Post-DEI Corporate Giving

How Brands Can Navigate the New PESTEL Reality

An **in/PACT** *White Paper*

Corporate philanthropy hasn't disappeared in the wake of the DEI backlash. It's being rewritten.

Since the 2024 U.S. election, many companies have found themselves in a kind of "citizenship crossfire." Federal scrutiny of diversity, equity and inclusion (DEI) and state-level restrictions have made some forms of corporate giving feel politically "radioactive".

A 2025 survey of corporate citizenship and philanthropy leaders, *reported by Forbes*, found that federal scrutiny of DEI programs is now measurably affecting corporate giving strategies. Roughly half of the companies surveyed say they are pulling back from politically sensitive causes and redirecting their focus toward "safer," broadly supported areas such as *education, disaster relief, and hyper-local community needs*.

At the same time, the tax landscape is undergoing one of its most significant shifts in decades. **On July 4, 2025, the 2025 Tax Reform Act was signed into law**, introducing a new 1% floor on corporate charitable deductions beginning in 2026. Individual itemizers will face a 0.5% AGI floor and, for top-bracket taxpayers, a cap limiting the value of itemized charitable deductions to 35%. These provisions are expected to reshape giving behavior—reducing the incentive for smaller, incremental contributions and encouraging more deliberate, strategically bundled philanthropic investments.

And yet, corporate giving is holding. Research from major advisory firms, drawing on *Giving USA* and CECP data, notes that corporate philanthropy accounts for a modest but meaningful share of total U.S. giving and has actually grown in recent years, even as pretax profits dropped. Companies are sustaining these commitments and treating them as long-term investments rather than discretionary extras.

The question for brand leaders isn't whether to give. It's how to design corporate giving that is:

- *Politically safer*
- *Economically defensible*
- *Culturally powerful*
- *Operationally compliant*

One useful lens here is the familiar **PESTEL** *framework*: **Political, Economic, Social, Technological, Environmental, Legal**.

Applied to corporate philanthropy, it offers a structured way to navigate a landscape that can feel like a war zone.

Political: **Citizenship in a Culture-War Climate**

Politics is the elephant in the room.

The Conference Board survey highlighted in *Forbes* paints a clear picture: federal scrutiny of DEI is directly reshaping corporate giving. Many companies are stepping away from grants framed around specific demographic groups and instead emphasizing "noncontroversial" themes like K-12 education, disaster response and broad-based community development.

At the same time, brands are exposed on multiple fronts:

- State-level restrictions on DEI initiatives
- Shareholder proposals and proxy battles over social issues
- Consumer boycotts and activist campaigns from both left and right

This has two implications for corporate giving:

1. **Avoid political landmines.** Hyper-local, community-anchored giving is emerging as the safest way to demonstrate impact without lighting up the culture-war radar. Supporting the food bank down the street or the local STEM program is far less polarizing than aligning with a national flashpoint. It's also easier to show visible, apolitical impact.
2. **Governance becomes a shield.** Companies are tightening governance and risk oversight around philanthropy, with more legal review of grants, clearer guidelines on what causes are in-bounds, and stronger due diligence on grantees. The Conference Board notes that many firms have added senior or legal approvals for certain grant types and are updating internal guidelines accordingly.

The political takeaway: corporate giving strategies now need to be designed with risk modeling in mind – not to avoid impact, but to avoid unnecessary exposure. In practice, that means putting real structure behind it: either standing up an internal cross-functional team (legal, risk, HR, brand, CSR) or leaning on an external specialist to handle due diligence, alignment and program design so community giving does good work ***without*** becoming the next reputational fire drill.

Economic: **Flat Budgets, Higher Scrutiny**

Economically, corporate philanthropy is in a "steady but cautious" phase.

William Blair's *Corporate Giving: Key Trends and Insights* describes a landscape where companies want to sustain philanthropic commitments, but projections for corporate giving growth through 2025 are modest, below historical norms. And yet, total corporate philanthropy has grown in dollar terms and as a share of pretax profits, even while those profits declined.

On top of that, new tax rules change the underlying incentives:

- Beginning in 2026, corporations can only deduct charitable contributions that exceed 1% of their taxable income.
- For individuals who itemize, only gifts above 0.5% of AGI will be deductible, and the tax benefit of itemized deductions is capped at 35 cents on the dollar for top-bracket taxpayers.

For CFOs and boards, this raises a hard question: if giving is going to face more scrutiny and potentially weaker tax benefits, where is the business return?

The emerging response:

- **Link philanthropy to strategic objectives.** Corporate citizenship programs are under pressure to show their contribution to talent retention, employer brand, customer loyalty and market access, not just goodwill.
- **Leverage non-cash levers.** Volunteer programs, skills-based pro bono work and in-kind contributions stretch budgets by turning human capital into impact.
- **Use giving as a lever, not an afterthought.** Instead of "end of year" checks, brands are tying giving into loyalty programs, customer journeys and product launches, so the same dollars fuel both impact and engagement.

Rather than squeezing philanthropy, the PESTEL reality pushes companies to level it up, to build programs where community impact and business outcomes reinforce one another, turning "giving" into a driver of sustainable growth.

Social: Culture, Talent and the Demand for Visible Impact

The social dimensions like culture, employees and customers may be the strongest argument for corporate giving right now.

Employees, especially younger generations, want employers whose values they can **see**, not just read about. Customers gravitate toward brands that show up in their communities in tangible ways.

At the same time, many traditional programs underperform. William Blair notes that while most companies offer year-round matching-gift programs, **only about 20% of employees participate**, leaving a lot of engagement on the table. Meanwhile, community-centric models such as giving circles and local recurring giving programs are growing fast. Grapevine highlights local, grassroots giving as a key trend for 2025, with donors wanting "visible results that people can feel good about" in their own communities.

Several patterns are emerging:

- **Choice matters.** When employees and customers help decide where the money goes, voting on nonprofits or steering funds to causes they care about, engagement and ownership rise. Target's Circle Community Giving program is a notable example: more than **1 billion votes**, over **7,000 nonprofits**, and **$32+ million** directed to local organizations, turning passive customers into active stakeholders.
- **ERGs as culture engines.** Employee Resource Groups are increasingly central to culture and community response. William Blair's data shows a large majority of leaders now view ERGs as critical to culture, with rising budgets for community partnerships. At Walmart, ERGs such as the African American Business Resource Group and the Asian Pacific Associates Network link internal communities with local volunteering and giving, bridging culture, community and brand.
- **Transparency builds trust.** Detailed reporting on which organizations are funded, what outcomes are achieved and how communities are affected helps bridge the trust gap between corporate statements and lived reality.

Socially, the PESTEL takeaway is that philanthropy is no longer just about "what we support," but "how we involve our people and communities."

Technological: From Annual Grants to Programmable Giving

Technology is turning corporate giving from an annual budget line into something you can trigger and optimize in real time.

Digital platforms now power everything from loyalty-rewards giving and point-of-sale round-ups to ecommerce donation widgets and rapid-response disaster campaigns. AI and analytics personalize offers, predict participation and sharpen matching-gift outreach. On the nonprofit side, a large share of organizations plan to adopt AI tools in the next few years, pushing the whole ecosystem toward more data-driven engagement.

For brands, the real opportunity is to connect all this into a system, not a patchwork of one-off campaigns.

- **Integrated infrastructure.** For examples inPACT’s Donation Engine handles nonprofit vetting, fund distribution, compliance and transparent reporting in a single backbone, while its Impact Stack powers the customer-facing experiences, loyalty-to-giving, POS giving, ecommerce and event-driven campaigns, so brands can run end-to-end programs on one impact stack. Platforms like Benevity (“corporate purpose as a service” for hundreds of global brands) and Salesforce Philanthropy Cloud (connecting employees to over a million nonprofits) show how quickly corporate giving is moving toward always-on infrastructure rather than ad-hoc initiatives.
- **Data-driven personalization.** Salesforce’s use of its Einstein AI in Philanthropy Cloud to suggest campaigns and nonprofits is one example of how machine learning can recommend causes and suggest donation amounts.
- **Embedded and inclusive access.** On the commerce side, donation apps for platforms like Shopify (e.g., Easy Donation, Virtue) let retailers add donation prompts at checkout or post-purchase so customers can round up or add a gift in a couple of taps. Mobile-first flows, QR codes and simple offline options ensure participation isn’t limited to the most digital-savvy customers and employees.

The technological takeaway: giving is becoming programmable. The brands that will win are the ones that treat these tools as a unified impact stack, tying infrastructure, data and user experience together so every campaign, from a loyalty redemption to a climate pledge, feels simple for people and accountable for the business.

Environmental: Climate, Disasters and Community Resilience

Despite political polarization, environmental and climate-related issues remain a core focus of corporate philanthropy.

William Blair's analysis of corporate program area allocations shows continued emphasis on disaster relief, health and social services, and community and economic development; categories that increasingly overlap with climate resilience and environmental justice.

At the same time, broader philanthropy trends point to:

- Growing interest in climate and environmental causes among high-net-worth donors
- Increased attention to local resilience: from flood defenses and wildfire preparedness to urban greening and air quality

For corporate givers, the opportunity is to:

- Frame environmental giving in terms of **shared risk and shared benefit**: healthier employees, more resilient supply chains, reduced business interruption, stronger license to operate.
- Prioritize **tangible, place-based projects** where outcomes are visible to employees and customers.
- Use the same giving and volunteering infrastructure for both "chronic" environmental work and "acute" disaster response.

The environmental PESTEL signal: climate and resilience are one of the few areas where local, practical action still commands broad support across political lines.

Legal: **New Rules, New Guardrails**

The legal environment for giving is getting more complex and more central to strategy.

On the tax side, **the 2025 Tax Reform Act** introduces:

- A 0.5% AGI floor for individual itemizers
- A 1% floor on corporate charitable deductions
- A 35% cap on the benefit of itemized deductions for top-bracket taxpayers
- A permanent, but modest, above-the-line charitable deduction for non-itemizers (limited and not indexed for inflation)

These rules don't end giving, but they do change the timing and form. Advisors are already encouraging both individuals and companies to rethink multi-year strategies, consider "bunching" contributions and be more deliberate about when and how they give.

On the regulatory and litigation front:

- DEI-related lawsuits and state-level restrictions are causing companies to re-examine program language, grant criteria and public communications.
- Nonprofits that rely on government funding are facing cuts, forcing them to alter messaging and, in some cases, reduce transparency to avoid being targeted.

For corporate philanthropy leaders, the legal PESTEL reality means:

- Stronger policies about which causes and partners are in scope
- Tighter documentation and due diligence
- Closer collaboration with legal and tax advisors in the design of giving programs

Why Local, Mission-Alligned and Choice-Driven Giving Is Emerging as the "Safe Smart" Strategy

Taken together, the PESTEL factors point toward a model of corporate giving that looks different from the classic, top-down CSR playbook.

The emerging pattern is:

- **Hyper-local and/or mission-aligned**: rooted in specific communities, cities, regions *and* in issues that sit close to the business model.
- **Choice-driven**: guided by employees and customers, not only by C-suite decisions.
- **Evidence-based**: backed by metrics, dashboards and stories that show real outcomes.
- **Operationally integrated**: plugged into HR, marketing, loyalty and operations, not isolated in a CSR silo.

In a landscape reshaped by DEI retrenchment and the 2025 Tax Reform Act, this approach has several advantages:

- **Politically**, it is less polarizing and easier to defend: "we support our communities and our core mission" is a simpler story than taking a stand on every national flashpoint.
- **Economically**, it can be tied to measurable outcomes like retention, loyalty, market access and brand preference.
- **Socially**, it strengthens culture and builds trust because employees and customers can see themselves—and their communities—in the company's giving.
- **Technologically**, it leverages existing digital infrastructure (loyalty programs, apps, ecommerce, HR platforms) to scale impact without starting from scratch.
- **Environmentally**, it supports resilience where it matters most: in the communities and systems that keep the business running.
- **Legally**, it can be designed with compliance and governance in mind from the start, with clear guardrails on where and how the company engages.

What Corporate Leaders Should Do Now

For boards, C-suites and CSR leaders, a few practical steps follow from this PESTEL view:

1. **Re-map your giving portfolio through a risk lens.** Classify current initiatives by political sensitivity, legal exposure and stakeholder importance. Shift toward local, broadly supported programs where appropriate.
2. **Tie giving to business and culture metrics.** Decide in advance which outcomes matter: employee engagement scores, retention, NPS, brand favorability, community relationships and build measurement into program design.
3. **Empower employees and customers.** Introduce mechanisms from voting and giving circles to match campaigns that let stakeholders participate in decision-making.
4. **Invest in infrastructure.** Whether through internal systems or specialized platforms, ensure the operational backbone (vetting, compliance, distribution, reporting) is robust enough for the new legal and political environment.
5. **Tell the full story.** Move beyond "check presentations" to transparent, data-rich narratives about what changed in the community and how employees and customers were part of it.

Corporate philanthropy is not dying; it's maturing under pressure. The brands that treat giving as a strategic, PESTEL-aware discipline rather than a side activity are likely to emerge with stronger communities, more resilient cultures and a clearer sense of purpose in an era of permanent disruption.