



UNITED STATES REGIONAL OVERVIEW

The US 2024 presidential election reshaped US climate policy. President Trump's withdrawal from the Paris Agreement, anti-climate change agenda and radical approach to renegotiating international trade agreements have demonstrated how quickly the politically unacceptable can become not only possible, but policy.

United States Market Drivers

Regulatory & Policy Drivers

The United States made significant progress toward its climate commitments with the passage of the [Inflation Reduction Act](#) (IRA) in August 2022. One of the IRA's most notable achievements has been its focus on reducing greenhouse gas (GHG) emissions and transitioning from a reliance on fossil fuels to clean energy technology.

The Biden administration chose a "carrots over sticks" tactic to implement this legislation. Instead of fining corporations for GHG emissions or increasing the costs of fossil fuels, the IRA incentivized businesses and households to invest in the clean energy transition through tax benefits. Examples are consumer tax credits on electric vehicles or residential clean energy use and investment tax credits on renewable energy projects with bonus credits given to those projects located in low-income communities. Following the IRA's passage, [42% of companies](#) increased their climate solution measures.

The US Securities and Exchange Commission (SEC) moved forward and [finalized their 2022 proposed rule](#) to enhance and standardize climate-related disclosures by public companies for investors in March 2024. The final rule mandated the public disclosure of scope 1 and 2 GHG emissions for public companies.

At the state level, California advanced federal efforts with the passage of Senate Bills (SB) 253 and 261 in October 2023 that mandated private and public company disclosures on scope 1, 2, and 3 GHG emissions and on the company's climate-related financial risk.

Due to the size and influence of the Californian business sector, these laws will set a de-facto standard for the United States once reporting begins in 2026.

Despite the growth of climate efforts, a wave of anti-ESG sentiment arose in 2023. At the federal level, a wave of anti-ESG bills were proposed in Congress in June 2023. While the bills gained momentum, none of them became law. Nevertheless, the sentiment reverberated through state action. In 2024, state executives led [113 anti-ESG executive actions in 31 states](#). 10 actions took the form of lawsuits aimed at restricting or banning responsible investing, 6 of which targeted federal rules.

One prominent legal challenge targeted the [Department of Labor's \(DOL\) finalized rule](#) that allowed fiduciaries to consider ESG factors in ERISA-governed retirement plans, when looking at two seemingly equal financial investments. A conservative federal court upheld the DOL rule two times, protecting fiduciaries' right to consider any financially material factor, including ESG criteria, in their investment decisions.

The 2024 presidential election was consequential to the future of United States policy. President Trump's deregulatory agenda and public opposition to DEI and ESG has already begun to impact sustainable investment and is expected to have resounding effects in years to come.

On day one of President Trump's second term, the White House released a flurry of executive orders targeting DEI (Diversity, Equity, and Inclusion) programs in the [government](#) and [beyond](#) as well as targeting [climate change and environmental justice](#) initiatives deemed as "unduly burdensome."

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Since President Trump's inauguration, the executive and legislative branches of government have worked in lockstep to quickly advance his agenda. DEI programs have been dismantled and investments into clean energy have been hampered through cuts and restrictions to clean energy tax credits established under the IRA.

The SEC stepped back from defending its own climate-related financial risk rule, which had been challenged in court under the Biden Administration. Through a decision to conserve court resources and leave rulemaking to the SEC, the court ruled to halt the case, pending a decision from the SEC on whether to defend or rewrite the rule. In addition, the SEC has already mapped out its deregulatory agenda. Notably, the SEC plans to 'modernize' the shareholder proposal process, an instrument shareholders use to raise risks and engage with management. The SEC also plans to 'rationalize' disclosure requirements. This may include changes to disclosure on executive compensation, critical minerals, and more.

The Environmental Protection Agency (EPA) has proposed two rules that threaten GHG regulation. First, the EPA has proposed to rescind the Endangerment Finding, which is the scientific and legal basis for all federal GHG emissions standards, and second, the agency has proposed to dismantle the GHG Reporting Program, which compiles critical GHG emissions data across industries for investors.

The anti-ESG sentiment raised a few years ago continues to fester in some states despite [fewer pieces of anti-ESG legislation](#) laws taking hold. Legal attacks seek to push deregulation from industry organizations and state attorneys general on the [SEC Climate Disclosure rule](#), the [DOL Prudence and Loyalty Rule](#), and the CA Disclosure rules. In addition, we have seen mounting attacks on large asset managers such as BlackRock, Vanguard, and State Street. Allegations include misleading investors in ESG products as well as antitrust claims. A wave of attacks has also begun to mount against proxy advisory services such as Glass Lewis and Institutional Shareholder Services (ISS).

On a more hopeful note, some states are making progress on environmental regulations. The California Air Resources Board (CARB), the regulatory board tasked with writing the implementation guidelines, are standing firm and ironing out final guidelines for the law's implementation in 2026.

Market Drivers

Domestic flows into sustainable investment strategies moderated in 2023–2024 compared with the rapid expansion of the prior decade. Yet institutional investors – particularly public pension funds, foundations, and university endowments – continued to integrate sustainability factors into asset allocation as part of fiduciary risk management. Notably, demand grew for strategies with specific thematic objectives, such as climate transition, renewable energy infrastructure, and workforce resilience. Investor engagement also sharpened: proxy voting and corporate dialogues increasingly centred on governance, disclosure quality, and credible transition plans.

Sustainable investment was a focal point of public debate. Critics raised questions about the definition and scope of ESG, while proponents emphasized the importance of aligning portfolios with material risks and long-term value creation. This discourse pushed asset managers to demonstrate greater rigor, transparency, and accountability in how they integrate sustainability. Companies with strong governance, robust disclosure practices, and evidence of operational resilience found themselves better positioned to attract capital and build investor confidence.

While the politicization of ESG may dampen headline growth, the underlying drivers remain powerful: climate risk, technological innovation, demographic shifts, and stakeholder expectations. We expect continued demand for credible, data-driven strategies that balance fiduciary responsibility with forward-looking risk management. For United States investors, the period ahead will be less about labels and more about disciplined execution, measurable outcomes, and alignment with long-term value creation.

Customer Drivers

The United States sustainable investing landscape is maturing and poised for long-term growth. While it faces near-term headwinds from political scepticism and the need for greater data transparency, this growth will be driven by three core factors: sustained client demand, growing evidence of financial materiality, and the pressing urgency of global challenges, particularly climate change. This evolution is expected to favour more sophisticated, thematic, and impact-focused strategies.

Despite the intense scrutiny surrounding sustainable investing, which might suggest a slowdown, recent data indicates the opposite. Research, such as that by Morgan Stanley, shows consistently high levels of interest across demographics, with 99% of Gen Z and 97% of millennials expressing interest. This demand is translating into increased engagement in the RIA (Registered Investment Advisor) and wealth management space, driven primarily by retail investors, according to US SIF.

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The political discourse around fiduciary duty is pushing the market to concentrate on financial materiality and explicitly linking ESG performance to tangible outcomes. As businesses navigate shifting population dynamics, resource scarcity, and the impacts of climate change, investors are increasingly demanding that corporate leaders develop strategies to mitigate these effects. This focus is acutely visible in the United States context, where devastating physical climate risks—such as recent California wildfires, flash floods in Texas, and hurricanes in the southern states—are compelling asset managers and owners to insulate and protect their portfolios from these direct threats.

Finally, the United States market continues to present significant sustainable investment opportunities, especially within the private sphere. While attention remains on investment opportunities in the energy transition, the segment of the market focusing on social and governance factors is also expanding. Investors are increasingly seeking more robust corporate disclosures on workforce diversity and data privacy, particularly concerning the use of artificial intelligence.

About Us

The US SIF works to ensure that capital markets in the United States play an active role in driving investments toward more sustainable and equitable outcomes. The US SIF and its members are the leading voices of sustainable investment in the United States. We aim to create a level playing field in capital markets which includes increased transparency and disclosure across the industry.

The US SIF’s 200+ Members represent trillions in assets under management. The membership includes actors across the entire capital markets value chain– including asset owners, financial advisors, asset managers, institutional investors, community investment institutions and data & service providers.

CAPABILITIES	US SIF
Member Communications	Yes
Member Events	Yes
Policy Influencing	Yes
Research	Yes
Education	Yes
Thematic Working Groups	Yes
Accreditation (Certification)	Yes

