

Webinar

ESG Regulatory Developments in the US

Federal vs. State Action under Trump 2025

7 May, 2025





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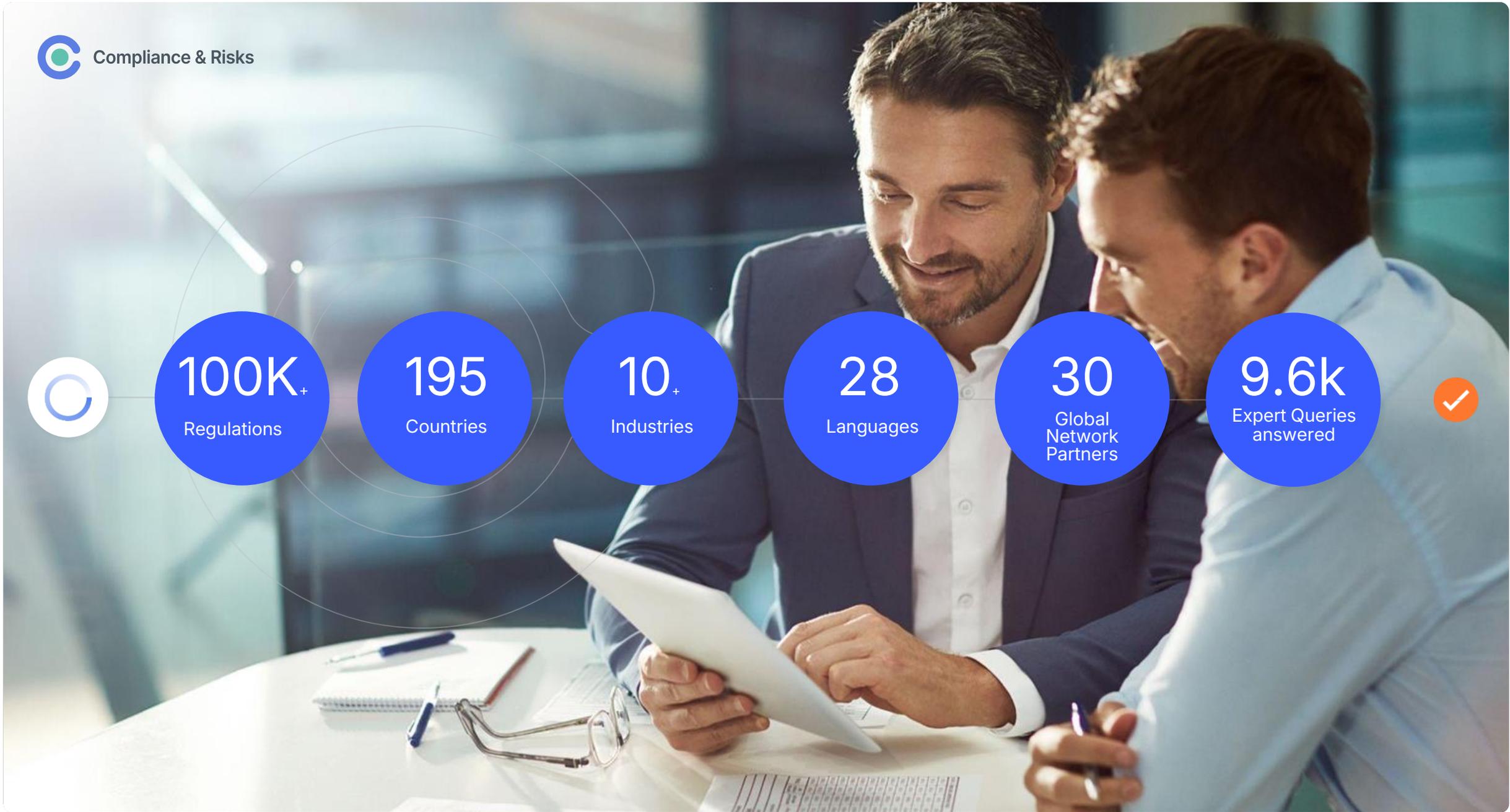
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— Agenda

- **2025 ESG Developments - Federal Level**
 - Presidential Actions
 - Related Federal Bills
 - EPA Deregulation
 - SEC Greenhouse Gas Emissions Reporting Rule
- **2025 ESG Developments - State Level**
- **Key Takeaways**

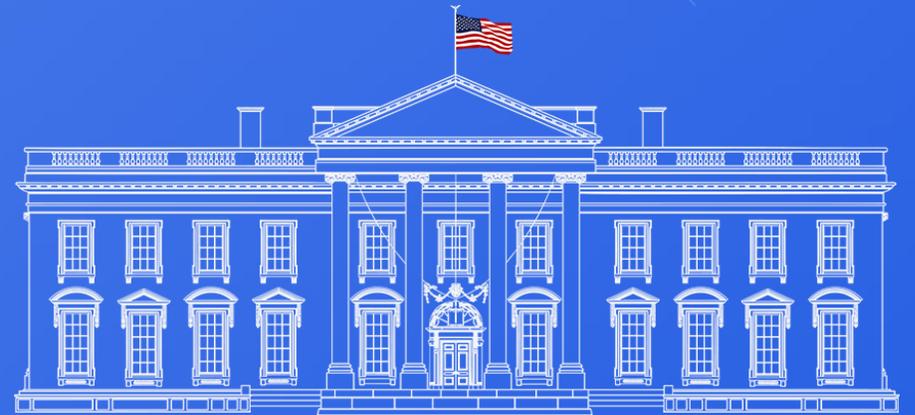




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Federal Level ESG Developments in 2025

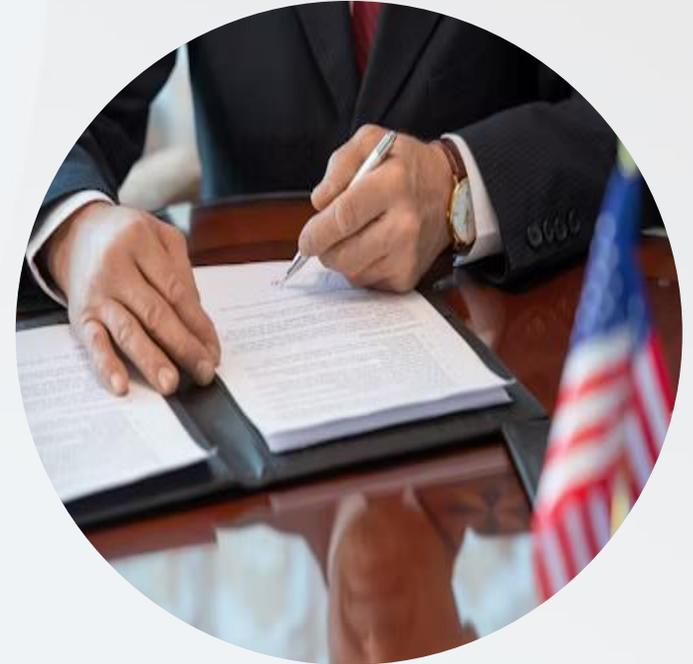
Presidential Actions



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Presidential Actions

- 143 EOs issued since January 20, 2025 (162 in previous administration)
- US President manages operations of Executive branch through Executive Orders
- Major policy shifts in ESG related topics
- **EO 14148 *Initial Rescissions of Harmful Executive Orders and Actions***
EO 14236 *Additional Rescissions of Harmful Executive Orders and Actions* revoked EOs related to
 - Diversity, Equity, and Inclusion (DEI);
 - Climate Change and related risks;
 - Renewable Energy transition.



Presidential Actions - Energy

- **EO 14154 *Unleashing American Energy***
 - Increase domestic exploration and use of oil, gas and other minerals;
 - Elimination of “electric vehicle (EV) mandate”;
 - Freedom to choose from a variety of goods and appliances.

- **EO 14162 *Putting America First in International Environmental Agreements***
 - Withdrawal from the Paris Agreement on Climate Change;
 - Notice to UN Secretary-General on January 30;
 - Withdrawal will take effect on January 27, 2026;
 - US International Climate Finance Plan was revoked and rescinded;
 - Recent dismissal of authors of sixth National Climate Assessment report.



Presidential Actions -Energy

EO 14260 *Protecting American Energy From State Overreach*

- Directs Attorney General to identify state laws relevant to climate change, ESG initiatives, environmental justice, carbon or GHG emissions, or carbon-related taxes or penalties;
- Appropriate action to stop state climate and energy-related laws and policies that may hinder domestic energy resource activities and may be unconstitutional, preempted by federal law, or otherwise unenforceable;
- Specifically targets state programs in California, New York, and Vermont.



Presidential Actions - DEI

EO 14173 *Ending Illegal Discrimination and Restoring Merit-Based Opportunity*

- End of Federal DEI and Diversity, Equity, Inclusion, and Accessibility (DEIA) workplace policies;
- Enforce compliance with existing federal anti-discrimination laws;
- DEI/DEIA no longer allowed in Federal contracts;
- Private sector encouraged to end DEI/DEIA policies;
- AG report on DEI on publicly traded & large non-profit corporations;
- US Department of Labor stopped all equal employment investigative and enforcement activity.



Presidential Actions - Corruption

EO 14209 *Pausing Foreign Corrupt Practices Act Enforcement To Further American Economic and National Security*

- FCPA prohibits US citizens and companies from bribing foreign officials for business purposes;
- Mandates accurate record-keeping and internal accounting controls for publicly traded companies;
- "Overexpansive and unpredictable FCPA enforcement ... not only wastes limited prosecutorial resources, but actively harms American economic competitiveness and national security."
- 180 days review: AG shall review guidelines and policies governing investigations and enforcement actions under FCPA.



Presidential Actions - Deregulation

EO 14192 *Unleashing Prosperity Through Deregulation (10 : 1 Rule)*

- For each new regulation issued by Agencies, at least 10 existing regulations shall be identified for repeal;
- Memorandum *Regulatory Freeze Pending Review* had already frozen issuance of rules and proposed rules pending approval by appropriate agency head or official.
- April 11 - Office of Management and Budget - Notice solicits comments for deregulation ("any and all regulations currently in effect"). DFC: May 12, 2025





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Federal Level ESG Developments in 2025

Related Federal Bills



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Related Federal Bills

- **HR 1553 / SB 720 Proposed *Empowering and Enforcing Environmental Justice Act***
 - In response to 200 employees placed on leave in environmental justice programs at EPA and Department of Justice (DOJ);
 - Establish Office of Environmental Justice within DOJ;
 - Promoting environmental justice matters.
- **HR 1781 Proposed *repeal of certain executive orders***
 - Congress has power to pass legislation invalidating Executive Orders:
 - EO 14154 Unleashing American Energy;
 - EO 14162 Putting America First in International Environmental Agreements;
 - EO 14156 Declaring a National Energy Emergency.



Related Federal Bills

SB 985 Proposed Prevent Regulatory Overreach from Turning Essential Companies into Targets Act (PROTECT USA Act)

- Applies to US based companies that do business with any part of the Federal Government;
- Activities are essential to the national interests of the United States;
- Prohibits companies from participating in foreign sustainability due diligence regulations, incl. EU Corporate Sustainability Due Diligence Directive;
- Presidential exemption possible for hardship relief;
- Related: US Chamber of Commerce letter of April 21.



Federal Level ESG Developments in 2025

EPA Deregulation



EPA Deregulation

March 12, 2025: Administrator Zeldin announced 31 historic actions to “Power the Great American Comeback.”

Key actions include *reconsideration* of:

- ***Greenhouse Gas Reporting Program***
Requirements for larger industries to report their GHG emissions;
- ***Risk Management Program Rule***
Rules for oil and natural gas refineries and chemical facilities to improve safety;
- ***Automotive GHG Rules***
GHG emission regulations on light-duty, medium-duty, and heavy-duty vehicles;
- ***2009 Endangerment Finding***
Scientific basis for regulating greenhouse gases under the Clean Air Act;
- ***Technology Transition Rule***
Limit on use of climate-damaging hydrofluorocarbons (HFCs) in sectors like food and semiconductor manufacturing.



Federal Level ESG Developments in 2025

SEC Greenhouse Gas Emission Reporting Rule



SEC Climate Disclosure Rule - Status

Rule's Objective: Enhance & standardize climate disclosures by public companies

The rule was finalised in March 2024 then suspended one month later due to challenges in court by states and private parties.

February 2025:

- Then Acting Chair Uyeda believed Rule was "unnecessarily intrusive."
- SEC Commissioner Crenshaw disagreed.

March 2025:

- SEC voted to end its defense of climate disclosure rules
- SEC counsel no longer authorized to advance arguments to the court.

Business Impact: At this time, companies do not have to comply with this rule.



State Level ESG Developments in 2025

ESG Reporting & Supply Chain Disclosures



US States: ESG Reporting & Supply Chain Disclosures

New York (USA): Fashion Environmental Accountability Act, SB 4558B / companion AB 4631

- Encompasses both environmental and human rights policies.
- Fashion sellers must submit annual due diligence report that includes emissions, material production and financial spending on due diligence efforts.
- Penalties for non-compliance could go up to \$15,000 per violation, per day.

Massachusetts (USA): Establish Environmental Accountability in Fashion Industry, HB 1032

- Fashion sellers accountable to environmental standards through due diligence by documenting supply chain mapping and reducing GHG emissions.
- Submit annual environmental due diligence report to Attorney General beginning within 18 months of the bill's taking effect.



US States: ESG Reporting & Supply Chain Disclosures

California (USA): Fashion Environmental Accountability, AB 405

Increases accountability in reducing GHG emissions and supply chain transparency. Fashion producers to begin meeting requirements in 2027:

- Measure and disclose GHG emissions from production to end-of-life disposal
- Set reduction targets aligned with state climate goals
- Submit annual environmental due diligence report

Washington (USA): Fashion Sustainability Accountability Act, HB 1107

Requires disclosure of environmental impacts by fashion producers and sellers as of 2027 such as chemical contents, how sustainability is measured

- Identify targets related to reducing producer's environmental impacts..



State Level ESG Developments in 2025

Human Rights-Affected Communities



Human Rights-Affected Communities

New York: PFAS as a Toxic Air Pollutant, SB 1493 / companion bill AB 4373

- Businesses near **disadvantaged or impacted communities** could face increased regulatory scrutiny and liability.
- If PFAS emissions found, may be required to establish program to monitor emissions with control technology.

Illinois: Environmental Protection Act - Proposed Amendment, SB 1307

- Companies in **environmental justice community** would be required to conduct public consultation and provide 3rd party environmental justice assessment before applying for a construction permit.

California: Protecting Tribal Water Use, AB 362

- Adds declarations related to **California tribal communities** and protecting tribal water use.
- Businesses to report potential impact to tribal water beginning in 2026.





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State Level ESG Developments in 2025

Climate Disclosures



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Climate Disclosures

New Jersey (USA): Climate Corporate Data Accountability Act, SB 4117

- **Annual reports** to be submitted to Department of Environmental Protection and designated nonprofit organization.

New York (USA): Climate Corporate Accountability, SB 3456

- **Timeline:** Reporting requirements implemented between **2027** and **2031**.

Oregon (USA): Climate Accountability and Damages Act, SB 679

- Parties whose actions or products significantly emit greenhouse gases **liable** for damages caused by extreme weather and climate disasters



Climate Disclosures: A Push for Transparency

- **New York (USA): Reporting and Verification of Greenhouse Gas Emissions, SB 6308**
- **Illinois (USA): Corporate Emissions Reporting, HB 3673**
- **Annually disclosure:**
 - Scope 1: Direct emissions
 - Scope 2: Indirect emissions from purchased electricity
 - Scope 3: Indirect upstream and downstream emissions
- **Timeline:**
 - **(NY):** Scope 1 & 2 starting 2028, Scope 3 in 2029
 - **(IL):** Beginning January 1, 2027, and annually thereafter, reporting entities must publicly disclose their Scope 1 and Scope 2 emissions, followed by Scope 3 emissions within 180 days



Climate Disclosures: A Push for Transparency

New York (USA): Reporting of Climate-related Financial Risk by Certain Business Entities, SB 3697

- "**Covered entities**" must prepare and disclose climate-related financial risk reports
- **Report Content:**
 - Climate-related financial risks & measures taken to mitigate these risks.
 - **Claims must be verified by a third-party**
- **Timeline:** By January 1, 2028, and biennially thereafter



Climate Disclosures: Mitigation Efforts

California (USA): Carbon Dioxide Removal for Net Zero Greenhouse Gas Emissions Goal, SB285

- **Advancing Carbon Dioxide Removal:**
 - Limits use of CDR for meeting net-zero targets or offsetting emissions under Climate Corporate Data Accountability Act
 - Only "qualified" CDR methods will be permitted
- **Protocols for Carbon Management**
- **Washington (USA): Reducing Greenhouse Gas Emissions Associated with Hydrofluorocarbons, HB 1462**
 - Aims to **reduce GHG emissions** by prohibiting sale and distribution of newly produced bulk hydrofluorocarbons (HFCs) and blends with high global warming potential ($GWP > 2,200$) by 2027
 - **Improving refrigerant management practices**



Climate Disclosures: Mitigation Efforts

New Jersey (USA): Global Warming Response Act, Assembly Bill 3301, Proposes to Amend on greenhouse gas emissions monitoring and reporting SB 3737

- **Key Changes:**
 - Expanded Definition
 - Enhance Reporting
 - 20-year GWP horizon
 - Enhance Monitoring
 - Indirect emissions
 - Comprehensive Assessments

New York (USA): Establishing an Economy-Wide Cap and Invest Program to Support Greenhouse Gas Emissions Reductions, AB A3975

- Establishes **"cap and invest"** program
- Prioritizes reductions in disadvantaged communities



Climate Disclosures: Mitigation Efforts

Oregon (USA): Greenhouse Gas Emissions Reduction Goals, HB 3477

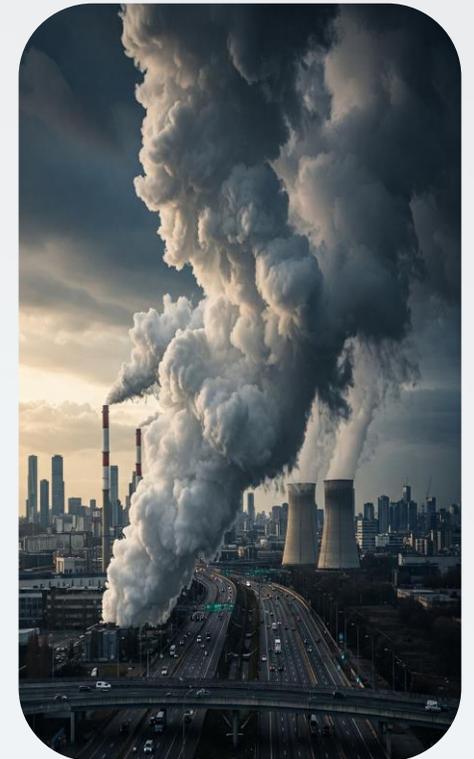
- Proposed emissions reduction goals:
 - By **2030**: At least 45%
 - By **2040**: At least 70%
 - By **2050**: At least 95%

Vermont (USA): Greenhouse Gas (GHG) Emissions Reduction, Senate Bill 350 Enacted, 2008 and Other Proposes to Amend on reaching zero emissions by 2035, SB 110

- Aims for **net zero emissions by 2035**, implementing 2016 Paris Agreement objectives

Rhode Island (USA): Repeal of The 2021 Act on Climate, SB 0400

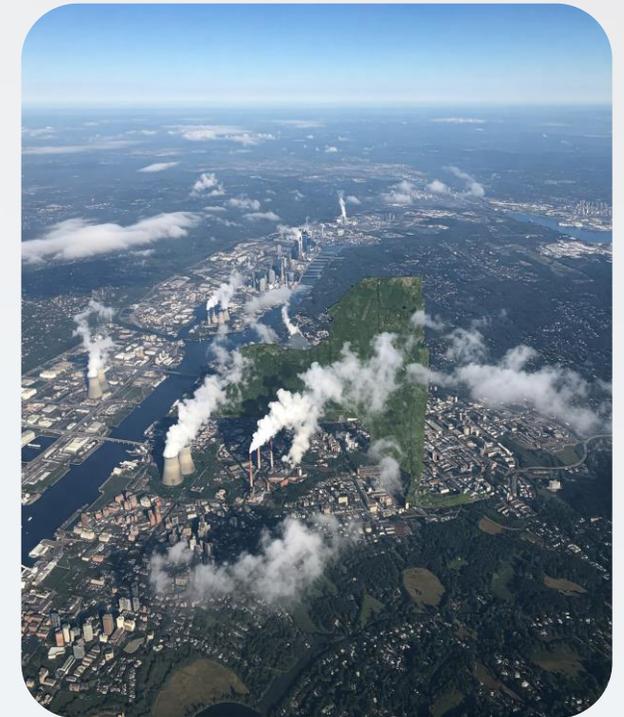
- Proposes to **repeal the "2021 Act on Climate"**



Climate Disclosures: Emissions

New York (USA): Mandatory Greenhouse Gas Reporting, 6 NYCRR 253, Draft Regulation, March 2025

- **Reduce pollution, boost community resilience, and transition to clean energy economy**
- Reporting program would be implemented through Part 253, Mandatory Greenhouse Gas Reporting
- **Includes revisions to 6 NYCRR Part 200**
- Public Comments through **July 1, 2025**





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State Level ESG Developments in 2025

Labor & Employment



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L&E: An Overview of 6 Major Themes

- **Foundational Workplace Standards**
 - Pregnant Work Protection
 - Paid Sick Leave
 - Breaks & Overtime Pay
- **Equity & Modern Workplace Considerations**
 - AI Use in the Workplace
 - Discrimination
 - Wage Transparency
- **Amount of Bills:** >500 number of bills throughout the US States



L&E - Pregnant Worker Protection

- **Reasonable Accommodations**
- **Leave Usage:** No mandatory use of annual, vacation, or sick leave if reasonable accommodation possible.
- **Reasonable Accommodation Notice:**
 - Post conspicuously
 - Include in employee handbook.
 - Provide to:
 - New hires (at hire).
 - Current employees (within 180 days of law).
 - Pregnant employees.

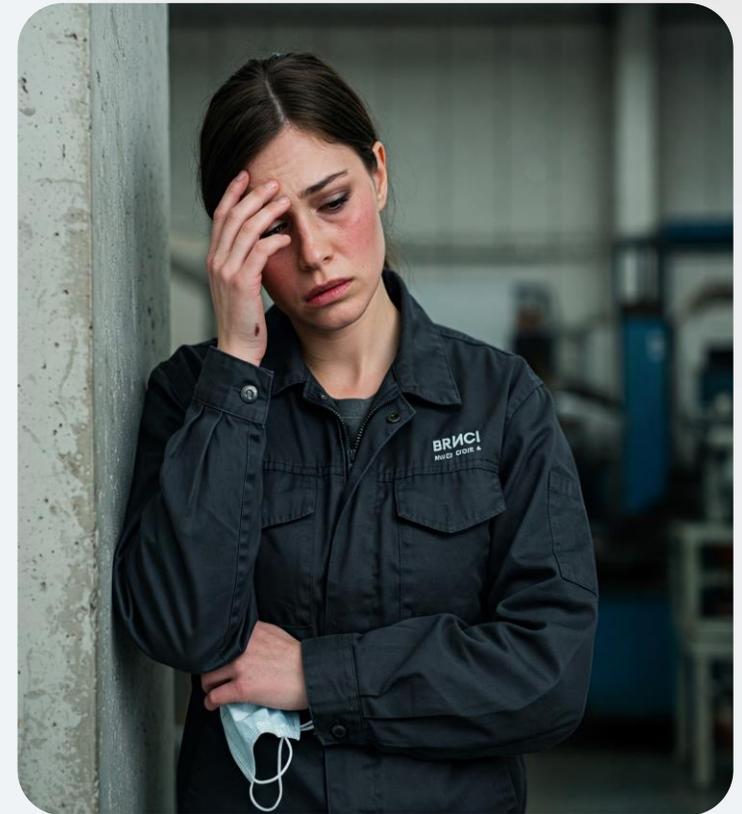


L&E - Paid Sick Leave

Michigan (USA): [Earned Sick Time Act, HB 4002](#) - Enacted

Provide Michigan workers with right to earn sick time for personal or family health needs, domestic violence and sexual assault-related purposes, and school meetings due to child's health or disability issues.

- **Accrual & Hourly Caps**
- **Carryover**
- **Usage of Earned sick time**
- **Protection**



L&E - Breaks & Overtime Pay

- **New Labor standards**
 - Meal Breaks
 - Rest Breaks
 - Overtime Pay compensation
- **Required Pay for Remote Work**



L&E - AI Use in the Workplace

- **Bias Audits:** Verify AI systems are free of discriminatory bias.
- **Transparency:** Inform about AI use and functionality; submit impact assessments.
- **Anti-Discrimination:** Prevent discriminatory employment actions based on AI.
- **Worker Rights:** Protect rights against AI surveillance; ensure alternative review options.



L&E - Discrimination

- **Appearance/Age Discrimination:** Protect against workplace bias based on appearance or age.
- **AI Discrimination Regulation:** Prevent discriminatory outcomes from AI in hiring and management.
- **NDA/NDA on Discrimination/Harassment:** Prohibit agreements silencing discrimination or harassment experiences.



L&E - Wage Transparency

- **Salary Range Disclosure (Job Posts):** Include salary ranges in job ads.
- **Salary History Ban:** Prohibit asking about past salaries.
- **Pay Range Disclosure (Current Employees):** Provide pay ranges upon request or for promotions.
- **Stronger Pay Equity Enforcement:** Enhance penalties for pay equity violations.





ESG Regulatory Developments in the US Key Takeaways



Key Takeaways

- ESG has become a highly politicized issue in the US, with significant divisions between those advocating for greater corporate transparency and those concerned about regulatory overreach.
- Federal ESG initiatives are actively being rolled back but States are pushing ahead with their own ESG regulations.
- Lack of federal guidance is creating a patchwork of regulations.
- Regulatory tracking and horizon scanning tools like C2P are important to stay on top of developments.
- Despite the backlash, new reporting by Reuters provides strong evidence that US companies are maintaining, and even planning to expand, their sustainability commitments.



Questions?



Lets Talk



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