NATION SWELL

Social impact trend spotter

Q1 2026

March 2026

6 trends to follow in social impact right now

1. Minneapolis ICE raids spark employee activism and minimalist business response
2. OBBBA precipitating shifts in philanthropy, new corporate approaches
3. Nonprofit anxiety around operational risks runs deep amidst legal and financial pressure
4. AI adoption outpacing workforce readiness
5. ESG notches a legal victory while confronting growing antitrust warnings
6. Sustainability compliance remains a moving target for companies

1

Minneapolis ICE raids spark employee activism and minimalist business response

In January, ICE operations in Minneapolis and the killing of two individuals by federal agents triggered employee petitions, protests, and resignations. Although more than 60 Minnesota CEOs urged de-escalation, their response received widespread accusations of too cautious language that avoided directly challenging federal enforcement actions. In parallel, philanthropic leaders displayed courageous leadership during a critical moment.

Of NOTE

94% of employees believe the need for moral leadership is more urgent than ever, up from 86% in 2020. The ICE raids in Minneapolis provide a case example:

Employees expressed an expectation for moral leadership:

- Google employees circulated petitions calling for clearer corporate policies on ICE protocols and property access.
- Target employees signed protest letters and some resigned, restaurant workers in Minneapolis went on strike, and Home Depot/DR Horton employees called for ICE guidance and limits on agents' access to workplaces.
    - Despite decreased sales partly attributed to DEI rollback in 2025, Target hasn't adjusted to meet employee or customer sentiment.

Philanthropy spoke with moral clarity; business hedged:

- 60+ Minnesota-based CEOs signed an open letter urging officials to de-escalate tensions, but critics argued the response lacked moral clarity and urgency.
- In contrast, leaders like Tonya Allen, president of the McKnight Foundation, Jen Ford Reedy, president of the Bush Foundation, and Melinda French Gates publicly endorsed standing up for human rights and holding the government accountable.

2

OBBBA precipitating shifts in philanthropy, new corporate approaches

Corporate philanthropy is becoming more strategic and financially disciplined as companies adjust to the new 1% deduction floor. At the same time, rapid growth in DAFs and corporate matching of policy-linked vehicles like Trump 530A accounts reflects a broader shift toward intermediary vehicles.

Of NOTE

Adaptations to the 1% floor: As of January, roughly 64% of executives expect the 1% floor to change 2026 budgets and grant pacing.

- Some companies are looking to tighten budget allocations, coordinate giving with business strategy goals, and work more closely across finance/legal teams on charitable plans.
- **NationSwell created a case study** to unpack how one company is taking a smart, collaborative, and genuinely exciting approach to the new tax reality.

Philanthropic vehicle shifts: The 1% floor taking effect in 2026 likely accelerated DAF contributions at the end of 2025.

- DAF assets have grown more than 323 percent over the past ten years. Last year, DAFs were nine of the twenty largest-grossing charities in the U.S.
- Recent research suggests that by 2028, DAFs and foundations could represent up to half of individual giving.

Blurring of traditional philanthropy with public policy instruments: ~30-plus corporations and philanthropists publicly pledged to match contributions to Trump accounts (officially 530A accounts — federally established childhood saving accounts) in early 2026.

3

Nonprofit anxiety around operational risks runs deep amidst legal and financial pressure

In an already resource strained environment, governance, compliance, and litigation exposure are top of mind for nonprofits leaders. In response, new legal defense initiatives are standing up to help organizations assess vulnerabilities and secure representation.

Of NOTE

Nonprofit leaders continue to face heightened legal scrutiny and financial pressures heading into 2026. From a study published in January:

- Nearly 90% of foundation leaders reported an increase in funding requests from nonprofit grantees in 2025.
- Over 60% of nonprofit leaders say the current environment poses moderate to significant risk to their organization's ability to continue operating.
- 61% of nonprofit leaders reported pressure to reframe public descriptions of their work, and over 40% experienced backlash or opposition. More than 50% experienced or anticipated legal challenges.

Legal defense supports are emerging to support nonprofits:

- The Nonprofit Legal Defense Network launched in February, designed to help nonprofits conduct legal risk audits and secure representation amid rising political and legal challenges.
- Also in February, the Alliance for Justice (AFJ) announced a new program, AFJ Law, that will offer lawyers to provide free legal representation to "nonprofits that view consideration of race and diversity as central to their calling."

4

AI adoption outpacing workforce readiness

AI use — and the expectation of its adoption — is accelerating across workplaces, but employee preparedness, training, and trust are lacking.

Note: NationSwell recently published a report with IBM on responsible use of AI for social impact.

Of NOTE

Employee AI use increasing, with employer focus on adoption and upskilling:

- Frequent AI use at work, defined as at least a few times a week, rose from 19% in Q2 to around 26% of employees in Q4 2025.
- 92% of CHROs anticipate greater AI integration in workforce operations in 2026, and 84% expect upskilling in AI-specific skills to increase.
- Some employers are tying performance evaluations and promotions to AI adoption.

But employees don't trust their employers to implement effectively:

- Only 21% of employees believe leaders are somewhat or very well prepared to understand the moral implications of AI and complex issues.
- While many employers report AI saves time, 40% of workers say AI saves them no time at all and considerable skepticism remains about its practical value at the individual task level.
- 65% of employees say they have some level of interest in receiving formal training on AI in the workplace, but only 14% of employees say that their organization has offered AI training in the last 12 months.

5

ESG notches a legal victory while confronting growing antitrust warnings

Anti-ESG momentum is meeting judicial friction; legal challenges are exposing constitutional weaknesses in sweeping statutes. At the same time, political pressure continues via antitrust claims and coalition intimidation.

Of NOTE

State and federal anti-ESG political pressures continue:

- In February, a coalition of 10 Republican state attorneys general sent warning letters to ~80 companies, saying that participation in sustainability/packaging alliances could lead to antitrust and consumer protection liability.
- In January, the Federal Trade Commission and Department of Justice signaled expanded scrutiny of coordinated ESG and DEI initiatives, indicating that certain collaboration practices re: quotas/hiring/promotion decisions could raise antitrust concerns.

But Q1 also rang in good news for ESG advocates: In February, a U.S. District Judge declared Texas Senate Bill 13 unconstitutional – a law barring state agencies from investing with firms that the state had accused of boycotting the oil industry.

- The law impacted major state-managed investment vehicles, inlc. retirement funds for public employees and public school funds, and initially barred several of the world's largest financial firms (e.g. BlackRock).
- Challenges to similar anti-ESG laws could arise across other states, specifically Oklahoma, Kentucky, West Virginia, Tennessee and Utah.

6

Sustainability compliance remains a moving target for companies

In 2025, we saw a rise in U.S. political pressure against sustainability commitments, regulatory complexity, and “greenhushing.” This year, as sustainability initiatives continue quietly, certain parts of Europe are moving toward even stricter regulatory policies and U.S. state-level regulatory enforcement is re-entering the picture.

Of NOTE

Corporate behavior signals:

- As of February 2026, only 3% of companies reported reducing sustainability initiatives, while 43% said they had become more cautious in external sustainability communications.
- Financial performance and profitability are the #1 driver of sustainability efforts.

Regulatory acceleration in Europe: German financial regulators announced intensified 2026 supervision of sustainability disclosures, including climate risks and greenwashing prevention, as part of enforcement activities tied to the Corporate Sustainability Reporting Directive (CSRD).

State-level disclosure expansion: In February, New York Senate passed a bill requiring large companies to annually report Scope 1, 2, and 3 greenhouse gas emissions, applying to firms with over $1 billion in revenue and beginning phased compliance in 2027.

Technology marketplace signals: The global ESG reporting software market is growing rapidly, with estimated market value around $4.78 billion in 2026 driven by regulatory mandates and investor expectations for standardized and auditable ESG data.

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Let's discuss...

How are these trends resonating with your work right now?

What additional information do you need for executive and board discussions?

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Please don't hesitate to reach out if you have questions or feedback!

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