CESG Conference 2024. Vienna.

Panel: Artificial Intelligence

Marita Freddi,
General Counsil of Azimut Group.

Mariana Pote,
Head of ESG Research
at RepRisk.

Lorenzo Saà,
Chief Sustainability
Officer at Clarity AI.

Moderator: Dr. Daniela Carosio,
Senior Partner Sustainable
Value Investors and Member of
EFFAS CESG.

AI – IMPROVEMENT AND HELP FOR PORTFOLIO MANAGERS AND ANALYSTS

EFFAS ESG COMMISSION ANNUAL EVENT IN VIENNA

OCTOBER 2, 2024

Daniela Carosio, Senior Partner, Sustainable Value Investors

LEADING GENERATIVE AI AND LLM COMPANIES

- OpenAI, Microsoft, Amazon and Google
- OpenAI (36% of the market) -> ChapGPT, Dall-E, Sora
- Microsoft (30%) -> Azure AI. It also has 49% of OpenAI
- Amazon (8%) -> Amazon Bedrock
- Google (7%) -> LLM Gemini; Vertex AI

-> Important trend in the Generative AI market is the growing demands for data protection

AI FOR PORTFOLIO MANAGEMENT AND ANALYSIS

1) which kind of AI (natural language processing, generative AI) is used by ESG service providers and is it combined with traditional human analysis?

2) how AI can be used to support Portfolio Managers and Analysts and in which processes is it used by Azimut?

3) Which are the main pros (efficiency, rapidity, quantitative number and data crunching) and cons (algorithmic biases, misinformation, job displacement) of AI for Portfolio Managers and Analysts?

4) Any reflection on the EU AI Act and users data protection?

EU AI ACT

Government & Policy

Early sign-ups to EU's AI Pact include Amazon, Google, Microsoft, and OpenAI — but Apple and Meta are missing

Natasha Lomas / 7:46 AM PDT • September 25, 2024

Comment

GENERATIVE AI AND LARGE LANGUAGE MODELS

The Economist

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By Invitation | Artificial intelligence

Yuval Noah Harari argues that AI has hacked the operating system of human civilisation

Storytelling computers will change the course of human history, says the historian and philosopher

RepRisk

EFFAS CESG Vienna

AI – Improvement and help for Portfolio Managers & Analysts?

October 2, 2024

Mariana Pote
Head of ESG Research
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RepRisk helps to systematically identify and assess ESG risks

ESG through a risk lens

With an outside-in perspective

Daily-updated research and metrics, since January 2007

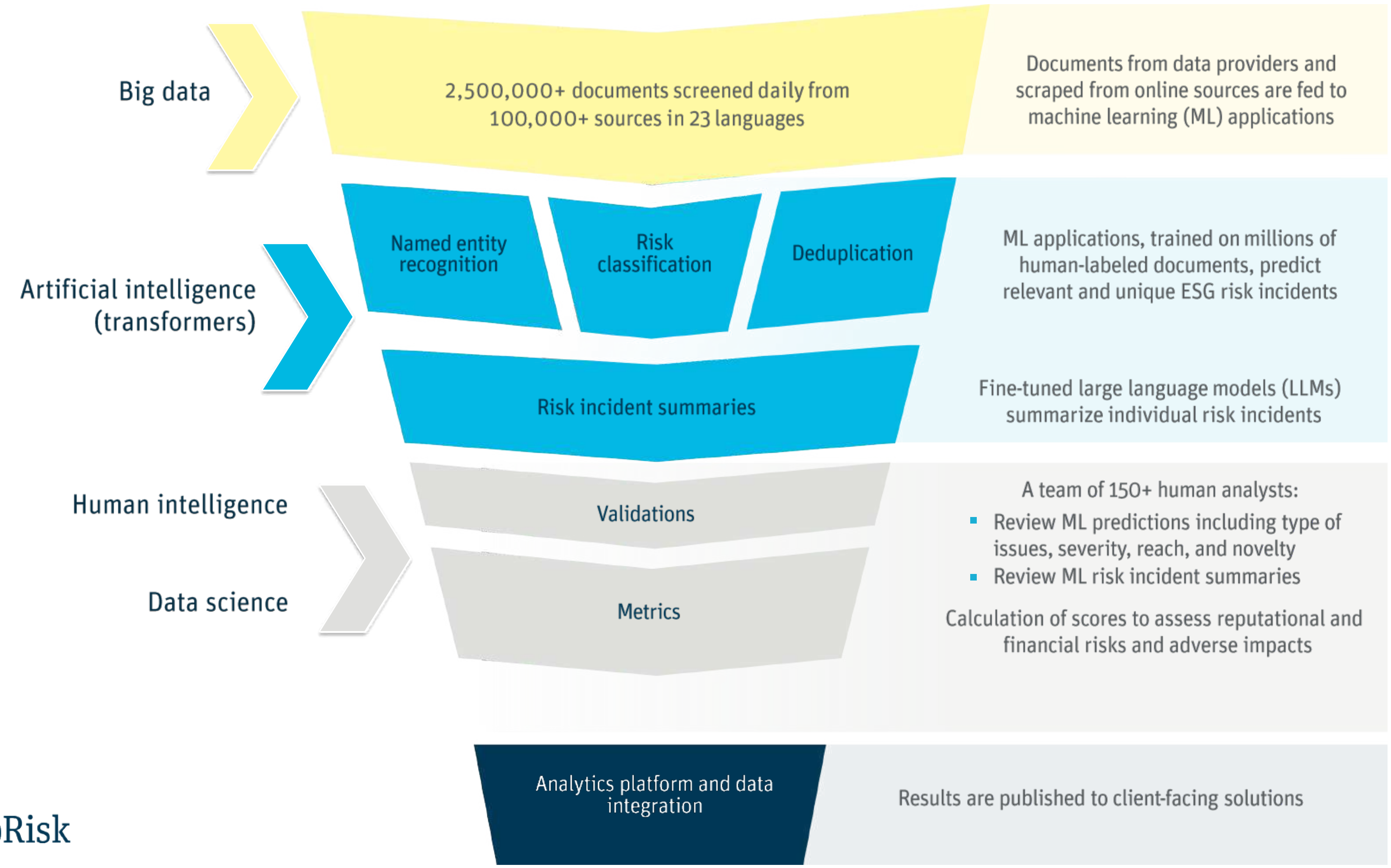
Powered by a unique combination of AI & machine learning + human intelligence (HI)

https://www.reprisk.com/news-research/resources/methodology

RepRisk: AI solutions + trained analysts

- **RepRisk leverages AI to screen over 2 million documents** from 100k+ public sources in 23 languages, on a daily basis
- **150+ analysts curate the results of the daily AI screening**
- **Analysis conducted using a transparent, rules-based methodology to ensure data quality and integrity**
- **Quality assurance is built into the process**

Powered by a unique combination of AI + Human Intelligence (HI)


Big data
2,500,000+ documents screened daily from 100,000+ sources in 23 languages
Documents from data providers and scraped from online sources are fed to machine learning (ML) applications
Artificial intelligence (transformers)
Named entity recognition
Risk classification
Deduplication
ML applications, trained on millions of human-labeled documents, predict relevant and unique ESG risk incidents
Risk incident summaries
Fine-tuned large language models (LLMs) summarize individual risk incidents
Human intelligence
Data science
Validations
Metrics
A team of 150+ human analysts:
Review ML predictions including type of issues, severity, reach, and novelty
Review ML risk incident summaries
Calculation of scores to assess reputational and financial risks and adverse impacts
Analytics platform and data integration
Results are published to client-facing solutions

Key takeaways

- AI is revolutionary for speed & breadth.
- However, to ensure AI cuts through the noise it needs to be handled with a high-degree of critical thinking, a quality that machines do not possess.
- You must have humans in the loop (HITL) for accuracy and depth, otherwise AI efforts are likely to flop.
- AI + Human Intelligence allows AI initiatives to mitigate risks of incomplete or inaccurate data and ensure portfolio managers and analysts receive decision-ready data.

AI: Improvement & help for PMs and Analysts or too early to use in practice?

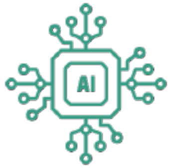
EFFAS CESG CONFERENCE

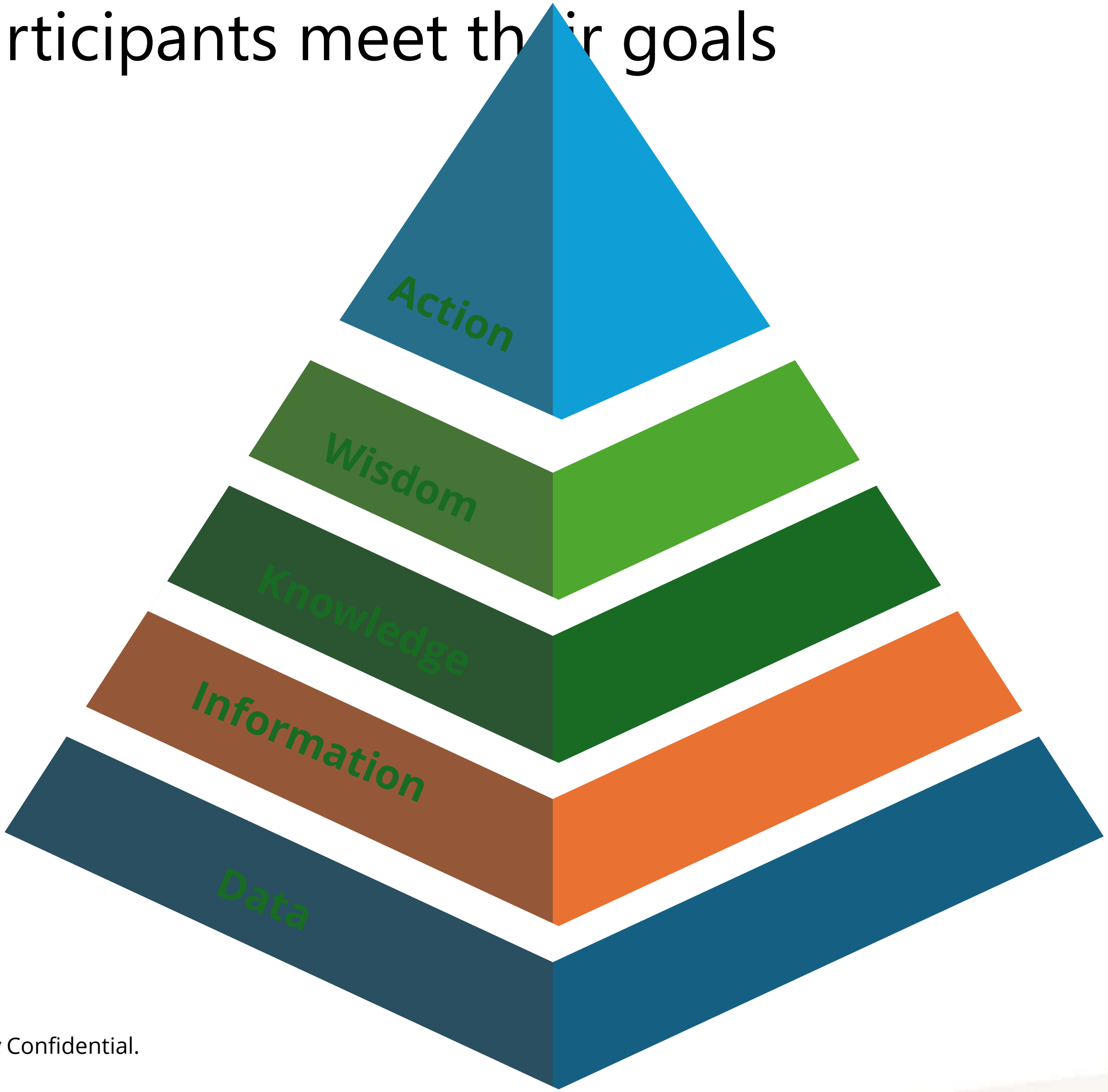
Lorenzo Saa, Chief Sustainability Officer, Clarity AI

October 2, 2024

The Knowledge Pyramid

AI to help market participants meet their goals





Human in the loop?

Human in the lead