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Change finance for good

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Altioirem Research Proposal

**Exploring the
implications of AI for
sustainable finance
and ESG**

Aim

This research has four aims:

- Examine **how AI is changing** ESG analysis and investment decision-making
- Assess the **opportunities and challenges** associated with its adoption
- Capture **governance, safe use and ethical considerations** as currently practised
- Set a **baseline and make recommendations** for high-value, safe and ethical industry adoption

Why do we need this?

- Financial institutions are **increasingly reliant** on AI for ESG-related tasks, both through direct use and via third-party service providers
- Widespread adoption of AI is occurring already but the **opportunities for innovative and beneficial use are not well understood**
- The general-purpose nature of the technology means that **varied approaches to adoption** will emerge with a need to track risks, good practice and innovative use cases
- The technology poses **manifold governance, ethical, quality and safety risks** that can be better managed through sharing user experiences

Current understanding of AI applications

Category / Type	Definition	Example use cases in ESG sphere
Information Summarisation & Extraction	Gathers, condenses, and organises information from structured or unstructured sources for analyst use.	• Extract net-zero targets and timelines from an ESG report • Summarise a large sustainability report into a one-page summary
Insight Generation & Thematic Analysis	Detects patterns, trends, or narratives across data to surface emerging ideas or assess qualitative factors.	• Identify emerging ESG themes within a portfolio • Generate ESG scores for a company based on various weighted metrics
Analytical Challenge & Bias Testing	Tests assumptions or offers counterarguments to analyst conclusions.	• Identify potential weaknesses in an ESG investment thesis • Test a company's trajectory to net zero based on predicted financial data
Process Automation & Monitoring	Automates or tracks repeatable processes and compliance checks.	• Monitor fund holdings against ESG investment principles • Produce periodic ESG reports or metrics
Productivity	More efficient working (non-investment)	• Create presentations and briefing notes • Transcribe in-person and online meetings

General AI risks

Category	Description	Example in ESG sphere
Hallucination	False or misleading outputs presented with confidence.	AI generates a sustainability report based on made-up emissions figures or non-existent scientific papers
Cognitive Outsourcing	Overreliance on AI reasoning or outputs, reducing human scepticism.	An analyst relies solely on AI to assess a company's ESG performance
Inconsistency & basic errors	Different or contradictory outputs to the same or similar prompts.	AI incorrectly calculates carbon emissions figures or gives varying ESG ratings when analysing similar data sets
Data / Privacy	Exposure or misuse of proprietary or personal information.	Employees upload confidential company data and documents into a public AI tool
Compliance	Breaches of regulation or firm policies (e.g., giving advice).	AI-generated ESG reports do not meet standard reporting regulations or processes

Benefits and impact

- Inform debate on the benefits and trade-offs of different uses
- Build a clearer understanding of best and emerging practice
- Support improved governance and ethics standards
- Brief industry, service providers and regulators on emerging needs and practices

Get involved

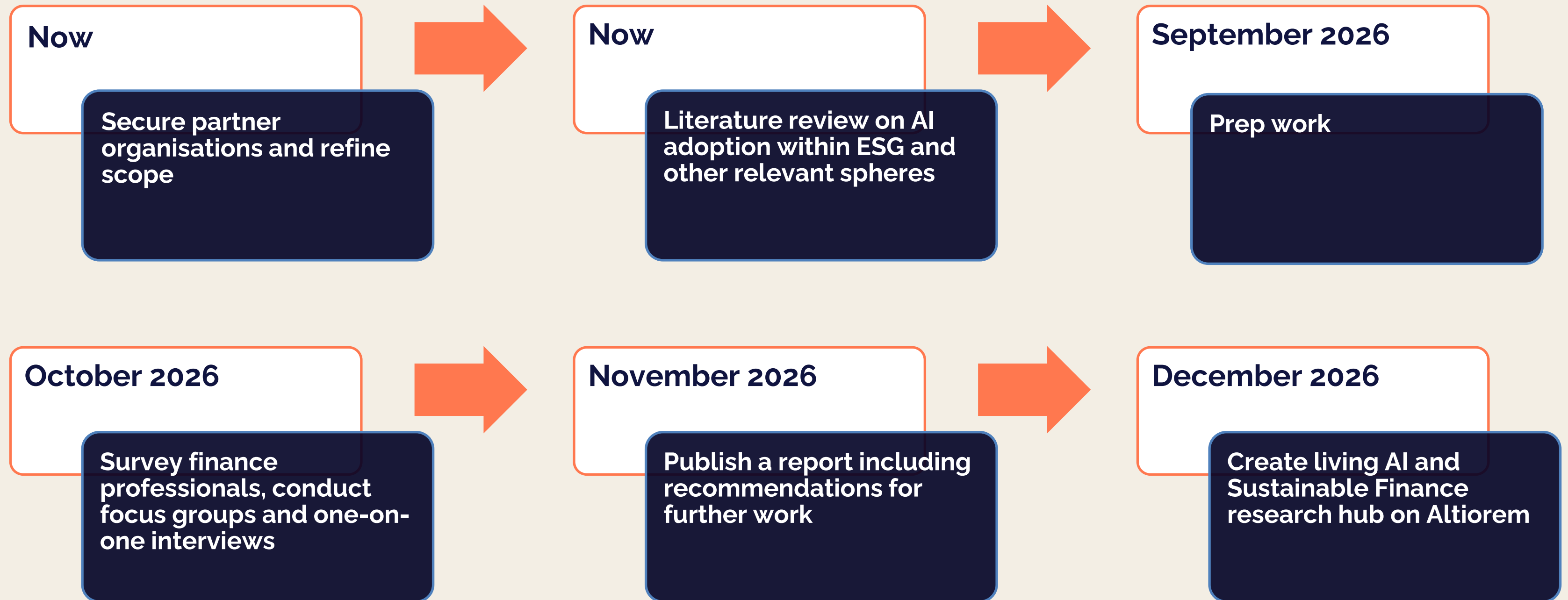
We are looking for people and organisations who can:

- Take part in a focus group or interview
- Be a knowledge partner (expert support and advice)
- Host a focus group or event
- Give access to investor networks
- Help with publishing and promotion
- Provide financial support or cost recovery

Register your interest: altioem.org/ai-sustainable-finance-research

Prefer to talk first? Email pablo@altioem.org

Method and timeline



Calm the **overwhelm**

Empower every role with trusted
sustainable finance resources.

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