

# The Future of AI in Ethical Investing

## Key points

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- AI is a transformative force with significant ethical implications
- Responsible investment requires selectivity and discernment
- Environmental and social costs must be considered
- Active stewardship plays a critical role in shaping outcomes



Artificial intelligence is reshaping economies, workplaces and capital markets. For ethical investors, this presents a nuanced challenge: how to access AI-driven growth and innovation while remaining anchored to values and accountability.

## EIA adviser Karen McLeod explains

*"While investor interest in artificial intelligence and technology continues to build, many clients are clear that they want to invest in a way that aligns with their values as well as their financial goals. They're not just looking for growth; they want exposure to companies and funds where technology is used responsibly, with best-practice corporate governance, strong reputational integrity, and active leadership on workplace and social issues".*

These themes are further explored in **Adviser James Baird's conversation with Dr Martin Dougiamas**, which examines the question: *How do we harness the power of AI for good?*

*"Artificial intelligence stands at a crossroads: with regulation and ethical oversight it promises to transform society for the better; but left unchecked, it may enable profit-driven exploitation on a global scale. The real question is not how powerful AI can become, but how can we harness this power for good, and create substantial positive impact."*

Listener can explore this conversation further via the Podcast: [Exciting Utopia or Terrifying Dystopia? The future of AI Dr Martin Dougiamas](#)

## **Investor exposure to AI**

At Ethical Investment Advisers, a number of the Funds we invest in on behalf of our clients are actively navigating the opportunities and risks associated with AI.

One prominent example is the healthcare sector, where AI-enabled diagnostics, robotic-assisted surgeries and drug discovery are helping transform patient care. These technologies are also being applied to reduce clinician burnout through agentic process automation.

Adviser James Baird recently discussed these themes in his podcast; *Investing in Emerging Companies with Nathan Parkin from Australian Ethical* highlighting how AI is increasingly embedded across portfolios:

'AI really touches your life every day, and we start using tools even here that can help make things more efficient. We've seen most companies that we're talking to employ some form of AI. Now, that could be in reading complex medical output from studies. We've got one business we hold in the portfolio, Cogstate, which runs cognitive trials and medical tests for different pharmaceutical companies around the world. And they've taken AI and used it interpret cognitive testing data across multiple countries and languages, improving the efficiency and consistency of pharmaceutical trials.

Other examples include Northstar Impacts Fund's portfolio company Artrya which applies AI in cardiology to enhance cardiovascular diagnostics and Qoria which is developing digital solutions for children's online education, incorporating AI to improve safety and learning outcomes.

Within the Nanuk New World Fund, holding company Microsoft is supporting renewable energy infrastructure through partnerships such as the 10.5 GW project with Brookfield Renewable Partners, helping offset AI's energy demand.

## **The rise of physical AI**

Beyond healthcare and cognitive AI, the physical AI landscape is emerging, with opportunities forming further up the AI value chain. For example, holding company, NVIDIA's chips, simulation tools and foundation models are central to

this shift, extending generative AI with an understanding of spatial relationships and the physical behaviour of the three-dimensional world.

Autonomous mobile robots (AMRs) for example, can be built and trained to seamlessly operate in warehouses and factories, navigating complex environments and avoiding obstacles, by using direct feedback from onboard sensors.

*'If the first industrial revolution extended human muscle, and the digital revolution extended our minds, the rise of physical AI will merge the two. The implications for labour, productivity and geopolitics are profound.'*

*John MacDougall member of Discovery Portfolio Construction Group (PCG)*

## **The Hidden Costs of AI**

Despite its promise, the AI boom is not without significant environmental, social and governance risks. <any robotic systems still lack fine motor dexterity, and their ability to operate safely in unstructured environments is unproven. Premature deployment raises serious questions around liability, accountability, privacy and algorithmic bias, reinforcing the need for strong governance and international coordination.

The environmental footprint of AI infrastructure is also material. As manufacturing scales, companies such as NVIDIA face growing scrutiny over energy and resource intensity.

*'The energy needed to manufacture a computer chip can surpass the amount it consumes over its entire 10-year lifespan.'*

*Gage Hills, Assistant Professor of Electrical Engineering at Harvard John A. Paulson School of Engineering and Applied Sciences*

## **So How Do We Balance Risk with Long-Term Benefit**

A growing body of research suggests that the net environmental and social benefits of AI, if applied responsibly could reduce global emissions annually by 3.2 to 5.4 billion tonnes of carbon-dioxide-equivalent by 2035. (London School of Economics & Political Science).

The International Energy Agency (IEA) has similarly found that while datacentre and AI-related emissions are rising quickly, existing AI applications could enable emissions reductions far larger than their own footprint this decade. Key areas include renewable energy forecasting, grid balancing and efficiency improvements across power. Peer-reviewed research from the London School of Economics' Grantham Research Institute and Systemiq, estimates that AI applied across power, mobility and food systems could abate 3.2–5.4 gigatonnes of CO<sub>2</sub>-equivalent annually by 2035.

## **What this means for ethical investors?**

The future of AI in ethical investing is not passive. It requires ongoing assessment, active stewardship, and a willingness to weigh short-term uncertainty against long-term societal benefit. Selective capital allocation and continuous engagement with companies will be essential to ensure technological progress supports environmental sustainability, social wellbeing, and sound governance.

Navigating this landscape alone can be complex. Partnering with experienced professionals such as Ethical Investment Advisers can help ensure your portfolio reflects both your financial goals and your ethical principles. Professional guidance provides the research depth, screening expertise, and active management needed to align investments with evolving standards of responsibility.

Ethical investing in the age of AI is not about avoiding change, it is about shaping it. By working with qualified advisers and remaining actively engaged, investors can contribute to a future where innovation and integrity progress together.

### Disclaimer

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### Resources

[AI's Environmental Impacts](#)

[IEA Energy and AI Report, 2025](#)

[npj Climate Action, 2025](#)

[Oxford Institute for Energy Studies](#)

[World Economic Forum](#)

[OECD](#)

[NVIDIA](#)

[Ethical Investment Advisers - The Green Room](#)