



June Edition

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 ESG-related considerations.

Akin also 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.
- [EPA Deregulation Tracker](#) keeps you updated on the regulations U.S. EPA is reconsidering and rescinding.
- [Trump Executive Order Tracker](#) keeps up with the fast pace of executive orders issued by the Trump administration.

As a reminder, you can also find our earlier newsletters, other alerts and blog updates at [Speaking Sustainability](#).

Key Sustainability Highlights

1. European Parliament Presents Draft Report for Further Amendments to CSRD and CSDDD

The European Parliament is considering significant reductions in the number of companies required to comply with the European Union's (EU) sustainability reporting and due diligence regulations, potentially surpassing the cuts recently proposed in the EU Commission's Omnibus Plan.

- On June 12, the European Parliament’s rapporteur released the first [draft report](#) on the proposed amendments to the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).
- These amendments follow the release of the Commission’s [Omnibus I package](#) in late February, which we wrote about [here](#). The Omnibus package included proposed reductions to the applicability scoping thresholds such that an estimated 80% of companies would be removed from the current sustainability reporting requirements.
- Among other things, the proposed modifications would amend the Omnibus package to align the reporting threshold for CSRD and CSDDD to those undertakings with 3,000 employees and €450 million in net turnover. If adopted, this modification would significantly reduce the number of companies that would be subject to EU sustainability reporting rules.

2. DOJ Establishes Civil Rights Fraud Initiative to Investigate DEI Claims

The U.S. Department of Justice (DOJ) [announced](#) the establishment of the Civil Rights Fraud Initiative, which will utilize the False Claims Act (FCA) to pursue recipients of federal funds that the agency determines are promoting diversity, equity and inclusion (DEI) policies and permitting what DOJ alleges are practices that encourage antisemitism.

- In a [memo](#), the Deputy Attorney General instructs DOJ attorneys to use the FCA to file claims against recipients of federal funds, including colleges and universities, for purported violations of civil rights laws. Use of the FCA allows DOJ to impose penalties, including treble damages.
- The memo states the FCA is “implicated whenever federal-funding recipients or contractors certify compliance with civil rights laws while knowingly engaging...in DEI programs that assign benefits or burdens on race, ethnicity, or national origin.”

3. Fitch Ratings Provides Framework to Incorporate Physical Climate Risk

In late April, Fitch Ratings released a [discussion paper](#) outlining a “contemplated framework for analyzing physical climate risks within Structured Finance and Covered Bonds programs.” This framework would take into consideration the potential negative impacts of physical climate events on asset performance and, ultimately, on credit ratings.

- Implementation of the proposed framework would be notable in terms of a major credit ratings agency acknowledging that physical climate risks—such as acute wildfires, wind, flood, droughts, precipitation and hail—should be factored into the analysis and issuance of credit ratings.
 - Fitch Ratings requested feedback on the framework by June 13. Fitch’s framework, if implemented, would constitute a significant acknowledgement of how companies are increasingly integrating climate risk considerations into their day-to-day operations. We will continue to monitor for updates.
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Key Environment Developments

PHMSA Revises Pipeline Safety Enforcement Procedures to Strengthen Due Process and Transparency *(Akin)*

The U.S. Department of Transportation's (DOT) Pipeline and Hazardous Materials Safety Administration (PHMSA) announced revisions to its procedures for pipeline safety enforcement actions aimed at enhancing due process protections for pipeline operators.

Tax Cuts in the “Big Beautiful Bill” Could Kill Solar Power Progress *(Inside Climate)*

Updates to the draft bill may have potential adverse implications for the solar power industry if enacted.

Navigating U.S. Policy Shifts in the Critical Minerals Sector *(Akin)*

This Akin webinar and accompanying slide deck discusses the evolving critical minerals landscape, including recent Executive Orders, tariffs and Section 232 investigations, and new financing pathways and public-private partnerships.

Trump Signs Executive Orders to Boost Nuclear Energy, Reduce Oversight *(Inside Climate)*

A series of Executive Orders signed May 20 target streamlining nuclear energy for the purposes of powering defense facilities and artificial intelligence data hubs.

Trump, 24 States Sue New York, Vermont Over Laws Charging Fossil Fuel Companies for Climate Change *(ESG Today)*

DOJ announced it has filed complaints in U.S. District Courts against the states of New York and Vermont over their respective climate change “Superfund” laws that aim to fine energy companies for their contributions to climate change.

U.S. Insurers Are Taking Note of Climate Change Risks *(Green Central Banking)*

A third annual report issued by the nonprofit Ceres found year-over-year improvement in integrating climate into risk management, identification of climate risks and greenhouse gas emission disclosures.

Key Social Developments

LaborSpeak: Supreme Court Rules on the Standard for Reverse Discrimination Claims *(Akin)*

In this continuing video series, Akin covers the recent unanimous decision by the U.S. Supreme Court in *Ames v. Ohio Department of Youth Services* that could make it easier for employees to file so-called “reverse discrimination” claims.

Labor Dept. Drops Biden-Era ESG Fiduciary Rule *(ESG Dive)*

The Department of Labor (DOL) announced it will engage in new rulemaking to replace the Biden DOL's rule allowing plan fiduciaries to consider ESG factors when making investment decisions.

DEI May Go Largely Unchanged Despite Trump Attacks *(ESG Dive)*

New reporting offers insight into employers' intentions to maintain DEI programs with either few or no changes amidst concern for DEI-related litigation from the federal government.

Key Governance Developments

SEC Withdraws Several Gensler-Era Rule Proposals Impacting Investment Managers *(Akin)*

The Securities and Exchange Commission (SEC) formally withdrew several rule proposals, including regulations that would have enhanced environmental, social and governance disclosures.

DOJ Hits Play: The End of the FCPA "Pause" and Return to Enforcement *(Akin)*

Akin discusses new guidance issued by DOJ related to pausing investigations and enforcement of the Foreign Corrupt Practices Act (FCPA).

The Future of ESG: A World Divided *(Corporate Governance Institute)*

The current state of ESG investing and ESG politics is opaque as global companies navigate changes in disclosure requirements, corporate activism and burgeoning tech (e.g., artificial intelligence (AI) and blockchain).

Asset Managers Falling Short on ESG Investment Information *(Portfolio Institution)*

A new report indicates Europe's largest asset managers are steadily making progress with sustainability disclosures, however, many still do not provide adequate information on how they manage the negative environmental and social impacts of their investments.

Sustainable Investing at the Crossroads *(PWM)*

This report considers sustainable investing to be at a critical juncture due to influential factors such as political pushback, regulatory uncertainty and investor fatigue. Even so, global ESG assets have continued to grow as asset managers look to "reset" ESG practices rather than "retreat" from them.

Upcoming Sustainability Events

Putting ESG Into Practice 2025

AIMA

London, U.K.

July 2, 2025

Net Zero Week U.K. 2025

Beyondly

London, U.K. (virtual)

July 5-11, 2025

ESG & Decarbonizing Real Estate

IMN

Dana Point, CA

July 16-17, 2025

Climate Week NYC 2025

Climate Group

New York, NY

September 21-28, 2025

Akin's Sustainability Practice

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