



(UBS)

Trump 2.0: Energy and diversity in focus

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President Trump's executive orders have initiated a significant shift in US climate and social policy, at least at a high level.

The “Unleashing American Energy” policy underpins the administration's intent with regard to the energy sector, including climate action. The policy promotes energy exploration and fossil fuel energy production, aiming to reduce regulatory barriers for energy production while minimizing explicit considerations of climate change. Despite the early announcements, the scope of the full implementation of the policy remains unclear. The White House issued a 90-day pause on the disbursement of funds from the 2022 Inflation Reduction Act (IRA) and the 2021 Infrastructure Investment and Jobs Act, specifically targeting EV infrastructure and climate mitigation. However, a court halted the pause, and as of 7 February, the Department of Energy website listed a notice restricting any implementation of the executive order. Similarly, a short-term pause in permitting for 168 renewable energy projects by the US Army Corps of Engineers was also lifted as of 6 February. We expect this back and forth to be a recurring feature of policymaking in the space.

While climate policy remains fluid and creates near-term volatility, we reiterate our view that the economic viability of investment in the transition to a low carbon economy—and renewable sources of energy in particular—depends primarily on economic viability. Private capital now accounts for a majority of global climate capital flows, outpacing public funding.

President Trump’s administration also took steps that alter the landscape and conversation on social issues in the United States as well. The administration terminated all DEI programs across federal agencies, including in any federal contracts. It also took steps related to LGBTQ health care topics, among other issues. The implications of the guidance beyond

the federal government will materialize over time and are not clear, but our expectation is that the impact to investable strategies will not be significant. Any impact would be through possible changes in the voluntary disclosures of companies, which might face elevated risks for litigation on a range of social (as well as environmental) disclosures. The initial response from large companies has been mixed, with a number of issuers walking back headlines on diversity, and others defending corporate policies that are financially relevant. We do expect US corporates to shift their messaging on diversity, focusing on corporate culture and employee well-being as proxies for the same goals.

Investor takeaways:

- We expect policy uncertainty on energy, climate, and diversity topics to continue, which is likely to translate into volatility for investments in areas tied to sustainability.
- Regardless of fuel source, energy efficiency and infrastructure investment needs are clear, driven by aging infrastructure and consistent energy demand growth. Transmission and distribution segments, which are less sensitive to policy changes, present growth opportunities.
- On diversity, we expect companies to focus on workforce management policies that enhance their employee recruitment and retention, while minimizing explicit language and objectives around DEI, which might hurt investable universes with a focus on this topic.

For more, see [Sustainable investing perspectives](#), 9 February, 2025.

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