



2026 TRENDS

Sustainability

TREND 1

Demonstrate ESG Impact

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Circular Economy

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AI Applications for Sustainability

TREND 4

Renewable Energy

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Biodiversity Protection

As businesses navigate a rapidly shifting regulatory landscape, sustainability is evolving from a voluntary initiative to a strategic necessity. EU regulations are raising pressures for sustainability reporting, investors are looking to ESG data to assess risk, and consumers are increasingly choosing more eco-friendly brands that align with their values. Companies that fail to address environmental risks will be more likely to face financial challenges and damage to their brand's reputation.

In 2026, sustainability will become increasingly central to business strategy, driven by regulatory requirements, stakeholder demands, and consumer expectations for ethical practices. In this report, we outline the key trends set to shape sustainability in the coming year and highlight different methods organizations can use to mitigate risk, maintain investor funding, and foster consumer trust and brand loyalty.



TREND 1

Demonstrate ESG Impact



Moving into 2026, the [U.S. requirements for ESG disclosure have loosened](#) under the current administration. In March 2025, the [SEC ended the legal defense of its climate disclosure rules](#), no longer requiring companies to report on climate risks and greenhouse gas emissions. Despite declining U.S. regulations, [maintaining strong ESG disclosure](#) remains critical. Businesses that continue to quantify and report ESG impact can strengthen stakeholder trust and, in turn, improve their odds of securing funding.

Investors increasingly rely on ESG data to evaluate long-term risk and resilience; a Capital Group survey of 1,130 institutional and wholesale investors across 19 global markets found that [89% of investors consider ESG issues](#) in some form as part of their investment approach. Companies whose initiatives fail to align with investor ESG priorities may struggle to attract or retain capital.

Consumers are also placing greater emphasis on ESG when making purchasing decisions. Many shoppers actively seek brands that align with their personal values, with [82%](#) saying a consumer brand's values should reflect their own. For example, [Seventh Generation](#) focuses on plant-based, non-toxic cleaning products that come in recycled packaging and is the [largest eco-friendly cleaning supplier in the U.S.](#), while [Allbirds](#) focuses on sustainable shoes made from natural fibers like merino, wool, and eucalyptus. Even with reduced government enforcement, voluntary ESG reporting remains an important tool for maintaining consumer trust.

While U.S. regulations have softened, the EU CSRD requires companies to disclose sustainability impacts, risks, and opportunities. If businesses continue to disregard ESG data disclosure under the current administration's regulations, they may miss out on international partnerships and investors that require stricter ESG goals.

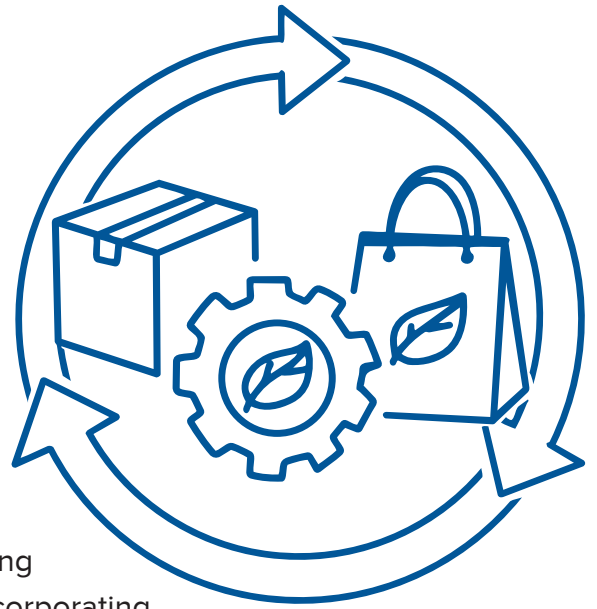
Looking ahead, the regulatory landscape for sustainability is tightening globally. Despite relaxing ESG standards in the U.S., companies that maintain strong ESG goals will be better aligned with investor expectations and international requirements. By quantifying ESG data and translating it into measurable ROI and cost savings, businesses can clearly demonstrate value while positioning themselves to manage long-term risk in increasingly interconnected global supply chains.



TREND 2

Circular Economy

In 2021, circular supply chains were not a priority, with only [40% of businesses considering circularity important](#). Today, that number has reached 75% and is expected to grow to 95% in the next three years. Looking to 2026, circular economy strategies have started to become embedded into core business models rather than into treated as sustainability add-ons.



The principles of reduce, reuse, and recycle are increasingly shaping product design and sourcing decisions. Many organizations are incorporating recycled materials into their products, with brands such as Adidas leading early adoption (in 2019) by producing roughly [11 million pairs](#) of shoes using recycled plastics.

Sustainable supply chains and ethical sourcing have also become a priority as consumer, regulators, and investors demand greater transparency. Consumers want clearer insight into how products are made and where materials originate, particularly in industries such as [beauty](#), where [86% of shoppers](#) say they want more information from brands about where product ingredients come from. With this in mind, supply chain transparency can help gain consumer trust while also supporting compliance evolving expectations.

Many companies are reinforcing transparency and circularity by integrating reuse and recycling programs across the product lifecycle. For example, [Ikea](#) offers furniture leasing, buy-back policies, and assistance for customers to help extend the lifetime of their products. Similarly, [Adidas](#) has advanced circular design through its “Made to Be Remade” initiative, alongside sneaker cleaning, rental, and take-back programs that keep products in use longer.

In 2026, circular supply chains have emerged as a strategic advantage. Beyond enhancing brand reputation, circularity can reduce material costs and [improve supply chain resilience](#) in an increasingly interconnected global economy. Organizations that assess circular opportunities across the full product lifecycle and expand reuse and take-back programs will be better positioned to [meet evolving consumer expectations](#) and support long-term business success.



TREND 3

AI Applications for Sustainability

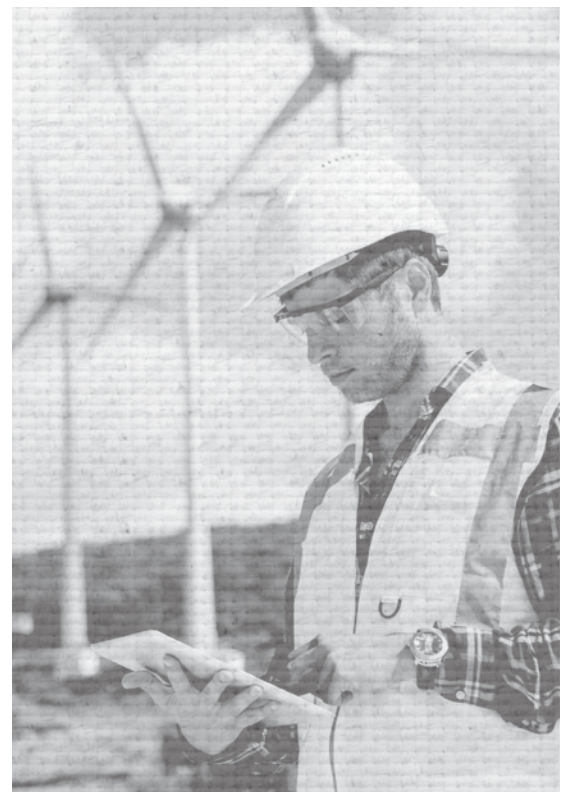
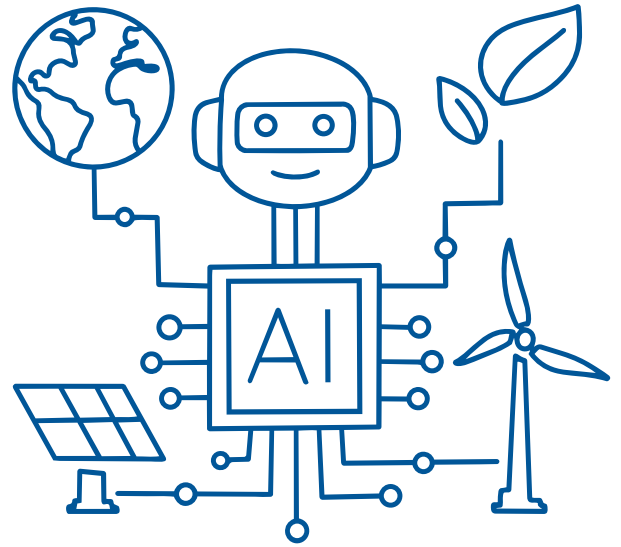
AI use cases for sustainability are becoming more prevalent. Previously, AI was used for smaller, more localized use cases like [waste sorting automation](#). Now, [AI is pushing sustainability efforts](#) forward by predicting energy usage and optimizing supply chains.

At the same time, digitalization and smart tools are expanding the reach of these capabilities. Platforms like [Microsoft Cloud for Sustainability](#) help organizations improve ESG data transparency and offer a variety of sustainability solutions, while IoT sensors can measure real-time energy consumption along the supply chain for smarter energy decisions.

However, AI itself has a carbon cost and raises concerns about environmental footprint. Training just one large deep-learning model can produce [626,000 pounds of carbon dioxide](#). As companies continue to leverage AI for sustainability, they should also consider the emissions that come with it.

Looking ahead, companies should focus on more environmentally efficient ways to deploy AI. Greener data infrastructures, including energy-efficient hardware, can help reduce AI's carbon footprint. Optimizing models by reducing their size and using transfer learning instead of training from scratch can further limit energy consumption. Companies can also invest in data centers powered by renewable energy.

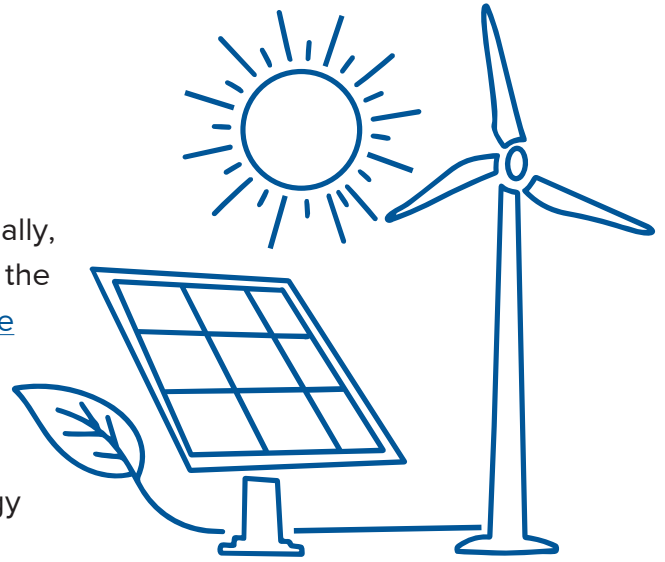
By adopting greener AI strategies, organizations can strengthen their ESG performance and reporting. Embedding sustainability principles into AI strategies also builds trust and transparency with stakeholders and consumers, positioning businesses to adapt more effectively to future regulatory and environmental shifts.



TREND 4

Renewable Energy

As regulations on greenhouse gases continue to increase globally, renewable energy may be a practical and scalable solution. By the end of 2025, carbon pricing covered [28% of global greenhouse gas emissions](#), up from 24% in 2024, which is increasing pressure on organizations to reduce their carbon footprint. At the same time, accelerating grid modernization and expansion are making renewable energy a more viable and reliable energy source.



For many organizations, the shift to renewable energy also offers clear financial benefits. Companies can [reduce energy costs by 20-50%](#), benefitting from lower utility bills and tax credits. For companies facing financial pressures, renewable energy adoption can also support resilience by stabilizing and lowering long-term operational costs.

Looking ahead, [nearly ¾ of big businesses](#) plan to transition away from fossil fuels within the next decade, signaling a major shift in energy strategy. [Apple](#), for example, has goals to use renewable energy for 100% of their production by 2030. As the adoption of renewable energy continues to rise, organizations should prepare for this shift by creating strategic transition plans and aligning their business operations and infrastructure to support renewable energy integration.



TREND 5

Biodiversity Protection

As investors and consumers become increasingly interested in supply chain transparency and ethical sourcing, it becomes more important for businesses to align their operational practices with biodiversity protection. Reducing (and ultimately eliminating) deforestation across supply chains is becoming a critical priority as organizations assess their environmental impact more holistically.



Many companies are also reinforcing their commitments to biodiversity protection by funding and supporting initiatives focused on ecosystem restoration. For example, [L'Oreal](#) has a fund for nature regeneration, and [Patagonia](#) has been working to restore broken ecosystems. Steps like these can help make an organization's values clear to consumers, building brand trust and loyalty.

Frameworks such as the [Taskforce on Nature-related Financial Disclosures](#) (TNFD) are further accelerating this shift. TNFD provides guidance to help organizations identify, assess, and disclose nature-related dependencies, impacts, risks, and opportunities, encouraging a more structured approach to biodiversity-related risk management.

Together, evolving stakeholder expectations and initiatives like TNFD signal a growing integration of biodiversity protection into core business practices. Companies that adopt these measures will be better aligned with consumer values and emerging global standards, while also reducing risk and enhancing long-term investor confidence.



Looking Ahead

Over the past few years, regulatory pressures, investor expectations, and consumer demands have all accelerated the need for more sustainable business practices. Looking ahead, organizations must move beyond reactive compliance and proactively integrate sustainability strategies into their operations.

Companies that set clear sustainability goals, adopt transparent reporting, and invest in scalable solutions – from circular supply chains and responsible AI to renewable energy and biodiversity protection – will be better positioned to adapt, manage risk, attract investment, and build lasting brand trust in the years to come.

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