

ALTO* Sustainability: when new technologies meet ESG investing

For investment professionals, taking environmental, social and governance (ESG) issues into account represents a unique opportunity to positively impact their investments.

Successfully decarbonising our economy requires a real industrial revolution that can only be achieved if the key players – governments, businesses and the wider financial system – are aligned. Governments must redefine public, industrial and fiscal policies and coherent regulations, businesses must develop the necessary technological solutions, and the financial system must support companies by allocating the capital required to achieve these objectives.

ALTO* Sustainability: a cornerstone of Amundi Technology's future development

Responsible investing: the new normal?

Financial players can and must play a fundamental role in accelerating the transition of our economy to a more sustainable, low carbon and inclusive model. One of the main leverage the financial industry can use is to develop investment solutions suited for all types of clients, able to target at the same time financial performance and social and environmental positive impacts. Those solutions will either aim at directing capital to the solutions of sustainability issues, such as energy efficiency champions, green transportation players, or circular economy innovators. They can also invest in more “traditional” companies willing to transition and engage with them to increase their ambitions and accelerate the pace of their transition.

The difficult road to responsible investing

Over the last years, responsible investing has rapidly gained traction, helped by a favorable environment and an increasing demand from clients and distributors. Numerous asset management companies have developed their own offering, leading to the idea that responsible investment was going to become the new normal. However, integrating ESG criteria in investment decisions and designing responsible investment solutions can prove difficult.

1,2,3 challenges to count with

One of the main challenges of becoming a responsible investor relates to the development of capabilities: setting into place a methodology, accessing and monitoring ESG data, organizing impact reporting. This challenge requires on one side human knowledge and expertise and on the other side scalable efficient and industrialized technologies.

Another challenge that can prove arduous is to comply with the regulatory requirements and standards that are being established all over the world. An example is the EU Sustainable Finance Action Plan, which is composed of several directives that progressively come into force and require financial market participants to upgrade their policies and transparency standards to comply with its different building blocks.

Last but not least, the challenge of understanding end clients' aspirations and being able to offer investment solutions that answer their social and environmental preferences while matching their financial profile.

“The launch of ALTO Sustainability is one of the ten objectives set forth in our Ambition 2025 plan. The plan's aim is to accelerate Amundi's ESG transformation and pave the way towards carbon neutrality in 2050 in our investments and saving solutions, in our engagements and dialogues with companies, and by acting responsibly as a corporate.”*

Elodie LAUGEL, Chief Responsible Investment Officer at Amundi

Bridging human expertise with technology developments

In an increasingly complex and competitive environment for responsible investment players, technology can be a strong ally for asset managers. It can help them to access, manage, and organize data to drive investment decisions, manage their portfolio and report on its impact.

In recent years, solutions have been developed to integrate ESG data and policies into asset managers' Portfolio Management Systems (PMS) which enable data to flow throughout the entire value chain, ultimately allowing portfolio managers to assess the ESG criteria quality of their investments.

Particularly important in this regard are Artificial Intelligence and Machine Learning. Their benefits include:

- Providing textual analysis to measure companies' ESG commitments and controversies.
- Collecting satellite and sensor data to determine environmental impact and physical risk exposures on a wide geographical coverage.
- Bridging the gaps in corporate disclosures, especially in a company's Scope 3 emissions reporting.

Empower responsible investment with ALTO* Sustainability

Amundi Technology through ALTO* Sustainability is powering sustainable and responsible investing, enabling institutional investors, asset and wealth managers to access efficient ESG data and tools to align investment decisions with their ESG and climate goals. The solution is centralizing all sustainable data into the core investment data set and across the integrated front-to-back workflow for portfolio managers, analysts and operations by disseminating sustainable data into the entire ALTO* platform for ESG data visualization, portfolio analysis, investment compliance control, and reporting production.

- Benefit from Amundi's [data governance](#) through quality control and oversight from data providers;
- [Manage the diversity of data](#): ESG ratings, temperature, and carbon emission at the issuer and portfolio level with historical analysis;
- [Leverage Artificial Intelligence](#) to strengthen the analysis of major trends and markets;
- [Monitor](#) PAI and Taxonomy indicators for SFDR requirements;
- Create a "[Net Zero](#)" framework;
- [Stress test](#) portfolios with climate data;
- Produce [reporting](#) for internal, clients, factsheets, and regulatory requirements.

Already centralizing data from 20 providers, ALTO* Sustainability manages the integration, control, calculation, and distribution of these analytics. To meet the needs of managers and investors, the solution offers flexible functionalities dedicated to ESG, climate, biodiversity, and regulatory issues. The solution is multi-modal:

- A "[Standard](#)" mode, which delivers raw data from providers selected by Amundi;
- An "[Advanced](#)" mode, which gives the ability to integrate a new dataset or to connect with a new provider and the ability to implement an ESG composite score methodology for advanced ESG analysis.

Flexible and efficient, ALTO* Sustainability is the perfect combination of Amundi's ESG business and technology expertise. From regulatory compliance to sustainability indicators monitoring and reporting, this new solution provides our clients with comprehensive and innovative support in their ESG methodology and policy, allowing them to leverage their core business. As demands and expectations grow for investment offers that are both responsible and have a positive impact, ALTO* Sustainability puts the full force of financial technology and artificial intelligence at the service of investment professionals, to help them define robust and responsive strategies in the ever-evolving ESG landscape.

ALTO* Sustainability provides our clients continuous enhancements in terms of new data coverage, evolution of reporting requirements and advisory expertise, as an end-to-end business partnership.

