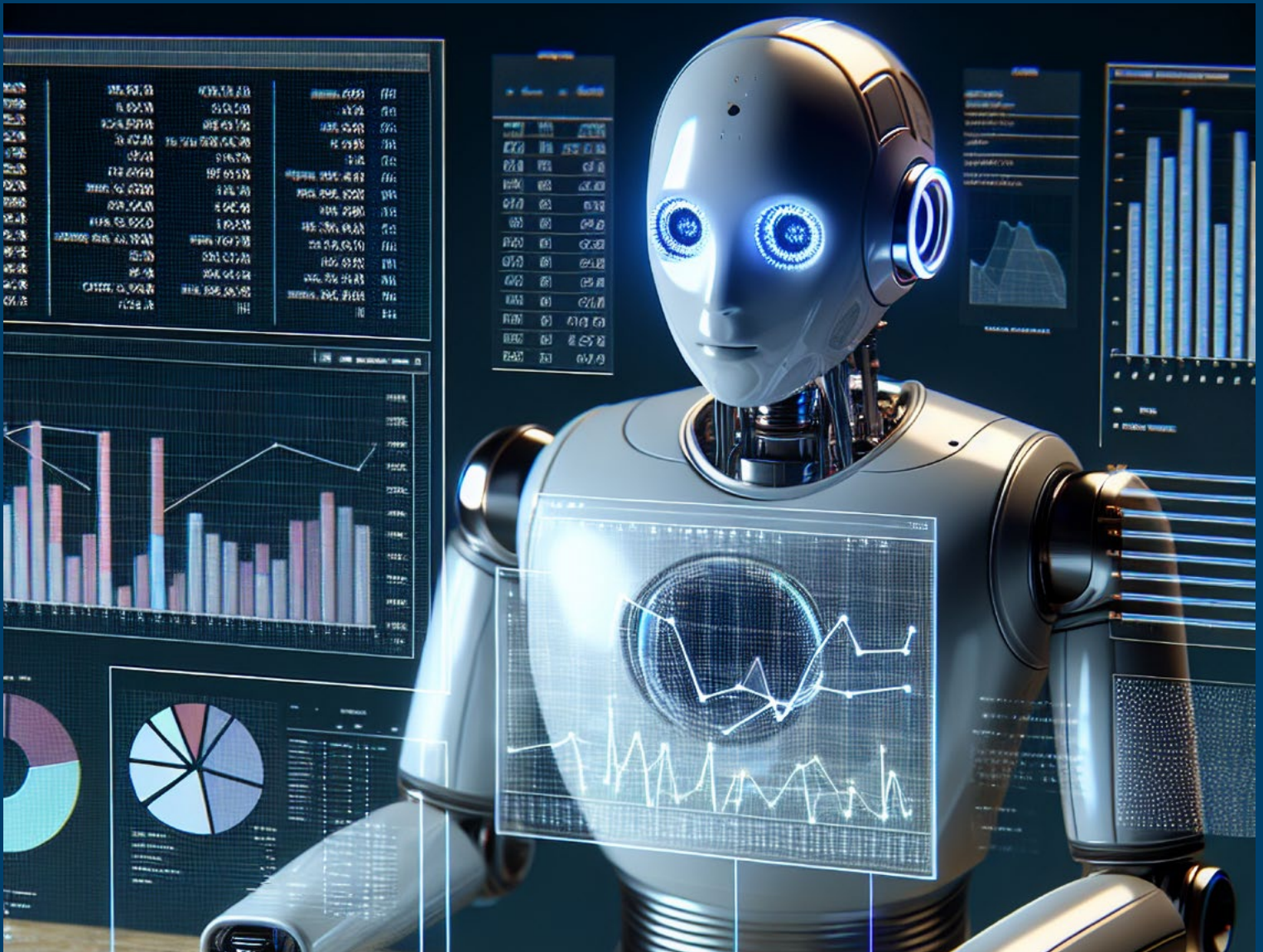


Decoding AI Disclosure

How Europe's largest companies report on Artificial Intelligence

JOINT REPORT BY FTI CONSULTING AND TRINITY COLLEGE DUBLIN – PUBLISHED 25/11/2024



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**JONATHAN NEILAN**

Senior Managing Director
Strategic Communications
FTI Consulting

A colleague of mine recently remarked that “AI has become like ESG. People like to throw it into the conversation at every turn. But the real question is, if you’re doing it, are you doing it well?”

This is the very question that was at the heart of this research project. What are Europe’s leading companies doing when it comes to AI reporting? And, more importantly, are they doing it well?

Three factors make reporting on AI increasingly important but equally challenging for companies. Those are: increased scrutiny on company actions, based on expectations of greater transparency combined with rapid information transfer through social media, evolving regulatory requirements and the rapid roll-out of AI.

With AI creating new compliance demands and also bringing new risks, robust governance frameworks and clear reporting structures are needed. Companies need to carefully balance the impact of risk and opportunity – and the trade-offs are often difficult.

Our approach to understand what companies are saying – and doing – on AI was to do a deep dive into AI-related disclosure of the top 50 companies in Europe – where the EU AI Act is now in place.

There may well be gaps between actual practice and published reporting – some of which impeded our research and understanding of the state of play. We often find through engagement that companies are operating more effectively than their reporting indicates. Still, it is only through reporting that stakeholders understand the balance of risk and opportunity at any organisation. Companies need to use reporting as the tool to effectively communicate on AI, showing how they maximise its potential, evaluate risks and make decisions about trade-offs and strategies.

Communication and reporting only reflect underlying action. Companies need to invest in the structures and systems to ensure they are clear on how they are embracing AI and how it will shape the experience of their employees, customers, shareholders and wider stakeholders in the years ahead.

We hope you find this report informative and we look forward to continuing our research, in partnership with Trinity Business School, to track the evolution of AI reporting in the period ahead.

**DANIEL MALAN**

Director
Trinity Corporate Governance Lab

The Corporate Governance Lab was established at Trinity Business School to investigate the G in ESG. We believe that good governance underpins both successful business and responsible business. The global business environment has been disrupted by the arrival of AI and this has implications for all dimensions of business, including governance. We are delighted to have partnered with one of our Knowledge Partners, FTI Consulting, to conduct this baseline study of AI disclosure by the 50 companies in the STOXX Europe 50 Index. We look forward to continuing this collaboration and to report on future progress as companies settle into the new regulatory context provided by the EU AI Act.



Executive Summary

With growing public attention on artificial intelligence (“AI”), the implementation of the EU AI Act and heightened investor scrutiny, companies face increasing pressure to disclose their AI activities. This research explores how leading European companies are reporting on AI, with a particular focus on their governance practices. Strong AI governance is essential due to the potential risks associated with the technology and the critical decisions leadership must make regarding its use. How AI is governed will have a lasting impact on a company’s future direction and success.

We analysed the Annual and Sustainability reports of the 50 European companies from the STOXX Europe 50 Index, classifying their AI disclosures based on 10 categories, ranging from the existence and content of an AI policy, to concrete use cases and mentions of the topic in Chair and CEO statements. Some of the categories are broken down into sub-categories to provide further information on the kind of disclosure.

Many companies report on AI strategy and use cases, whereas critical areas such as AI policy, oversight mechanisms, risk management, audits and key performance indicators (“KPIs”) showed lower disclosure rates. We also noted some variation in disclosures per sector, with those exposed to the greatest amount of risk providing the most comprehensive disclosures.

Our analysis revealed varying levels of disclosure, with eight leading companies reporting on at least eight out of the 10 identified categories.



Top ‘Disclosers’

Allianz | AstraZeneca | Deutsche Telekom | GSK

Mercedes-Benz | Prosus | RELX | Zurich Insurance



POLICY

19 companies disclose having an AI policy in place

No company disclosed its full AI policy and the level of detail included across the policies varied. Some companies only briefly mentioned an AI policy, providing no further details.

Leading companies provided key elements of their AI policies, including governance structures and implementation strategies with links to full documentation.

Advice for disclosure: Integrate a summary of the AI policy into reports, ensuring it aligns with overall business strategy, highlights the teams in charge of the policy and how it is implemented across the organisation.



BOARD OVERSIGHT

23 companies disclose having some form of Board oversight

An important number of companies acknowledged the importance of Board-level AI oversight.

Leading companies detailed how their Boards oversee AI, including Committee responsibilities, Board meetings (frequency and content), their directors’ skills and management’s input.

Advice for disclosure: Include AI-related activities in the Board section of reports and include AI in skills matrices, where relevant. Cross-reference this in the AI section to ensure cohesion.



SENIOR LEADERSHIP

24 companies disclose Senior Leaderships' AI responsibilities

A number of companies outlined how management is responsible for AI, with some mentioning a dedicated AI Group.

Leading companies clarified the role of management in reviewing AI and described how AI groups drive policy development, oversee use cases and operationalise AI practices.

Advice for disclosure: Present clear organisational structures and reporting lines that demonstrate how AI governance integrates into existing frameworks and covers all AI use cases.



STRATEGY

50 companies disclose AI strategy statements

Every company referenced AI as a critical global trend and its contribution to future success.

Leading companies were more specific, discussing how they prioritise AI internally and adopt it across teams and functions.

Advice for disclosure: Link AI initiatives directly to the company's business strategy and values. Even if provided in other documentation, overarching AI vision should be clearly outlined in Annual Reports.



KNOWLEDGE DEVELOPMENT

26 companies disclose some form of Knowledge Development

This area saw high levels of disclosure, particularly around employee training. Some companies refer to their industry and academic collaborations.

Leading companies provided detailed information on training tailored to roles, levels and use cases. Their disclosure on industry collaboration and external advisory connect to both innovation and risk.

Advice for disclosure: Show how training is tailored, evidence how external expertise is incorporated and how you ensure continuous learning for future readiness.



RISK MANAGEMENT

20 companies disclose specific risk management for AI

There was a broad range of disclosure on AI risk management, including references to updated risk frameworks, details on teams responsible for AI and tables showing impact and time horizons.

Leading companies identified specific risks with corresponding mitigation strategies and technical initiatives.

Advice for disclosure: Provide a risk assessment table that details each AI risk, its potential impact and the corresponding mitigation strategy, including internal responsibilities and risk assessment methods.



AUDITS

3 companies disclose audits related to AI

This was the least reported category, with all mentions referring to internal AI audits. No company disclosed having external audits of their structures or the technology.

Leading companies described how internal audit functions consider AI, evaluating governance, risk management and control frameworks.

Advice for disclosure: Consider internal and external reviews of both internal structures for managing AI and the technology itself. Disclosing audit processes and outcomes will improve reputation and help insulate the company if an incident materialises.



KEY PERFORMANCE INDICATORS

13 companies disclose KPIs related to AI

The most common AI-related KPIs focused on employee training and AI use cases.

Leading companies provided comprehensive indicators covering internal structures, model training and outcomes, with supporting qualitative context.

Advice for disclosure: Balance quantitative metrics with qualitative detail to provide deeper insights into AI deployment and to demonstrate the appropriate context around indicators.



AI USAGE

42 companies disclose on their use of AI

This category saw some of the highest levels of disclosure, with companies broadly describing AI applications and opportunities.

Leading companies offered detailed information on how AI solutions were adopted across teams, highlighting their impact, stakeholder input and associated risks and mitigation efforts.

Advice for disclosure: Group use cases by impact or function, clearly showing how value is created and risks are managed.



CHAIR OR CEO STATEMENT

23 companies refer to AI in their Chair or CEO statement

Most Chair and CEO statements provided vague information, without meaningful detail about AI's potential for their business.

Leading companies provided specific insights into how AI was being integrated across business functions and emphasised the importance of responsible AI use, often tying it to principles and training initiatives.

Advice for disclosure: Ensure that leadership statements align with the company's actual AI journey and the narrative in the report to ensure consistent messaging between leadership and execution.

For each category, the report highlights the various disclosure practices observed and provides examples of best practice and key takeaways.

Priority areas, based on public disclosure, include:

- Strengthening Board and management oversight
- Establishing key performance metrics
- Expanding audit practices
- Providing detailed context on AI's implementation

This analysis provides valuable insights and guidance for companies seeking to enhance their AI disclosure and to demonstrate the effectiveness of their governance frameworks. It also illuminates Europe's largest companies' approach towards AI corporate governance. Companies that can effectively communicate their strategic approach to AI innovation and how they manage risks will be better positioned to maintain stakeholder confidence.

See conclusion and recommendations from [page 47](#) for our advice on AI disclosure.



Introduction and Methodology Overview

AI has taken the business world by storm. Although the concept has been around for decades, recent technological advances have catapulted AI into the global mainstream. With the huge hype around AI and the first EU AI Act rules already in effect, very few organisations would admit today that they are not carefully considering how best to adopt the technology.

Reporting on AI is an essential tool for companies, allowing them to showcase not only the benefits they expect from the technology but also their readiness to manage its risks and make informed investments. Neither the EU’s Corporate Sustainability Reporting Directive (“CSRD”) nor the AI Act mandates specific AI-related reporting requirements, aside from certain transparency requirements in the latter. However, companies will be increasingly under pressure from internal and external stakeholders to disclose on how they adopt AI and mitigate its risks.

This report sets out to explore how the largest companies in the EU are reporting on AI. By focusing on corporate disclosures, we examine AI through the lens of the companies themselves – acknowledging that this view may be shaped by bias and strategic selectivity. Our research takes an exploratory approach, with a key objective

to uncover what organisations are doing on AI from a corporate governance perspective. This study provides a baseline, as we anticipate rapid growth in both the volume and quality of AI reporting in the near future.

For each category, the report highlights the various disclosure practices observed and provides examples of best practice – with 10 recommendations and advice for disclosure.

Research Universe

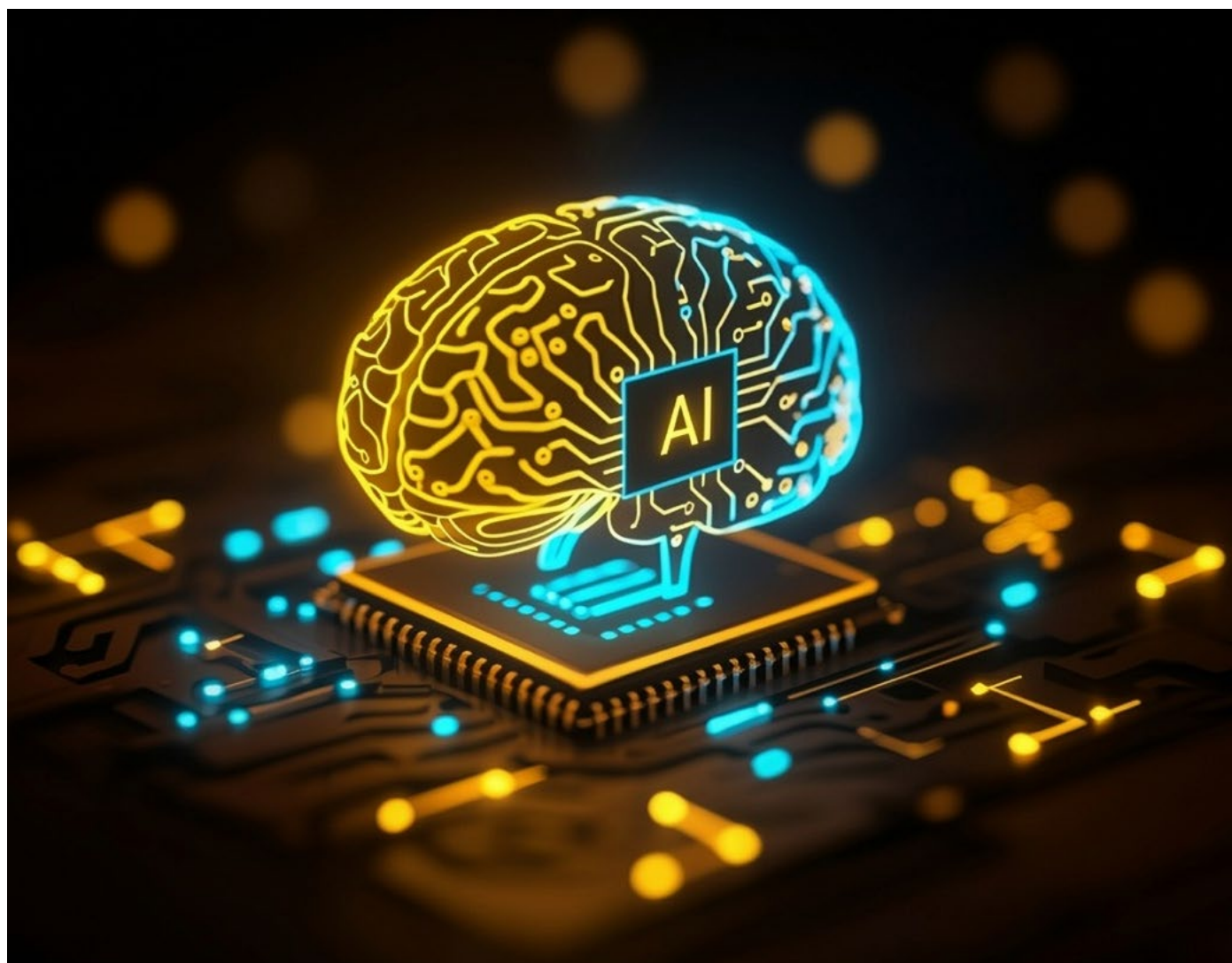
Our research examines AI disclosures among the 50 companies comprising the STOXX Europe 50 Index, a leading blue-chip index representing supersector leaders across Europe.^{1,2} The STOXX Europe 50 provides a scope of the largest publicly listed European companies, across a range of sectors and from nine European countries.

STOXX Europe 50 companies analysed

NAME	DOMICILE	SUPERSECTOR
ABB Ltd	Switzerland	Industrial Goods and Services
Air Liquide SA	France	Chemicals
Airbus SE	France	Industrial Goods and Services
Allianz SE	Germany	Insurance
Anheuser-Busch InBev SA/NV	Belgium	Food, Beverage and Tobacco
ASML Holding NV	Netherlands	Technology
AstraZeneca PLC	United Kingdom	Health Care
AXA SA	France	Insurance
Banco Santander SA	Spain	Banks
BASF SE	Germany	Chemicals
BNP Paribas SA	France	Banks
BP PLC	United Kingdom	Energy

NAME	DOMICILE	SUPERSECTOR
British American Tobacco PLC	United Kingdom	Food, Beverage and Tobacco
Cie Financiere Richemont SA	Switzerland	Consumer Products and Services
Deutsche Post AG	Germany	Industrial Goods and Services
Deutsche Telekom AG	Germany	Telecommunications
Diageo PLC	United Kingdom	Food, Beverage and Tobacco
Enel SpA	Italy	Utilities
EssilorLuxottica SA	France	Health Care
Glencore PLC	Switzerland	Basic Resources
GSK PLC	United Kingdom	Health Care
Hermes International SCA	France	Consumer Products and Services
HSBC Holdings PLC	United Kingdom	Banks
Iberdrola SA	Spain	Utilities
ING Groep NV	Netherlands	Banks
L'Oreal SA	France	Consumer Products and Services
LVMH Moet Hennessy Louis Vuitton SE	France	Consumer Products and Services
Mercedes-Benz Group AG	Germany	Automobiles and Parts
Muenchener Rueckversicherungs-Gesellschaft AG in Muenchen	Germany	Insurance
National Grid PLC	United Kingdom	Utilities
Nestle SA	Switzerland	Food, Beverage and Tobacco
Novartis AG	Switzerland	Health Care
Novo Nordisk A/S	Denmark	Health Care
Prosus NV	Netherlands	Technology
Reckitt Benckiser Group PLC	United Kingdom	Personal Care, Drug and Grocery Stores
RELX PLC	United Kingdom	Media
Rio Tinto PLC	United Kingdom	Basic Resources
Roche Holding AG	Switzerland	Health Care
Safran SA	France	Industrial Goods and Services
Sanofi SA	France	Health Care
SAP SE	Germany	Technology
Schneider Electric SE	France	Industrial Goods and Services
Shell PLC	United Kingdom	Energy
Siemens AG	Germany	Industrial Goods and Services

NAME	DOMICILE	SUPERSECTOR
TotalEnergies SE	France	Energy
UBS Group AG	Switzerland	Financial Services
UniCredit SpA	Italy	Banks
Unilever PLC	United Kingdom	Personal Care, Drug and Grocery Stores
Vinci SA	France	Construction and Materials
Zurich Insurance Group AG	Switzerland	Insurance



Analysis Framework

The analysis covered all reports, including Annual Reports, Sustainability Reports and Integrated Reports, published during the company's most recent financial year. We specifically analysed and interpreted all content related to AI by searching for the terms: AI and artificial intelligence. We developed an early framework based on the four pillars of the Taskforce for Climate Related Financial Disclosures ("TCFD") and the Taskforce for Nature Related Disclosures ("TNFD"), namely governance, strategy, risk management, and metrics and targets. We also followed the qualitative research method known as grounded theory, allowing patterns to emerge from the reports, to develop the categories through which we classified companies' disclosures.

For several of these categories, including Board Oversight, Senior Leadership and Knowledge Development we built on these overarching topics to develop sub-categories that would indicate the company takes the topic seriously and would capture the range of disclosures with more granularity. The table below shows the disclosure categories assessed.

Research Considerations

It is important to note that this research focuses on disclosure rather than performance. Similar to findings in sustainability reporting research, there is not always a direct correlation between reporting and actual practice. Companies may:

- Have practices in place that aren't reported
- Potentially overstate the significance or quality of certain practices
- In rare cases, report on non-existent practices

However, reporting and disclosure do provide a window into a company's performance and we believe our sample of companies has made genuine efforts to accurately reflect their AI practices. Still, unreported practices remain outside the scope of this research. Moreover, as this research only examined companies' AI disclosure in their Annual, Sustainability and Integrated Reports, it does not include any additional information these companies provide on their website.

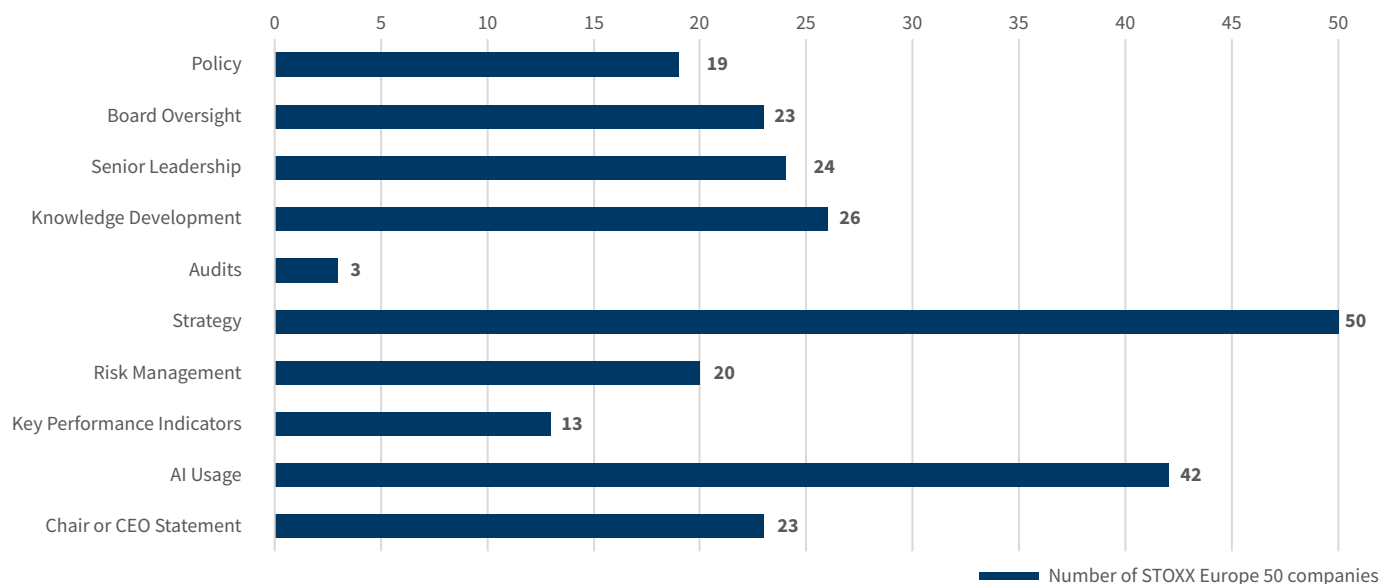
Although some of these companies are clients of FTI Consulting, this did not influence the ranking or choice of examples.

INITIAL FRAMEWORK	CHAPTERS	CATEGORIES	SUB-CATEGORIES
TCFD/TNFD PILLARS	Governance	Policy	
		Board Oversight	- Board Responsibilities - Board Meetings - Board Committees - Directors' AI Skills
		Senior Leadership	- Senior Leadership Responsibilities - AI Group
		Knowledge Development	- Board AI Training - Senior Leadership AI Training - Employee Training - Industry Collaborations - Involvement of External Experts
	Audits		
	Strategy	Strategy	
	Risk Management	Risk Management	
	Metrics and Targets	Key Performance Indicators	
OTHER CATEGORIES	AI Usage	AI Usage	
	Chair or CEO Statement	Chair or CEO Statement	

Overview of Findings

The headline results of our research are captured in the figure below. It provides a summary of the number of companies providing disclosure within a certain category.

Figure 1: Overview of Disclosure Categories



Data Source: FTI Consulting and Trinity College Dublin

Disclosure Focus and What it Indicates

Our analysis reveals a notable disconnect between companies' eagerness to discuss AI strategy and their disclosure of governance mechanisms. Despite all companies disclosing some information about their AI strategy and 42 detailing some AI use cases, there are significant gaps in reporting on oversight and risk management structures.

The disparity is particularly striking as only 19 companies disclosed their AI policies, 23 reported on Board oversight and 20 documented their risk management practices. This suggests many companies prioritise reporting on their AI capabilities and future readiness over evidence of comprehensive risk mitigation and governance structures.

Knowledge development emerged as the third-highest scoring category, likely reflecting companies' desire to showcase their preparation for AI adoption and workforce readiness. However, the low number of companies reporting on KPIs and audits indicates a significant gap in measuring and verifying AI implementation.

Inconsistent Disclosure Patterns

Our analysis also revealed unexpected inconsistencies in disclosure patterns. Companies demonstrating strong governance in one area often showed surprising gaps in related areas – for instance, some companies reporting on Board Oversight failed to disclose on AI policies. Some disclosed on Board oversight without mentioning their senior leadership's role, while others discussed senior leadership but provided no information about Board-level supervision. This raises questions about the coherence of AI governance structures and reporting practices. Similarly, while Chair or CEO statements about AI generally indicated or implied broader AI disclosure in the report, this correlation was not universal. Perhaps most surprisingly, some companies reported advanced metrics like KPIs while lacking basic governance disclosure, challenging assumptions about the typical progression of AI reporting maturity.

The inconsistencies in reporting suggest that companies are eager to capitalise on AI's potential, but many have not yet matured in their AI governance practices. This uneven approach could indicate a reactive stance – where companies focus more on demonstrating AI adoption rather than building robust, sustainable AI infrastructure that aligns with their long-term business strategies. To build greater stakeholder confidence and meet evolving regulatory expectations, companies should aim to close the gap between AI strategy and governance. This will require more transparent and structured reporting on AI risks, ethics and performance, as well as clearer accountability at the Board and senior leadership levels.

TOP 'DISCLOSERS'

Out of the 50 companies analysed:

- 16 disclose up to three category areas
- The majority, 26 companies, disclose between four and seven disclosure categories
- Only eight companies disclose across eight or more categories

Below is a list – in alphabetical order – of the companies providing the most comprehensive disclosures on AI, defined as companies reporting information across eight or more disclosure categories. No company disclosed on all 10 categories.



Top 'Disclosers'

Allianz | AstraZeneca | Deutsche Telekom | GSK

Mercedes-Benz | Prosus | RELX | Zurich Insurance



Analysis of Disclosure Topics



Policy

Having an AI policy is a fundamental first step on the AI journey, as it will ensure the company's approach to AI aligns with its business strategy. It involves setting ethical principles, outlining oversight responsibilities, identifying risks and opportunities and establishing metrics and targets. Internally, this foundation enables companies to prioritise and make informed decisions on AI use cases. Externally, a detailed AI policy signals a strong commitment to responsible AI use, providing both transparency and accountability for AI-related decisions.

METHODOLOGY

While it is becoming more common for organisations to include dedicated sections on AI in their Annual and Sustainability reports, for the purposes of our research, we required clear evidence that a concrete AI policy or set of principles in relation to AI existed to consider a company reporting on an AI policy.

19 out of 50
companies disclose
having an AI policy



Key Findings

Among the companies that disclosed having an AI policy, the depth and quality of disclosures varied considerably. One key theme that emerged was the focus on ethics, with many companies discussing their AI policies in the context of broader ethical frameworks or principles. **Here's a closer look at the types of disclosures we observed:**

Minimal Disclosure

Some companies merely mentioned the existence of an AI policy without offering any substantial details. In many cases, these mentions were not part of a dedicated AI section but were included within updates about broader Codes of Ethics or discussed in relation to specific AI use cases.

Principle-Focused

Other companies outlined their AI principles, providing insights into their ethical objectives.

Comprehensive Approach

The leading companies provided extensive information on their AI policies, including governance structures and implementation strategies. We did not see instances of full AI policies within reports, but some best practice companies linked to their policy documents, offering transparency without overcrowding their reports.

Employee Guidelines

Some companies developed specific guidance for how employees could use AI tools. Although, these are not considered AI policies in our metrics, they represent an important part of AI adoption. Still, they are not a substitute for an overarching AI policy that covers the company's broader AI strategy and risk management practices.

Illustrative Example: RELX

— Clear Accountability

"The Responsible AI & Data Science (RAIDS) team works to implement the RELX Responsible AI Principles across the company. They are responsible for developing policy."

— Integration

The report explains how AI principles are rolled out across business areas and how they guide the use of AI to improve customer outcomes and business processes.

— Transparent Communication

"The Principles were published in 2022 and are publicly available at www.relx.com/corporate-responsibility/engaging-others/policies-and-downloads. The Principles are accompanied by a RELX position paper on AI and a dedicated address that anyone can use to provide feedback or raise queries: ResponsibleAI@relx.com."

— Mission-oriented Principles

"We consider the real-world impact of our solutions on people, we take action to prevent the creation or reinforcement of unfair bias, we can explain how our solutions work, we create accountability through human oversight, we respect privacy and champion robust data governance"



Key Takeaways

- Companies are increasingly positioning their AI policies as integral to their AI adoption and therefore their overall business strategies.
- The more advanced disclosure presented principles for AI use and aligned those with AI-specific risks, addressing key concerns such as fairness, transparency and accountability.

WHY IT MATTERS

AI policies not only enhance a company's value proposition but are also essential to its license to operate in an AI-driven world. Having an AI policy demonstrates a company's readiness to responsibly adopt AI technologies and mitigate associated risks.

THE PATH FORWARD

However, to truly stand out as leaders in the AI space, companies must go beyond simply acknowledging the existence of an AI policy and make it easily accessible to stakeholders. They should provide detail, clearly define governance responsibilities and ensure that AI policies are aligned with ethical and operational goals. In doing so, companies not only build trust but also demonstrate a proactive approach to the ethical challenges of AI.





Board Oversight

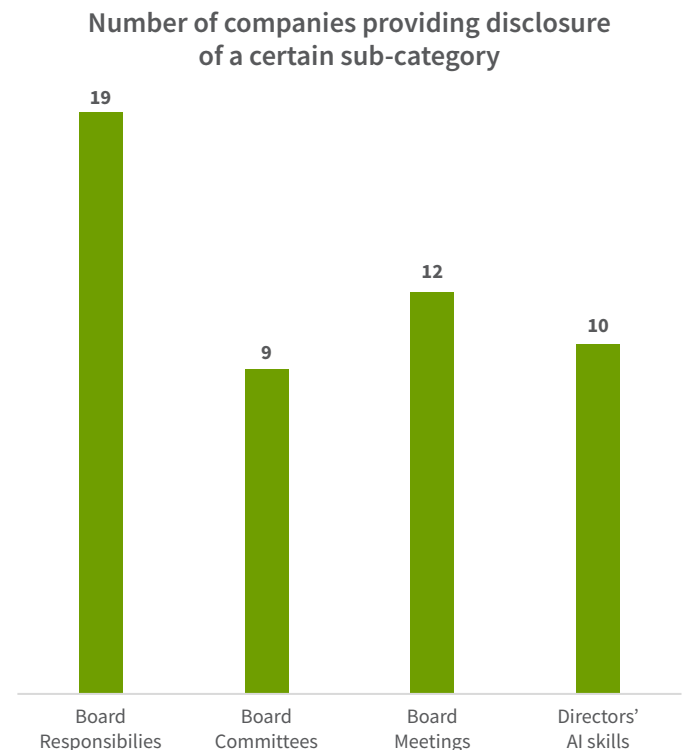
The Board plays an important role for companies by acting as a sounding board for ideas, providing guidance on strategy and overseeing material issues. With AI this is no different and the Board should be responsible for AI's oversight. It means companies need to consider how the Board or Board Committees are informed about AI issues, how evaluations of the business strategy and risk management policies consider AI and whether an individual Director or specific Committee should be delegated AI responsibilities. Establishing such governance structures ensures sufficient accountability exists through-out the organisation and can provide reassurance to stakeholders that decisions related to AI are made with appropriate oversight.

METHODOLOGY

In seeking to understand how companies perform in terms of their Board oversight of AI, we developed the following sub-categories and methodology:

- **Board Responsibilities:** any disclosures indicating the Board, Board Committee, Board meeting or individual Director had touched on AI.
- **Board Committees:** evidence that one or more Board Committee oversees AI.
- **Board Meetings:** evidence that AI was discussed during a Board or Committee meeting.
- **Directors' AI Skills:** evidence of AI skills for one or more Directors, including mentions of skills in the biography or skills matrix and if they have worked for or had been involved with an AI company. Specific evidence that the skills existed already on the Board was required and statements recognising the importance of AI skills or plans to have such skills in the future were regarded as insufficient.

Figure 2: Types of Board Oversight



Data Source: FTI Consulting and Trinity College Dublin



Key Findings

Most companies provided some detail into their Board oversight of AI. Of the 19 companies that disclosed evidence of Board responsibilities, 16 disclosed further information on either their meetings, Committees or skills. Similarly, of the 10 companies disclosing evidence of AI in Director skills, eight also disclosed on other aspects of Board oversight. This indicates that when companies do disclose on their Board oversight of AI they tend to see value in providing further detail. **Here is a closer look at the nature of disclosures observed:**

Board Discussions

Many companies mention AI discussions, however, the content of those discussions is rarely detailed. When details are disclosed, the common themes are AI strategy, impact and risk exposures.

Management Updates

Some companies specify how the Board receives AI-related updates from management functions.

Meeting Details

A few companies provide specific dates for meetings discussing AI, often taking place several times in one year. In rare cases, companies also disclosed the nature of AI-focused meetings. For example, whether it was at regular Board meetings or a workshop and who the attendees were – either internal or external experts.

Committee Focus

We saw AI integrated into existing Committees, including:

- Technology Committees in the technology, telecoms and financial service industries
- Science, Innovation or Audit and Risk Committees in the healthcare industries
- Sustainability, CSR or Ethics Committees in consumer discretionary companies

Director Skills

Most companies mention AI skills in director biographies only if there's relevant past experience. Few proactively focus on AI expertise in Board composition.

Illustrative Example: SAP

— Specific Meeting Details

“When the Supervisory Board met April 13, 2023, the Executive Board presented the Company’s innovation plans in the field of AI and outlined how SAP would integrate certain AI applications into its products.”

— Continuous Engagement

“The Supervisory Board supports and continually monitors this process and the measures associated with [AI]”. This was also evidenced by the specific meeting dates.

— Committee Responsibility

“When the Technology and Strategy Committee met in July 2023, it reviewed the implementation of SAP’s enterprise AI Strategy and examined the framework conditions for data consumption by AI applications.”

— Depth of Discussion

AI is described as *“the subject of intense debate at the plenary meetings in July 2023”*.

— External Expertise

“Our AI Ethics Advisory Panel consists of academia, policy and industry experts who advise us on the development and operationalization of the guiding principles for artificial intelligence.”

Illustrative Example: Hermes

— Skills Matrix

Hermes include AI in their Board skills matrix



Key Takeaways

- A number of companies acknowledge the importance of Board-level AI oversight, yet there is still room for improvement in both the prevalence and depth of disclosures.
- Leading companies demonstrate that meaningful Board engagement in AI governance goes beyond mere acknowledgment – they provide insight into specific discussions.
- These discussions involved providing feedback on the AI strategy, risk management and broader impacts of AI on the business.
- Advanced disclosures also clarified how AI responsibilities are assigned within the Board and by the Board to senior leadership.
- One area with particularly limited transparency is the disclosure of AI-related skills among Board members.

THE PATH FORWARD

However, not all companies need to have an AI expert on their Board. What matters is that all Directors understand the most material issues related to the use of AI and are “AI conversants” who are able to challenge management on the AI strategy. Boards should be adequately trained and they should also be able to hire outside experts or seek external advice when they deem it necessary.

Companies should report on the role of the Board, whether it delegates certain responsibilities to a Committee, the composition of the body in charge of AI oversight and how the Board is informed of key developments, including opportunities, risks and performance by management.





Senior Leadership

Senior leadership and management will set the direction for the company's AI adoption, which requires an understanding of potential use cases and their implications. Although, executive teams will not need detailed knowledge of each individual AI use case, they must understand both the strategic opportunities and potential risks they present. Assigning specific AI responsibilities to senior executives or working groups provides a clear governance structure. It creates a dedicated forum for teams adopting AI to seek guidance and escalate decisions involving significant trade-offs. Senior leadership's responsibilities typically encompass AI strategy development, risk management and operational implementation, with their specific role and scope depending on the organisation's size and existing oversight mechanisms. Establishing a specific AI group that ideally involves stakeholders from diverse areas of the business is a helpful way to ensure responsible AI adoption.

METHODOLOGY

For our research we considered evidence of any person in a senior leadership position or body that had AI tasks or responsibilities as a disclosure on Senior Leadership's AI responsibilities. For disclosures on an AI specific group, we required evidence of an internal group dealing with or having responsibilities related to AI or a group that meets or met to discuss AI topics of strategic importance.

24 out of 50
companies refer to their Senior
Leaderships' AI responsibilities
**of which 17 disclose that they
have a specific AI group**



Key Findings

Senior leadership is not an area where companies provide significant detail. **Some of the qualitative findings from their disclosures are:**

AI Responsibilities

Some companies identify which executives, management or function leads are responsible for AI. In rare cases, companies specify that management reviewed AI risks, determining its risk classification.

AI Groups

Some companies simply mention having an AI Group, with leading companies providing greater detail about its responsibilities such as assessing new products and services, implementing and developing policies, processes, frameworks, operational tools and supporting with training.

AI Group Composition

AI Groups typically comprise function leads, but we also saw task forces at executive level. Companies sometimes indicate different teams being members of the AI Group but do not often clarify all the members involved or the Group's Chair.

Performance Integration

A small number of companies, particularly in the technology and financial sectors, have begun incorporating AI oversight into executive performance assessments, especially at the CEO level.

Illustrative Example: AXA

— Identify Creation Date

"The Company launched the Responsible AI Circle in 2021."

— Diverse Composition

"The Circle is a light and agile governance body comprised of stakeholders from different departments of the Group."

— Clear Tasks

"It provides thought leadership, sponsors projects and develops operational tools and frameworks to support the development and deployment of AI in a responsible way in accordance with anticipated regulatory frameworks, particularly the EU AI Act."

Illustrative Example: GSK

— Governance Structure

"The Board approved the establishment of the AI Governance Council, co-chaired by the General Counsel and CDTO to help manage these risks across the Group."





Key Takeaways

- Disclosing senior leadership oversight of AI is crucial to demonstrate responsible adoption.
- With comprehensive disclosure still uncommon, leading companies set themselves apart by providing detailed information about their AI governance structures.
- They define the roles of their AI groups and disclose on its cross-functional membership, meeting frequency, reporting hierarchies and specific responsibilities.

TAKE CARE

As organisations establish AI oversight mechanisms, many default to placing these responsibilities within existing data or ethics teams. Despite these functions sharing some overlap with AI governance, AI should not automatically fall under their remit and companies should evaluate their unique needs and consider AI's broader implications.

THE PATH FORWARD

The key to effective AI governance lies in creating a forum for discussions on AI, thoughtfully integrating it into existing decision-making structures. Companies will need to account for organisational structures, reporting lines and available expertise, which means coordinating with other governance committees or groups, and various functions. They should establish clear mandates and tasks for AI governance groups including the support needed and reporting requirements.





Knowledge Development

Successful and responsible AI adoption requires a deep understanding of the technology, including its potential use cases and limitations. Given AI's broad impact across business operations and teams — extending beyond technology functions to affect the entire organisation and external stakeholders — companies must ensure appropriate expertise exists throughout the business. With AI being a new technology, knowledge development involves multiple approaches: appointing individuals with specialised AI skills, upskilling existing Board members and senior leadership and training employees across all levels. As AI technology continues to mature and industry standards evolve, participation in industry bodies becomes crucial for sharing experiences and establishing best practices that contribute to a safer and more responsible AI ecosystem. Additionally, engaging external experts for AI guidance provides valuable outside perspectives and helps mitigate potential risks, particularly concerning bias and discrimination.

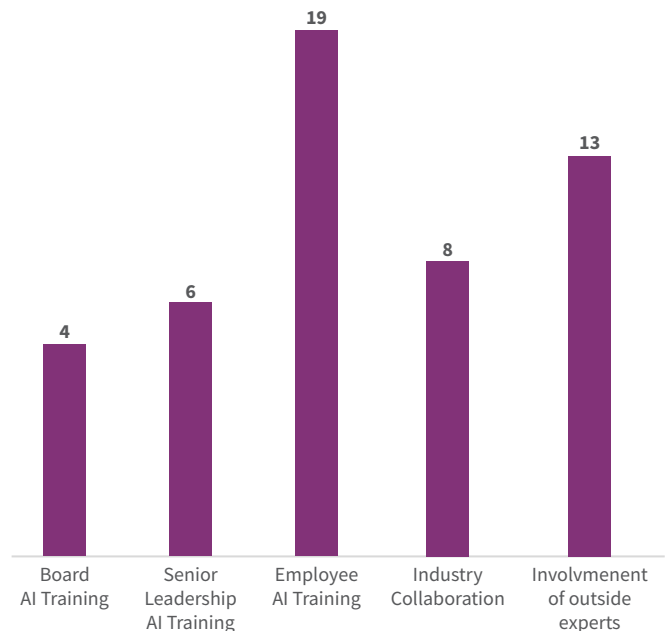
METHODOLOGY

For our analysis of Knowledge Development, we examined disclosure across several categories:

- **Training Programmes:** Only specific AI-related training that had occurred or was currently available was considered evidence of training. General statements about the importance of AI skills development were not included. We looked for:
 - Board of Directors training
 - Senior leadership training
 - General employee training
- **Industry Collaboration:** Trade association participation or research collaborations focused on AI. Collaborations purely for AI deployment on customer/supplier relationships were excluded.
- **External Expertise:** including university collaborations, external advisory boards or expert panels related to AI.

Figure 3: Types of Knowledge Development

Number of companies providing disclosure of a certain sub-category



Data Source: FTI Consulting and Trinity College Dublin



Key Findings

Knowledge Development emerged as the most frequently disclosed topic in relation to AI risk management. The majority of companies focus their reporting on employee training, though there is little consistency across the findings. Some companies include more advanced practices such as Board-level training, though they often vary significantly in the breadth of their disclosure. For instance, some companies disclose across several categories, while others limit their reporting to only one area, typically industry collaboration or the involvement of external experts. Notably, Deutsche Telekom is the only company to disclose information across all categories. **Key patterns in disclosure include:**



Training

Implementation

Many companies outline programmes to build skills and awareness for AI across their organisations and some provide specific training on new AI tools. Few companies identify specific departments responsible for training delivery.

Tailored

Best practice companies report on how they tailored training programmes to different employee groups and teams, particularly those outside of the technology function.

Quantitative Metrics

Numerous companies provide metrics on the number of employees trained. The most advanced companies provide metrics for the different training programmes and information on the training frequency.

Qualitative Information

It is not uncommon for companies to discuss their training, providing information on the delivery method (online, events or workshops) and the focus.



Industry Collaboration

Industry bodies

Companies partner with a range of bodies including industry trade associations, peers, scientific communities and regulators.

Risk Mitigation

Some leading companies highlight their industry collaboration as a way to mitigate risk, collaborating on explainability techniques, bias control methods and to discuss social and legal risks.



External Experts

Universities

The vast majority of companies report the involvement of outside experts by referring to academic partnerships. Those are usually positioned as the company staying ahead of innovation and only a few companies disclose on the areas of research.

Expert Advice

Incorporating advice from external experts is very rare and few companies have formal external advisory bodies that provide input related to AI, those that do were usually at Board level. Disclosure on their composition, expertise and background is very limited.

Illustrative Example: Deutsche Telekom

— Range of Training

“The internationally available Explorer Journeys deliver initial insights and knowledge in the areas of software development, AI.” / “In 2023, some 2,000 employees attended our proven Skill Academies to gain training in topics including artificial intelligence (AI), DevOps, software development, and more”

— Specific Manager Training

“Our leaders were able to access a wide variety of training courses on a dedicated AI hub page. We also offered the speedUP! format once again in 2023, this time with the spotlight on AI: at this two-day learning and networking event, participants had the opportunity to attend workshops and speak directly with AI experts to extend their digital skills, hone their thought processes, and learn new methodologies. The AI Explorer Summit presented a range of work- and customer-related AI topics, and described the associated concepts and development processes involved. More than 500 leaders at Deutsche Telekom took part in this virtual event.”

— Board Training

“The members of the Supervisory Board generally take on the necessary training and further education measures required for their tasks on their own. Deutsche Telekom offers supporting information events and workshops – in 2023 the main focus was on artificial intelligence”.

— Alignment with Use Case Deployment

“Almost immediately following the market launch of AI chatbot ChatGPT, initial learning sessions were offered to all employees starting June 2023.”

— Metrics Breakdown

“A total of over 66,000 employees took part in training courses on AI in 2023” / “More than 500 leaders at Deutsche Telekom took part in this virtual event”.

Illustrative Example: Banco Santander

— Risk Techniques

“We cooperate with Banco de España on issues related to explainability and control of bias in machine learning models, promoting the use of these new techniques for risks.”





Key Takeaways

Comprehensive knowledge development is an important part of any digital transformation, with different approaches needed across different organisation levels.

TRAINING

- Many companies implement basic AI training programmes, but there is a notable gap in Board and senior management education despite their ultimate accountability for AI risks.
- Leading companies distinguish themselves with detailed reporting on their AI training, including quantitative metrics on training rollout complemented by qualitative information about training methodologies and content.
- Companies often default to standardised e-learning modules for AI education, but this one-size-fits-all approach may not effectively address the diverse learning needs across the organisation.

EXTERNAL PERSPECTIVES

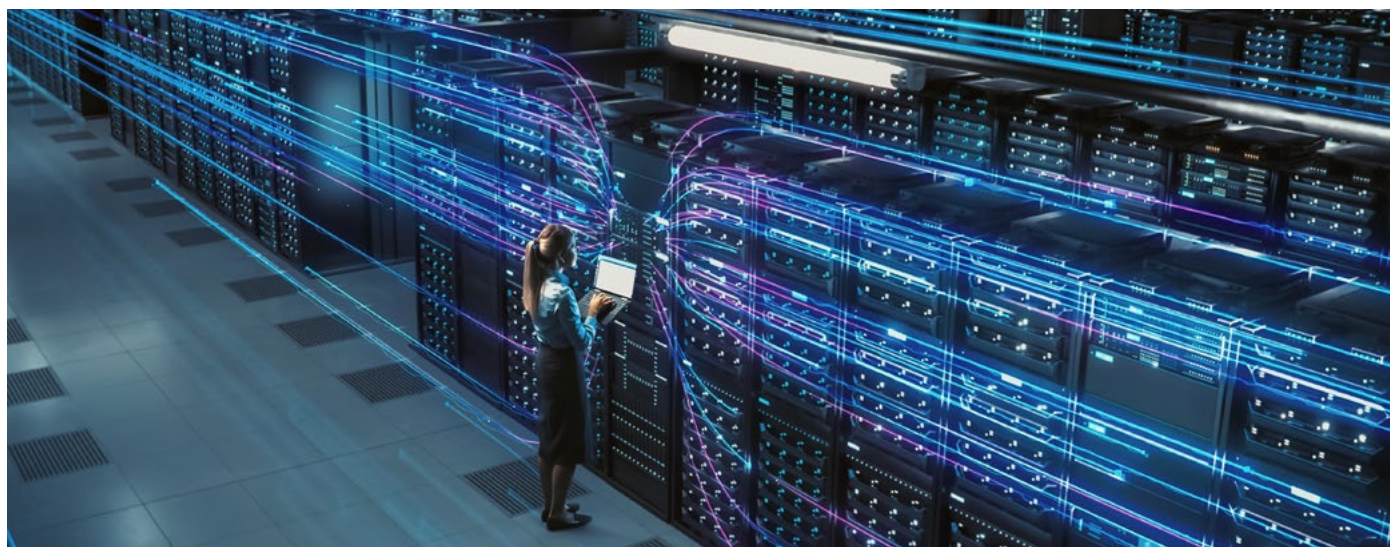
- Many companies engage with academic institutions for technical expertise, which they can improve by expanding to include ethical considerations, bias mitigation and responsible AI practices.
- External expert involvement through advisory boards, workshops and formal feedback mechanisms is severely lacking despite being key to building stakeholder trust.

THE PATH FORWARD

Companies should evaluate role-specific requirements and implement targeted training programmes, particularly for Boards and specialised functions like sustainability or human resources teams that face unique AI implications. Best practice would be implementing use case specific training, incorporating hands-on workshops for leadership and establishing training for relevant teams as a mandatory component of AI rollout.

Effective AI knowledge development also lies in combining internal expertise with external and independent perspectives

As AI continues to advance and change, companies need mechanisms to ensure continuous learning that combines internal training with external expertise, which will help build both the competency and confidence of teams. Organisations should actively participate in industry working groups to align with emerging standards and learn from peer experiences.





Audits

Audits serve as important tools for firms to assess their internal processes, validate data integrity, and demonstrate transparency and accuracy in reporting. When it comes to AI, audits are equally valuable, helping companies manage risks such as system failures or bias in algorithms. By conducting audits, firms can signal a proactive approach to minimising these risks. Audits can focus either on internal procedures for managing AI-related risks or on the technical aspects of the AI system itself. While internal audits provide a solid foundation for evaluating risks, third-party audits offer an additional layer of credibility and assurance.

METHODOLOGY

To classify a disclosure as AI audits, we required direct mentions of internal or external audits specifically related to AI systems or their use. Plans or future intentions to audit did not qualify – only completed audits were considered.

3 out of 50 companies disclose on audits and AI



Key Findings

This was the category with the lowest level of disclosure and all audits mentioned were internal.

Here is information on the nature of those audit disclosure:

Audit Function Focused on AI

One company reported that, in 2024, its Global Internal Audit function enhanced its coverage to include AI. This function supports the Board and management in protecting assets, reputation, and sustainability by evaluating governance, risk management and areas of operational risk.

Tools and Risk Mitigation

Another company's Board of Statutory Auditors looked at how the use of AI tools resulted in the mitigation of risks from fraud, business practices and contracts with outsourcers.

Audited External AI Framework

The third company completed an internal audit of the EU high-level expert group on artificial intelligence's framework, mentioning both the date of the audit and that learnings were incorporated into selected AI models.

Illustrative Example: HSBC

— Audit Function's Role

"Global Internal Audit does this by providing independent and objective assurance on the design and operating effectiveness of the Group's governance, risk management and control framework and processes, prioritising the greatest areas of risk."

— Prioritising AI

"In 2024, Global Internal Audit's new or heightened areas of coverage are: transformation including regulatory change; people capacity and capability; ESG; material regulatory obligations; Consumer Duty implementation; retail and wholesale credit risk management; Basel III; regulatory reporting; treasury; operational resilience; enterprise-wide risk management; model risk management; machine learning and artificial intelligence; data management and technology."



Key Takeaways

- It is promising to see companies begin to evaluate AI's performance and potential risks through internal audits.
- Although many of these audits focus on internal processes rather than auditing the technology itself, they represent a meaningful step towards responsible AI management.

WHY IT MATTERS

This will not only allow companies to better assess AI-related risks but also helps track the technology's effectiveness and return on investment. The fact that AI is being integrated into audit functions and Committee tasks indicates a serious prioritisation of AI governance.

THE PATH FORWARD

Despite current trends toward internal audits, third-party assessments are likely to become a key component of responsible AI management and something to watch closely.

By conducting these audits, companies communicate their commitment to responsible AI, which not only enhances their reputation but also serves as an important form of protection. Should something go wrong, companies can demonstrate that they took all reasonable steps to prevent issues, potentially protecting themselves against reputational damage or liability.



Strategy

In any transformation, particularly in the digital space, having a clear strategy is essential to keeping a company focused. For AI, it is crucial that companies set AI-specific objectives that align with their core business strategy, allowing them to concentrate on the most promising opportunities. In addition, companies must establish principles to guide their approach to AI, ensuring that all AI-related decisions align with company-wide values and expectations. A strategic approach should also seek to mitigate potential negative impacts and risks that may arise from AI adoption.

Methodology

Defining what constitutes a disclosure on strategy proved challenging, as many aspects of AI could be seen as strategic. This category included disclosure that referenced AI-related risks and opportunities, AI objectives, or AI principles, whether in concrete terms or more broadly. It also served as a catch-all for vague statements indicating a company's awareness of AI trends. If a company mentioned AI usage, it was also considered a disclosure on strategy.

50 out of 50 companies disclosed on AI strategy



Key Findings

Given the broad interpretation of this category, it is not surprising that all companies disclosed on strategy. **Companies discussed:**

Vague Trends

Some companies made broad references to AI in the context of global trends, often when discussing regulation.

Aspect of Success

Certain companies acknowledged that AI would be an important factor in their future success.

Incorporating AI into Products

Companies described how AI is being integrated into their products and how it could enhance customer relationships or their services.

Illustrative Example: National Grid

— Recognition of Opportunities

“Rapid developments in the capability of generative AI open new opportunities for energy industry applications including generation and demand forecasting, infrastructure planning, predictive maintenance and improvements to physical safety.”

Illustrative Example: Reckitt Benckiser

— Areas of Focus

“We have focused our efforts on accelerating the adoption and impact of AI across our business, from R&D and manufacturing to sales, marketing and logistics. We are identifying high-value use cases, expediting AI project implementation and reducing barriers to AI innovation. Our objective throughout is to deliver AI-driven results efficiently and responsibly.”



Key Takeaways

- The fact that all companies disclosed on AI strategy in some form demonstrates widespread recognition of AI’s significance.
- Most often, AI is discussed vaguely as a global trend presenting both opportunities and risks.
- Leading companies go a step further by explicitly highlighting areas where they are prioritising AI in their business.
- However, many companies fail to clearly connect AI with their broader business strategy and values.

THE PATH FORWARD

To enhance their disclosure, companies should aim to make these connections more explicit. Companies could also update their contingency plans to include AI-specific risks, assessing their operational and financial resilience in the event of AI-related incidents.

Some organisations may wish to take a more holistic approach by addressing AI strategy within their broader digital transformation strategy, whereas others may prefer to communicate these priorities in separate AI policy documents. However, in both cases it would still be worth considering how to incorporate AI strategies into the Annual and Sustainability Reports to ensure coherent disclosure.



Risk Management

Managing risks is clearly an inherent part of the business cycle and is something businesses integrate into their decision-making process for all kinds of issues. AI is no different and businesses will need to establish processes to identify material risks and opportunities. However, with the wide range of AI's applications that can affect the three P's, profit, people and planet, it is preferable to use a double materiality approach that considers internal and external impacts. As part of these AI risk assessments companies will need to consider how they integrate risks identified by external teams developing AI, establish mechanisms for regular reviews and integrate them into other risk management frameworks.

Methodology

While many companies mention AI risks and opportunities, we required detailed information to consider it a disclosure on risk management. The criteria for disclosure required companies to:

- Provide evidence that the management of AI-related risks is integrated in broader Enterprise Risk Management or that companies have done impact assessments
- Clarify that a framework and/or safeguards are in place to manage AI
- Include AI in an ESG risk management table or materiality/sustainability assessments that identify AI as a risk
- Include a detailed analysis of specific risks arising from AI
- Provide information on how such risks are assessed

20 out of 50
companies disclose
that they have an AI Risk
Management process



Key Findings

The level of disclosure related to risk management varied significantly. **The different approaches included are below.**

Updated Frameworks

Some companies simply mentioned updating their risk frameworks and controls to manage AI, without providing detail on what that means.

Assign Responsibilities

A few companies report on which team is responsible for ensuring AI tools are risk assessed, how those risks are managed and internal policies are updated. However, they do not provide further details.

Risk Assessment Tables

Numerous companies considered AI in their risk assessments, clarifying whether it was an emerging or principal risk. They often used tables including the potential impact and timing. A few companies integrate AI into their sustainability risk assessment. However, most of the time these tables do not provide details on what the exact risks are or how they were assessed.

Risk Mitigation

Only a few companies reference specific risks and mention how they are mitigated such as engaging with regulators, maintaining data privacy and governance structures, or involving subject matter experts.

Technical Risk Management

In rare cases companies provide their technical approach to de-risking AI safety, where they mention verification and explainability in neural networks.

Comprehensive Risk Assessments

Several companies break down AI's operational, legal and reputational risks. They discuss their approach to mitigating them through governance frameworks, principles, impact assessments and training. In rare cases, companies choose to include this in a table describing AI, its impacts and how they mitigate risks.

Illustrative Example: BNP Paribas

— ESG Risk Management Table

As part of their ESG Risk Management Framework, BNP Paribas includes a table where they assess “*Risks related to artificial intelligence*”. The table shows the risk severity across short, medium and long term time horizons, the type of risks (i.e. structural not systemic) and whether they are currently emerging.

Illustrative Example: Reckitt Benckiser

— Team Responsibilities

“Our Information Technology & Digital (IT&D) and Legal teams are working closely to ensure that any AI tools utilised across the organisation are fully risk assessed, with appropriate actions taken where necessary, and that our policies (e.g. AI Tools Policy) are adopted and regularly updated.”

Illustrative Example: British American Tobacco

— AI Framework and Operating Model

In its Group Risk Factors section British American Tobacco PLC reports on a risk from “*Failure to successfully design, implement and sustain an integrated framework and operating model for Artificial Intelligence (AI)*.” It provides a description on what could happen and what those impacts would be.

Illustrative Example: Allianz

— Risk Categorisation

“The first operational risk results from fast developments in the area of artificial intelligence (AI) including generative AI. AI can help Allianz to further improve customer services and internal processes but also comes with new operational risks: Public and regulatory concerns about discriminating AI and “Black Box AI” triggered various regulatory initiatives by supervisory authorities and regulators across the globe, especially the upcoming European Union AI Act, which is expected to be finalized in 2024.”



Key Takeaways

To demonstrate leadership and reassure stakeholders, companies adopting AI must go beyond vague acknowledgment of AI-related risks in their disclosure.

- Despite many companies mentioning risks in their Annual Reports, there is often a disconnect between identifying the risks and disclosing how they are actively managed
- It is encouraging to see companies communicating the severity and likelihood of AI risks to investors.
- Yet, the most forward-thinking organisations stand out by offering detailed insights into specific risks and the strategies they employ to mitigate them.
- One company notably highlighted the risk of not having a structured AI framework, a recognition that sets it apart by acknowledging the potential vulnerabilities in failing to properly address AI’s governance. It will be interesting to see how its 2024 Annual Report changes.

THE PATH FORWARD

Best practice for managing AI risks include establishing clear roles and responsibilities within teams, conducting regular impact assessments and implementing tailored technical safeguards for different AI use cases. Additionally, companies should disclose their internal risk reporting frameworks, how these risks are assessed and the mitigation strategies in place. Such assessments should consider wider societal impacts and how AI might affect different stakeholders, which perspectives from different teams can help address.

This strengthens the company’s value proposition and investor confidence, and also helps mitigate potential legal penalties by demonstrating proactive risk management. Importantly, it shows consumers and the public that the company is prioritising more than just profit and is committed to fostering trust and long-term value.





Key Performance Indicators

In the past two years, the media, the public and even companies have engaged in a fervent conversation about AI, making it a buzzword for industry. However, investors can be concerned about the reality behind AI adoption and returns on investment given the vast sums being invested in AI development. So, how can companies cut through the hype? One effective approach is to focus on KPIs has been defined earlier in the report. KPIs not only provide a way to demonstrate return on investment but also showcase a company's readiness for the future. Internally, KPIs play a critical role by establishing metrics to evaluate AI models, use cases and oversight, enabling companies to make informed decisions and assess their progress effectively.

Methodology

Disclosure was classified as KPIs when they referenced establishing a specific KPI related to AI. This classification also encompassed any quantifiable numbers or proportions associated with AI.

13 out of 50 companies disclose on AI KPIs



Key Findings

A wide range of KPIs were disclosed and we have included all of those mentioned below.

The KPIs revealed a diverse range of metrics, which we have categorised into three primary themes:

Internal Structures

- Employees trained on AI
- AI Champions
- People responsible for integrating principles
- Board meetings discussing AI

AI Models

- AI use cases
- AI projects in R&D
- Data sources AI is trained on
- Number of customers AI was tested with

Impact and Results

- AI roll out
- Countries and locations deployed
- Accuracy improvements
- Customer satisfaction rate
- Impact on emissions

Illustrative Example: RELX

— Model Development

“Elsevier ensures that the content used in Scopus AI is rigorously vetted, based on over 29,000 academic journals from more than 7,000 publishers worldwide.” “Scopus AI has been tested with more than 16,000 researchers during its development.”

— Results from AI

“The homeowner’s experience when using the mobile AI assistant is simple and intuitive, with a 94 percent homeowner satisfaction rate and above 70 percent completion for customers who are adopting our best practices.”



Key Takeaways

- The most frequently reported KPI was related to AI training, with many companies reporting the number of employees trained in this field.
- More advanced organisations provided detailed metrics for various training programmes and quantified their AI expertise, including specific numbers of AI experts or people working on AI initiatives throughout their organisations.
- The second most common disclosure involved AI use cases and deployment metrics, such as tool rollout or specific application metrics.
- Notably, only one company, RLEX, provided indicators across all three themes — discussing their internal structures, model training and results.

WHY IT MATTERS

Disclosure about the AI models themselves is crucial for building trust and demonstrating risk mitigation efforts. Companies that provide information across all three themes create a particularly compelling narrative, offering stakeholders greater understanding and reassurance regarding their AI journey. However, claims about AI results — especially when the AI tool will be used externally by others like in healthcare — must be approached with careful consideration.

THE PATH FORWARD

Although quantifiable metrics provide valuable benchmarks for assessing AI implementation and progress, they should not stand alone. Effective AI disclosure requires supporting qualitative information that provides context, nuance and deeper insight into how these technologies are being developed and deployed.

Well-defined indicators currently serve as an excellent differentiator but must be thoughtfully developed to reflect company-specific characteristics and capabilities, effectively demonstrating risk mitigation strategies and quantifying meaningful impact and results.



AI Usage

When companies discuss AI, they do so with the intention of deploying it to achieve tangible results. Capturing disclosure on AI usage is crucial to show how companies are leveraging AI to drive innovation and operational efficiency. AI's versatility allows it to be applied across a wide range of sectors and activities — from improving drug discovery in healthcare, detecting fraud in finance and optimising energy usage in utilities. Across all sectors, AI can also support compliance, financial functions, human resources and much more.

Methodology

To qualify as a disclosure of AI usage, companies needed to mention a concrete AI use case. If the AI initiative was still in development, it was categorised as strategy instead of usage.

42 out of 50 companies disclosed on AI Usage



Key Findings

As one of the categories with the highest level of disclosure, the depth of description of how AI was used varies. **Some findings include:**

High-Level Examples

Many companies offer broad descriptions of their AI use cases, stating how AI has optimised certain processes. However, detailed explanations, including which teams were involved, how widespread the deployment was and associated risks, are not often included.

Examples in Different Functions

AI is frequently used by companies in areas like risk management, including auditing and monitoring human rights or environmental risks. Cybersecurity and manufacturing are other prominent areas where AI use cases are mentioned.

Mentions of Big Tech

Companies often mention partnerships with major tech companies to support their AI initiatives.

AI for Social Good

Some companies emphasise the positive impacts of their AI use cases, such as improving sustainability, supporting corporate social responsibility (“CSR”) efforts, or enhancing the consumer experience.

Illustrative Example: Novartis

— Detailed Example

“For example, our Generative Chemistry (GenChem) initiative with Microsoft is expanding the way we discover new small molecule drug candidates. Using generative AI approaches, our GenChem teams can design molecule structures and identify compounds with relevant properties that may develop into new medicines. GenChem has the potential to help our teams discover higher quality molecules more rapidly and increase our probability of success in subsequent development stages.”

Illustrative Example: ABB

— KPI

“We have already identified more than 100 AI-focused projects across our Group.”

— Adoption by Team

“For example, our Robotics division produces AI-enabled robots with integrated vision, which can work safely and autonomously in warehouses. In our Process Automation business area, we continue to progress towards autonomous operations, for which AI is an important enabler. We also use AI for preventive maintenance and are working with our long-standing strategic partner Microsoft to unlock further customer value from operational data.”



Key Takeaways

- Most companies present their AI usage in a positive light, emphasising how AI can reduce risks in key areas such as cybersecurity, safety and sustainability.
- One standout company, RELX, offered particularly comprehensive disclosure, explaining in depth how its AI products function, the specific contributions AI made and the resulting impact.
- They also incorporated stakeholder perspectives and, most importantly, addressed the risks present in each AI use case, alongside mitigation strategies that included technological safeguards.
- Many companies are partnering with third-party providers, frequently naming big tech firms as suppliers/partners, reflecting both the growing reliance on external expertise for AI development and a belief that naming these partners adds credibility and value to their AI initiatives.

THE PATH FORWARD

Optimistic framing of AI use cases aims showcase innovation, future readiness and can shape a narrative distancing AI from potential negative perceptions. However, there is still significant room for improvement in providing more detailed, transparent disclosure that clearly articulate both the benefits and risks associated with AI implementation.

As companies continue to expand their AI applications, it will be increasingly important for them to refine how they report on their use cases. Grouping AI use cases by impact, potential risks or the teams utilising them could offer a more structured, meaningful approach to communicating their AI strategies and adoption.





Chair or CEO Statement

The AI trend has resulted in pressure on Chairs and CEOs to demonstrate their company's approach to the topic. They need to not only understand AI's impact but also to clearly communicate their company's vision for harnessing AI in a responsible and strategic manner. In corporate reports, Chair and CEO statements play a crucial role in setting the tone for topics and serve as a platform to outline the company's long-term strategy and its preparedness to embrace AI-driven innovation. With high-level disclosure, Chairs and CEOs can provide stakeholders with insight into how AI aligns with their overall business goals and values, reinforcing their commitment to staying competitive and responsible in an AI world.

Methodology

This category is different from the others as it refers to the specific location of the AI disclosure in the reports rather than the content of the disclosure. Any reference to AI in either the Chair or CEO statement in reports were considered a disclosure.

23 out of 50

companies disclosed on AI in their Chair or CEO statement



Key Findings

Below we include the nature of what Chair and CEO Statements disclose:

Use Cases

In rare cases, Chair or CEO statements reference the number of AI use cases.

Details on Adoption

Several Chair or CEO statements outline which business functions are adopting AI, providing insights into its integration across different areas of the organisation.

Responsible Approach

Very few Chair or CEO statements mention the responsible use of AI, or highlight the principles in place or the existence of widespread training with the view of maintaining customer trust.

Vague Disclosure

In most cases, Chair or CEO statements offer vague statements about AI's potential, mentioning only that they want to apply and leverage it more in areas such as sales, customer service or R&D without providing meaningful detail or context specific to their business.

Illustrative Example: GSK

— Board Oversight

“The GSK Board now has excellent, in many cases world-leading, experience and expertise including in human genetics, vaccines, respiratory and infectious disease; advanced technologies including in AI and ML; biopharma commercial and financial expertise and US payer, HCP and patient understanding.”



Key Takeaways

- The best practice Chair or CEO statements go beyond superficial references to AI and instead offer meaningful insights into their AI strategies.
- These statements explain how AI is integrated into operations and governance, often highlighting frameworks for responsible AI adoption or staff training initiatives.

THE PATH FORWARD

They serve as an opportunity for companies to demonstrate that AI is a priority at the leadership level and that they have a clear understanding of its potential. Importantly, these statements reassure stakeholders by showing a commitment to ethical and effective AI use.

To be truly impactful, these statements should align with the company's actual AI adoption and the broader narrative of their report, ensuring consistency between leadership messaging and real-world execution.

Illustrative Example: Mercedes-Benz

— Responsible Use

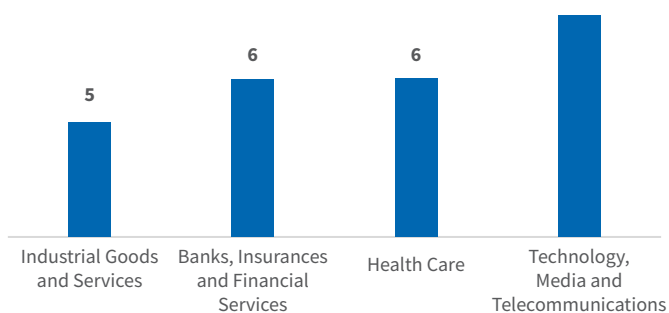
“We are developing our own operating system and are increasingly utilising artificial intelligence (AI) in our digital products and services. For this reason, we developed and established principles for the responsible use of AI at an early stage. Both the integration of AI and a successful, sustainable business strategy require data from a wide variety of areas and sources. For us, the responsible handling of data is essential for strengthening our customers' trust in digitalisation.”

Sector Comparisons

From the 50 companies analysed, we also wanted to examine any conclusions or differences across sectors. We used the Industry Classification Benchmark's ("ICB") classification of supersectors, which the STOXX Europe 50 is based on, to look at how different sectors reported on AI topics. We focused on the supersectors, or groups of similar supersectors, for which there was a sufficient number of data points with the following graph presenting a comparison of the average number of categories each group of companies disclosed on.

Figure 4: Sector Comparisons

Average number of disclosure categories covered by supersector (or group of supersectors) ⁷



Data Source: FTI Consulting and Trinity College Dublin

The analysis reveals differences in the extent and focus of AI-related topics, with trends aligning with each sector's risk profile and AI adoption levels.

Technology, Media and Telecommunications ("TMT")

TMT companies stand out, with consistently higher disclosure levels across most categories. A significant majority (80% of companies) reported on AI policies, senior leadership involvement and AI knowledge development programmes.

Banks, Insurance and Financial Services

These companies place a stronger emphasis on risk management for AI, with 70% of companies disclosing such practices – higher than any other sector. This focus aligns with the sector's need to manage financial and regulatory risks effectively.

Health Care

This sector saw high levels of AI policy and knowledge development disclosure with 71% of companies reporting on those categories. 86% of companies reported on AI usage suggesting the sector is increasingly integrating AI into clinical and operational areas.

Industrial Goods and Services

The sector disclosed fewer AI topics overall but also showed strong engagement with the highest proportion of their companies disclosing on AI strategies and usage reflecting a more operational approach to AI adoption. It was interesting that Industrial Goods and Services had the highest proportion of companies (67%) reporting on Board oversight.



Key Takeaways

These findings highlight how each sector tailors its AI disclosure to reflect its specific priorities and risk exposure. Sectors facing greater pressure to be at the forefront of technology, such as TMT, emphasise their leadership, knowledge development and KPIs in AI. Banks, Insurance and Financial Services companies focus more on risk management and have the highest proportion of companies disclosing on knowledge development, which aligns both with the regulatory oversight they face and the importance of skills.

Evidently, companies tailor their reporting to their audiences and use reports as a way to address concerns and show they are at the forefront.



Conclusion and Recommendations

This report provides a baseline of current reporting practices on AI across the biggest companies in Europe. It allows companies to understand the landscape and compare themselves against peers, with quantitative findings showing where companies have currently prioritised reporting. Our analysis reveals that while companies recognise the value in reporting across all 10 identified categories, there is a notable tendency to emphasise AI adoption rather than aligning it with long-term business strategy.

The qualitative findings provide novel insights into practices across different sectors, illuminating how companies approach AI disclosure and, crucially, what concrete actions they have taken towards governance. A gap exists between disclosure on AI strategy and usage, on one hand, and governance structures, on the other, as companies often prioritise showcasing technological adoption rather than demonstrating comprehensive oversight and risk management. Companies should continue to improve reporting by transparently communicating AI's risks, performance and accountability at Board and senior leadership level. Below are the key takeaways from our review, as well as our recommendations for enhancing disclosure in Annual Reports:



POLICY

Successful AI policies align with overall business strategy, include transparent disclosure on guiding principles for AI, highlight the teams in charge and explain how the policy is implemented across the organisation.

Advice for disclosure: Integrate a summary of the AI policy into reports, ensuring it aligns with overall business strategy, highlights the teams in charge of the policy and how it is implemented across the organisation.



BOARD OVERSIGHT

Effective Board oversight is demonstrated by documenting how the Board, or its Committees, oversee AI. This can be done by reporting information on AI-specific discussions and showing regular engagement with senior leaders and external advisors.

Advice for disclosure: Include AI-related activities in the Board section of reports and include AI in skills matrices, where relevant. Cross-reference this in the AI section to ensure cohesion.



SENIOR LEADERSHIP

Best-in-class governance structures feature clear leadership roles, cross-functional teams, defined meeting schedules and specific responsibilities.

Advice for disclosure: Present clear organisational structures and reporting lines that demonstrate how AI governance integrates into existing frameworks and covers all AI use cases



STRATEGY

Convincing AI strategies highlight explicit areas where AI is prioritised as part of the business.

Advice for disclosure: Link AI initiatives directly to the company's business strategy and values. Even if provided in other documentation, overarching AI vision should be clearly outlined in Annual Reports.



KNOWLEDGE DEVELOPMENT

Strong training programmes span all organisational levels, backed by quantitative metrics and qualitative information.

Advice for disclosure: Show how training is tailored, evidence how external expertise is incorporated and how you ensure continuous learning for future readiness.



RISK MANAGEMENT

Comprehensive risk management frameworks provide detailed insights into AI-specific risks, assigning internal responsibilities and outlining mitigation strategies.

Advice for disclosure: Provide a risk assessment table that details each AI risk, its potential impact and the corresponding mitigation strategy including internal responsibilities. The risk assessment methodology should be included.



AUDITS

Audit functions or Committees incorporate AI into their responsibilities and review their internal processes for managing AI.

Advice for disclosure: Consider internal and external reviews of both internal structures for managing AI and the technology itself. Disclosing audit processes and outcomes will improve reputation and help insulate the company if an incident materialises.



KEY PERFORMANCE INDICATORS

Robust performance monitoring includes KPIs across internal structures, model development and implementation outcomes.

Advice for disclosure: Balance quantitative metrics with qualitative detail to provide deeper insights into AI deployment and to demonstrate the appropriate context around indicators.



AI USAGE

Best practice disclosure on AI use cases describes them in detail, not just highlighting the benefits but explaining how the AI functions, the value it adds, associated risks and risk mitigation strategies.

Advice for disclosure: Group use cases by impact or function, clearly showing how value is created and risks are managed.



CHAIR OR CEO STATEMENT

Influential leadership communications include meaningful engagement with AI strategy, moving beyond superficial references to concrete implementation plans.

Advice for disclosure: Ensure that leadership statements align with the company's actual AI journey and the narrative in the report to ensure consistent messaging between leadership and execution.

We expect reporting practices to expand quickly in both quality and quantity as the field matures and our goal is to track progress in this space annually.

About the Research Partners

Endnotes

¹ STOXX indices use the Industry Classification Benchmark (ICB) nomenclature, which breaks down 10 industries into 19 supersectors, 41 sectors and 114 subsectors.

² These were the companies from the STOXX Europe 50 on 30 June 2024.



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FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. With more than 8,300 employees located in 34 countries and territories, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges and make the most of opportunities. In certain jurisdictions, FTI Consulting's services are provided through distinct legal entities that are separately capitalized and independently managed. The Company generated \$3.49 billion in revenues during fiscal year 2023. More information can be found at www.fticonsulting.com.

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The triple-accredited Trinity Business School strives to embed environmental, social, and governance (ESG) solutions into all of its activities to tackle urgent societal issues. The School is committed to a strategy of “Transforming Business for Good” and works with students and various stakeholders in building an inclusive and sustainable economy for all.

The School's Corporate Governance Lab delivers innovative and collaborative projects in the areas of corporate governance and business ethics. With a focus on the ‘G’ of ESG, the Lab undertakes cutting-edge interdisciplinary and practitioner-oriented research, engagement, and innovation projects in collaboration with industry, policy-makers, and researchers.

More information can be found www.tcd.ie/business.

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