements run "contrary to the

interests of the United States,” and explicitly directs that the withdrawal includes “ceasing participation in or funding to” these organizations.

- The list also includes the Intergovernmental Panel on Climate Change, the International Renewable Energy Agency and several U.N.-affiliated bodies focused on biodiversity, oceans, migration and development.
- Following the announcement, the U.N. provided a statement that “assessed contributions to the United Nations’ regular budget and peacekeeping budget, as approved by the General Assembly, are a legal obligation under the UN Charter for all member states, including the United States.”
- The U.N. does not have a current, credible enforcement mechanism to collect these payments and the statement is with respect to the entities the U.S. is exiting.
- The potential implications for private and public companies likely vary, ranging from a fragmented regulatory environment with increasingly complex and divergent reporting and compliance obligations to less predictable engagements with stakeholders to increased frictions within supply chains.
- Akin continues to monitor developments and are available to counsel on the potential implications for clients (e.g., loss of access to markets in the green / transition energy sector, investment insecurity or impacts to global climate cooperation).

2. The European Securities and Markets Authority (ESMA) published a second “thematic note” regarding sustainability-related claims on ESG strategies. The note, published on January 14, 2026, addresses greenwashing risks and focuses on clearly explaining ESG integration and ESG exclusions.

- As ESMA defines it, ESG integration is generally aimed at improving risk-adjusted returns by factoring in material ESG risks and opportunities. ESG exclusions are aimed at avoiding or minimizing exposures that are prone to risks and/or at aligning the portfolio with specific values or norms.
- The note focuses on ESG strategies based around four principles: accuracy, accessibility, substantiation and timely disclosure. It does not create new disclosure requirements and serves to remind market participants about their responsibilities in making claims that are clear, fair and not misleading.
- The note includes a series of examples distinguishing among “good practices” when it comes to claims about ESG practices (e.g., regularly updating clients with respect to ESG-related strategies and risks) and “poor practices” (e.g., including ESG-related claims in marketing materials that are not explained or lack transparency in relation to whether a particular approach varies across asset classes).

3. On January 13, the Center for Sustainability and Excellence (CSE) published the “Sustainability Reporting Standards: A Guide for U.S. Corporations in 2026.”

- The guide explains key sustainability reporting standards that are expected to affect U.S. corporations during 2026, including double materiality assessments and external assurance procedures, and highlights why professional training is now essential, notwithstanding the rise of artificial intelligence solutions.
- CSE’s guide is based around its principal argument that “U.S. corporations now operate in a complex reporting environment shaped by global frameworks, state-level climate requirements, and international regulations such as the EU’s Corporate Sustainability Reporting Directive.”
- As companies navigate multiple sustainability disclosure frameworks and increasing scrutiny on greenwashing risk-mitigation practices, the guide seeks to assist companies maintain credibility and competitiveness in an environment where sustainability reporting has become a core element to corporate governance, risk management and investor relations.

Key Environmental Developments

What’s Next for SB 253 and SB 261? Ninth Circuit Oral Argument Recap (Akin)

Akin covers recent arguments before the Ninth Circuit of Appeals regarding California’s climate disclosure bills and suggests two focal points of the argument: whether SB 253’s required Scope 3 emissions disclosures are overly burdensome and the lawfulness of SB 261’s overall framework.

Coast to Coast: How New York’s New GHG Reporting Rules Compare to California’s SB 253 (Akin)

Akin discusses New York’s new regulations requiring greenhouse gas emissions reporting and compares the framework against California’s greenhouse gas (GHG) reporting statutes.

Trump Administration Unlawfully Cut Clean Energy Grants, Court Rules (ESG Dive)

The United States District Court for the District of Columbia issued an order vacating seven Department of Energy (DOE) grant termination notices that totaled \$7.5 billion in projects including electric vehicle charging support, solar energy technical assistance, building energy efficiency improvements and others on the basis that the terminations violated the Fifth Amendment’s guarantee of equal protection under the law because the DOE “drew a classification between grantees located in Blue States and grantees located in Red States.”

North Sea States Aim For ‘World’s Largest Energy Hub’ With Major Offshore Wind Investment Plan (Clean Energy Wire)

Nine European governments signed the “Investment Pact for the North Seas,” committing to

build 15 gigawatts of offshore wind energy per year over the 2031-2040 decade and de-risking offshore wind investments.

China Releases Corporate Climate Reporting Standard (ESG Today)

China released a new “Corporate Sustainable Disclosure Standard” in early January that is aligned with the International Financial Reporting Standards Foundation’s climate reporting standard and will eventually transition from voluntary to mandatory as China continues to develop its climate goals.

Companies With Validated Science-Based Climate Targets Hit 10,000 (ESG Dive)

The Science Based Targets Initiative announced 10,051 companies have validated science based targets, representing over 40% of global market capitalization.

Key Social Developments

How Emerging Markets Are Redefining Growth For A Sustainable Global Economy (World Economic Forum)

A recently published “D-ESG Framework” aims to bridge the divide between environmental concerns and economic reality in developing nations and emerging markets.

Fourth Circuit Court Upholds Trump Administration’s Termination of Environmental Justice and Climate Grants (EnviroLink)

The Fourth Circuit Court of Appeals overturned a lower court’s ruling that instructed the Trump administration to re-instate approximately three dozen grants for funding towards environmental justice, agricultural and climate programs.

1 Year Into Trump 2.0, HR Professionals Are ‘Caught In the Middle’ of the DEI Debate (ESG Dive)

As companies shift towards quieter (or altogether abandon), diversity, equity and inclusion (DEI) strategies in wake of the Trump administration’s “anti-DEI” directives, stakeholders have encouraged HR professionals to review DEI practices closely to consider nuances of where legal threats may exist.

SEC Director Backs Investment Advisors Using AI For Proxy Voting (ESG Dive)

A Securities and Exchange Commission (SEC) division director acknowledged the use of artificial intelligence (AI) in lieu of traditional third-party advisory firms is a “near-term reality” that will “de-politicize shareholder meetings” particularly as it relates to proxy advisory advice on ESG and DEI.

Key Governance Developments

Data Privacy and Cybersecurity Considerations for Private Fund Sponsors During Lender Due Diligence (Akin)

Akin provides fund sponsors and their counsel with an overview of the current data privacy and cybersecurity landscape.

New Executive Order Requires Limits on Stock Buy-Backs, Dividends and Executive Compensation for Certain Defense Contractors (Akin)

Akin discusses the recently issued executive order directing the Department of Defense to implement certain limitations on defense contractors.

Section 16(a) Reporting Will Be Required for Foreign Private Issuer Directors and Officers (Akin)

Akin reports that beginning March 18, 2026, any executive officer or director of any “foreign private issuer” with securities issued under Section 12 of the Securities and Exchange Act of 1934, will be required to disclose pecuniary interests in equity securities in accordance with Section 16(a) of the Act.

White House Executive Order Targets Proxy Advisory Firms - Potential Implications for Companies and Investors (Akin)

Akin discusses an executive order targeting the nation’s largest proxy advisory firms.

UK Regulator Warns Retailers They Could Be on the Hook for Greenwashing by Suppliers (ESG Today)

The U.K.’s Competition and Markets Authority announced the release of new guidance aimed at helping businesses to understand supply chain responsibility for making accurate green claims.

Additional Resources

Akin maintains two 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.
- **Trump Executive Order Tracker** keeps up with the fast pace of executive orders issued by the Trump administration.

Upcoming Sustainability Events

GreenBiz26

Trellis

Phoenix, AZ

February 17-19

Sustainable Finance Europe

CeFPro

London, UK

February 25-26

Wall Street Green Summit 2026

Peter Fusaro

New York, NY

March 10-11

Responsible Investment Forum

PEI Events

New York, NY

March 18-19

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Questions?

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