



GOVERNANCE

ESG in 2025: Significant adaptation in sustainability emerges as business-as-usual

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Indeed, the European Union’s Corporate Sustainability Reporting Directive (CSRD) reporting deadline in early 2026 for multinationals and C-Suite decision-makers may help bring us closer to the day that sustainable practices are so commonplace in the corporate world that they’ll no longer need a separate label.

In that light, we look at several predictions for the coming year that may have a great impact on ESG and corporate sustainability issues.

Prediction 1: The term *ESG* fades, even as material risks, opportunities & impact endure

Corporate ESG initiatives have long been influenced by a combination of pressures from governments, investors, and other stakeholders. Recently, some companies appeared to be retreating from their ESG commitments, in response to an aggressive anti-ESG agenda.

Miriam Wrobel, Senior Managing Director of the ESG practice at FTI Consulting, said she sees it differently. “This movement from talk to action may look like a slowdown to outsiders, but it represents meaningful progress because it shows that companies are building internal capacity to measure and manage these issues,” Wrobel explains. “At its essence, ESG is a toolkit for companies to identify material

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Prediction 3: ESG integration into core business strategy goes mainstream (finally)

ESG alignment with central business objectives will become the norm, thanks to CSRD reporting deadlines in 2026, growing awareness of climate risks and stakeholders' ongoing interest in sustainability. Critical too is the involvement of key C-suite members in this process. For example, CFOs are central to the ESG reporting success, according to the Thomson Reuters Institute's **2024 State of Corporate ESG Report**.

Several drivers of this trend include the increasing requirements for assurance in ESG disclosure over the next few years and the expertise that corporate finance functions have in implementing rigorous processes to support assurance in financial disclosures.

Likewise, the role of the corporate general counsel (GC) in ESG is expanding because of the growing importance of governance across a larger set of risks, the necessity for reviews of corporate messages (including marketing content), and the need to amend supplier contracts with vendors to accommodate growing ESG regulation requirements across jurisdictions. Further, AI, big data, and other technologies also are making the **chief information officer and chief tech officers** more central to companies' sustainability tech investments, which is further forcing integration of ESG into core business strategies.

Prediction 4: Reverse of federal ESG-related regulations & rules accelerates, leaving gaps

In the aftermath of the US election, anti-ESG rulemaking and legislation at the federal level in the US will expand while pro-ESG rulemaking and legislation will stall. Wrobel says she sees ESG transparency in doubt more than ever before. For example, climate risk regulation from the U.S. Securities and Exchange Commission is likely to be tabled permanently.

In addition, the President-Elect Trump has indicated a desire to ban diversity, equity, and inclusion initiatives in workplaces and educational institutions. Likewise, FTI's Wrobel says she expects federal dollars earmarked for renewable energy will be scaled back, and domestic manufacturing and investment

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chain of inputs and outputs to show how investments in lower carbon intensity materials translate to decarbonization goals.”

In 2025, businesses are expected to rigorously prioritize their ESG impact toward more material business issues. And an increasing number of companies are likely to adopt ESG as a strategic lens and use it as an opportunity to fundamentally reshape their business models.

These changes will lead to a widespread overhaul of product design, procurement, business, and the decision-making processes. However, expect opponents to work actively to hinder this progress.

*For more, check out the Thomson Reuters Institute’s **ESG Resource Center***

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