AI in ESG: Risks vs. benefits

corporate sustainability

AI can do some amazing things and businesses can use it to significantly improve sustainability practices — but there are also risks to balance against those benefits...

Benefits

Risks

Environmental

Tracking and forecasting emissions, collating ESG data, and conducting climate risk assessments can all be more efficient, accurate, and reliable with the use of AI, but...

Large language models (LLMs) and generative AI require huge amounts of electricity and water to function. Companies should follow a "sustainability by design" principle — actively chosing AI models based on energy efficiency.

Social

AI can monitor labor conditions and human rights risks in supplier audits, improve consumer safety and product integrity, detect potential environmental impacts, fraudulent activity, and discrimination risks, but...

Data protection (such as GDPR) can be at risk if personal information is entrusted to AI models — this should always include human safeguarding.

Workforces can also be heavily impacted by the introduction of AI, leading to community upheaval — consider reskilling or upskilling, rather than redundancy.

Governance

AI is excellent at data analysis, flagging inconsistencies and compliance risks, anticipating future logistical or operational needs, and improving resource allocation, but...

AI models are highly dependent on the data they're trained on. Incorrect or corrupting information could risk the introduction of social or cultural biases, or the omission of sensitive or significant topics.

VS.

Learn more about AI in ESG

Download the free eBook, **AI through the lens of ESG**, to get more insight into the benefits and challenges facing businesses using AI for sustainability endeavors.

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