

Responsible investment has weathered shifting political winds, fluctuating corporate sentiment and periods of public scepticism. Yet beneath the noise, a more important reality has quietly solidified: integrating environmental, social and governance (ESG) factors into investment decision making is not a passing phase but a core pillar of long term value creation. In today's markets, defined by technological transformation, resource constraints and geopolitical unpredictability, these non-financial considerations are becoming more material, not less.

Despite headlines about corporate retrenchment, companies across sectors continue to set ambitious environmental and social targets, embedding these into operational and strategic decisions. The era of superficial box-ticking appears to be fading. Instead, factors once regarded as niche are increasingly integral to mainstream financial analysis.

Themes such as water stewardship, renewable energy reliability or data centre resource intensity have moved from the fringes of responsible investing to the heart of capital allocation for industries such as hyperscale computing. Other emergent areas of financial relevance include (but are by no means limited to):

- Forever chemicals and ultra-processed foods; with their regulatory and reputational implications
- Weight loss drugs; catalysing a broader shift toward preventative healthcare
- Mental health and digital wellbeing; particularly for social media and large technology platforms

At the same time, global capital continues to flow into projects driven not by altruism, but by compelling economics. For example, the US state of Texas; often perceived as a fossil fuel stronghold, has seen a surge in renewable energy investment and generation, underscoring how market forces increasingly reward sustainability-aligned models.

Political dynamics have added complexity. The start of President Trump's second term marked a sharp federal pivot on many topics, including climate and healthcare, but corporate responses have been nuanced. "Greenhushing", where companies soften public ESG commitments while continuing progress behind the scenes, has become more common. This highlights the gap between sentiment and underlying strategic reality.

Nowhere is this tension more visible than in the AI and data centre ecosystem. Major technology firms that once championed asset-light models and bold climate commitments now face soaring power demand, mounting scrutiny and infrastructural bottlenecks. Maintaining environmental targets in the face of unprecedented energy intensity is challenging. Grid reliability, operational resilience and access to water and renewable power have become critical competitive factors, directly influencing the trajectory of AI growth.

Scale now shapes advantage: we think firms that can navigate the electricity/water dilemma, deploy technical expertise, invest in water and grid infrastructure and collaborate across the entire value chain are best positioned to lead.

Our own recent engagement with a US technology giant reflects this convergence. In conversations with Investor Relations and later with the Head of ESG Engagement, timed shortly after a major UN report on global water scarcity¹, the company demonstrated a clear, systems-level approach to energy and water

¹ UN Report: "Global Water Bankruptcy" 20.01.2026.

management across their operations. Their focus on efficiency, grid intermittency and long-term sustainability is woven directly into corporate strategy.

Environmental and social factors are not peripheral risks; they are central to corporate resilience. As long-term stewards of client capital, we have consistently assessed these elements as material drivers of risk, return and value. Headlines may imply a pullback, but the underlying strategic significance has only intensified.

The world's most influential industries, from AI to healthcare to energy, are shaped by environmental limits, social expectations and governance scrutiny. These forces are reshaping corporate strategy, influencing capital flows and redefining competitive advantage.

A note on terminology – see [p4 of our Stewardship Code Report](#).

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