

Reflecting on the Corporate Sustainability Landscape After the 2024 U.S. Presidential Election

By Chad Spitler, CEO and Founder, Third Economy, November 2024

The U.S.'s recent election has prompted lots of questions about where sustainability sits in the business landscape today and in the future.

While we do not have a crystal ball at Third Economy, we do have experience adapting to changing market dynamics. This includes examining market influences that extend beyond federal policies, such as global regulations, investor demand, and consumer activism.

Our list below summarizes our predictions on the key drivers of sustainability for corporations in our post-election era.

Summarizing the Key Drivers of Sustainability Post U.S. Election

- **FEDERAL REGULATORS:** Federal rules and regulations around climate disclosures ([SEC climate risk disclosure rule](#)) are likely to be delayed for at least four years.
 - There may be additional pullback on policies to encourage the climate transition in the U.S. ([Inflation Reduction Act](#)).
 - Corporate tax cuts may leave companies with extra cash; companies will have the opportunity to invest in more sustainable innovation or repurchase shares through stock buybacks.
- **STATE REGULATORS:** State-level regulation, such as California's climate risk disclosure law ([CA SB-219](#)), will continue to move forward with inaugural reporting in 2026.
 - Similar legislative proposals are on the docket in states like NY, WA and IL, which may further complicate climate reporting and compliance for corporations.
- **GLOBAL REGULATORS:** Compliance with global reporting directives will continue as planned, as the EU's CSRD collects its first reports in January 2025 and the IFRS continues to expand its global reach; companies will need to continue their reporting and transition to net-zero to comply.
 - Suppliers to companies subject to these regulations can expect a ripple effect, as companies will need engage their value chains to meet their own regulatory requirements (e.g. Scope 3 reporting and climate transition planning).
 - Beyond compliance, foreign investors still prioritize sustainability and the transition to a low-carbon economy remains a crucial piece of capital raising.

THOUGHT LEADERSHIP

- INVESTORS: Investors will continue to drive sustainability from a financial perspective as market fundamentals remain.
 - Investors may also become more aggressive in their engagement and approach to shareholder proposals, to reinforce their sustainability interest and to respond to expected changes at the SEC.
- CUSTOMERS: Companies may experience consumer pressure around sustainability in a few different ways – largely driven by values-based consumerism and the potential for higher prices from global policy changes.
 - Potential tariffs may make certain goods and services more expensive in the U.S. and we can expect possible consumer backlash to potential supply chain disruptions or price changes.
 - Values-based consumerism is expected to rise, as customers rally around brands that reflect their values and operate with increased transparency.
 - This may include the sentiments of current and future employees as well, who continue to be concerned with the values-alignment of their employer.
- COMPANY BOARDS AND MANAGEMENT TEAMS: In an uncertain environment, boards and oversight groups will emphasize strong governance, prioritizing clear communication, risk management, and readiness for decision-making.
 - Strong governance structures enable companies to capitalize quickly on innovation opportunities, protect against risks (like conflicts of interest), and ensure credibility and confidence in the business' strategic direction.
- NON-PROFITS: In the absence of federal regulation, we will see non-profit organizations applying more pressure on corporate climate issues, akin to our prediction for investors and consumers.

We believe that market forces will continue to drive sustainability over the next four years.

If we can help your company advance its sustainability strategy in light of changing market dynamics, don't hesitate to reach out to our team.



Disclaimer: The information provided does not, and is not intended to, constitute legal advice; instead, all information, content, and materials available are for general informational purposes only.