PARTNERSHIP ON AI

Disclosure of AI-related impacts, risks, and opportunities

Landscape Analysis

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1 Executive Summary

Methodology

We reviewed disclosures from **25 tech companies** (e.g., AI developers, enterprise software, chip manufacturers) and **25 non-tech companies** (e.g., financial services, healthcare, automotive, retail, and entertainment).

We benchmarked **formal company reports and disclosures,** including financial reports (e.g., SEC filings), sustainability reports (e.g., ESG reports), and AI-specific reports. We did not include informal communications such as websites or PR materials.

We structured our benchmark according to industry-agnostic **international reporting standards,** such as the International Sustainability Standards Board (ISSB), Global Reporting Initiative (GRI), and European Sustainability Reporting Standards (ESRS).

Purpose and Premise

Investors and other stakeholders need **high-quality information from companies** about artificial intelligence (AI) to make informed judgments, decisions, and actions.

- This information should include disclosure of corporate-wide impacts, risks, and opportunities in **formal financial and sustainability reports.**

The premise of this research is that we should understand **whether** the material impacts, risks, and opportunities of AI systems **are adequately disclosed** today.

This landscape analysis of the current state of formal reporting can inform the **development of disclosure recommendations** that apply well-established international reporting standards to the AI context.

Key Findings and Analysis

Best practices should be developed and shared. The quantity of AI-related disclosure is growing, but its usefulness is limited by variable quality.

New assessment and reporting guidance can improve the consistency and comparability of corporate-level disclosures. Disclosures cover many key topics (e.g., bias, privacy, liability, security), but the substance of disclosure and their location (e.g., investor, sustainability, or AI-specific reports) vary significantly.

Connections need to be made between individual AI systems and business model impacts, risks, and opportunities. Formal reports often lack quantitative metrics, coverage of upstream/downstream use, and the risks of specific AI models/systems.

Mixed Coverage, Quality, Location

The volume, depth, and location of disclosure varied across topics.

Sample of disclosures with >50% coverage

		COMPANIES		REPORTS		
TOPIC	ALL COS.	TECH	NON-TECH	FINANCE REPORTS	SUST. REPORTS	AI REPORTS
Commitment to **responsible AI**, such as principles or policy statements	64%	88%	40%	30%	36%	52%
Board/Board Committee engaged in discussion about AI risks, opportunities, and impacts	58%	60%	56%	48%	14%	12%
Risk of non-compliance with **legal and regulatory requirements** for tech/liability issues	84%	88%	80%	82%	8%	0%
Risk of **cybersecurity** breaches, data loss, and IT systems failure	80%	92%	68%	78%	10%	10%
Privacy, data protection, and security impacts	68%	80%	56%	36%	30%	40%
Fairness, **bias**, non-discrimination and/or representation impacts	64%	80%	48%	36%	22%	44%

Sample of disclosures with <50% coverage

TOPIC	ALL COS.	TECH	NON-TECH	FINANCE REPORTS	SUST. REPORTS	AI REPORTS
Impacts on the **workforce**, such as job quality and job quantity	32%	44%	20%	18%	18%	8%
Adverse **environmental impacts** of developing and deploying AI	30%	48%	12%	12%	24%	8%
Risks and opportunities arising from **downstream customers/users** using AI	30%	44%	16%	26%	8%	10%
Risks and opportunities arising from **upstream vendors** using AI	20%	28%	12%	16%	6%	0%
Description of issues, insights, views, priorities, or **concerns raised by stakeholders**	10%	12%	8%	2%	6%	4%
Impacts on **global and/or national security**	6%	12%	0%	4%	2%	2%

Note: Each company should determine its own material topics and ensure that non-material information does not obscure material information. For this reason, it is not necessarily the case that every company should disclose every topic in this table.

How stakeholders can collaborate

Create a corporate-level **AI Assessment Framework** for use by companies to systematically identify and prioritize AI-related impacts, risks, and opportunities.

Establish **Disclosure Recommendations** that use well established industry-agnostic reporting standards to enable consistent and comparable disclosure by companies.

Take a **nimble approach to assessment and disclosure** that adheres to best practices and responds to the evolving development and deployment of AI systems.

Participate in Partnership on AI activities in pursuit of this these goals.

2 Background

Purpose of this research

Artifical Intelligence (AI) is becoming a **strategic necessity for many companies** in the economy, including both developers and deployers of AI systems.

- For example, the Stanford HAI 2025 AI Index Report found **78% of organizations are using AI,** compared to 55% the year before.

Investors and other stakeholders need **high quality disclosure from companies** in order to make informed judgements, decisions, and actions.

This **review of the current state** of AI disclosure in formal financial and sustainability reports will inform future PAI work.

- This will include the development of a corporate-level **AI Assessment Framework** and accompanying **Disclosure Recommendations.**

Purpose of formal reporting and disclosure

The premise of **formal company reporting** is that investors, governments, civil society organizations, labor organizations, academics, and other stakeholders need information that is useful for their decision-making.

Formal reporting is different from other communications because it follows **principles for information quality,** such as materiality, consistency, comparability, faithful representation, and verifiability. Reporting is a subset of communications.

There are several **well-established reporting standards** used by companies.

- European Sustainability Reporting Standards (ESRS)
- International Sustainability Standards Board (ISSB)
- Global Reporting Initiative (GRI)
- U.S. Securities and Exchange Commission (SEC) disclosure and filing rules

The materiality principle

Information is considered **material** for disclosure if its omission, misstatement, or obscuring could reasonably be expected to influence the decisions of the primary users of the report.

- **Financial materiality** refers to information considered material for primary users of financial reports, such as investors, lenders, and other creditors (e.g., financial performance, cash flow, cost of capital).
- **Impact materiality** refers to impacts on people or the environment. This information is considered material for the primary users of sustainability reports, such as civil society organizations, governments, and academics.

Financial materiality and impact materiality are **interconnected** because impacts on people and the environment often have consequences for financial success.

The materiality principle

This research is **not based on a perspective regarding the merits of different definitions of materiality** used today by various standards-setting organizations or mandated by law in different jurisdictions.

Instead, this research is intended to be helpful **regardless of which definition of materiality companies use** in their mainstream (i.e., public) financial disclosures, management reports, or sustainability reports.

Each company should **determine its own material topics** and ensure that non-material information does not obscure material information. Material topics may vary by company and sector.

Impacts, risks, and opportunities in reporting standards

Materiality assessments (sometimes referred to as "double materiality assessments") identify impacts, risks, and opportunities.

Impacts refer to the effect the company could have on people, society, and the environment over the short, medium, or long term. This includes impacts that are actual or potential, negative or positive, intended or unintended, and reversible or irreversible.

Risks and opportunities refer to potential negative or positive effects on the company's business model or strategy over the short, medium, or long term. This includes risks and opportunities that affect its capability to achieve its goals and targets and create value for investors.

A common taxonomy for formal reporting

While each is slightly different, international sustainability reporting standards have aligned around a single information taxonomy:

Governance includes the governance processes, controls, and procedures used to oversee material impacts, risks, and opportunities, such as board, administrative, management, and supervisory bodies.

Strategy includes the interaction of material impacts, risks, and opportunities with the company's business model.

Impacts, risks, and opportunities ("IROs") include the processes used by the company to identify, assess, and manage material impacts, risks and opportunities.

Metrics and targets include how the company tracks, measures, and monitors its performance and the effectiveness of its approach.

Our premise

We should understand **whether** the material impacts, risks, and opportunities of AI systems **are adequately disclosed** today.

Recommendations for the disclosure of material impacts, risks, and opportunities can **use well-established reporting standards and apply them to AI systems**.

A **review of the current state** of formal reporting can inform the development of disclosure recommendations.

Effective reporting also requires a **structured AI Assessment Framework** that companies can use to identify and prioritize AI-related impacts, risks, and opportunities.

Research sources and methodology

We selected **25 tech and 25 non-tech companies.** These skewed towards the world's largest companies, but we were more focused on gathering a mix of company types.

The companies were a **mix of industries,** including AI developers, enterprise software, chip manufacturers, financial services, healthcare, automotive, retail, and entertainment.

We limited our research to **formal company reports and disclosures,** not informal communications such as websites, or public relations materials.

- Formal financial reports (e.g., SEC Filings)
- Formal sustainability reports (e.g., ESG and "integrated" reports)
- AI-specific reports and official AI policies

The benchmarking focused on **whether a topic was "covered"** rather than the quality of the disclosure — however, we share observations on quality too.

BACKGROUND

Limitations

The final benchmark **anonymizes company names.** This research is about informing the field, rather than “name and shame”.

The formal reports and disclosures reviewed were the **most recent available on July 31, 2025.** A small number of sustainability reports were over one year old.

When disclosure was borderline we **erred on the side of inclusion.**

Companies should determine their own material topics. It is not necessarily the case that every company should disclose every topic included in this research.

The research is intended to be **directional not precise.** We reviewed over 200 formal reports and policies, likely reaching 10,000+ pages. We may have made mistakes and may have missed disclosures.

This is a **one-off exercise.** We do not intend for this to become an annual benchmark.

3 Findings and Analysis

Summary of key findings

1. Quantity of disclosure exceeds the quality of disclosure
2. Disclosures lack consistency and comparability
3. Location of disclosure varies (e.g., financial, sustainability, or AI-specific reports)
4. Tech companies report more than non-tech
5. Quantitative metrics are absent from disclosures
6. Risks of specific AI models are not formally disclosed
7. Links among impacts, risks, opportunities are important
8. Improved disclosure guidance for AI is needed

FINDINGS AND ANALYSIS

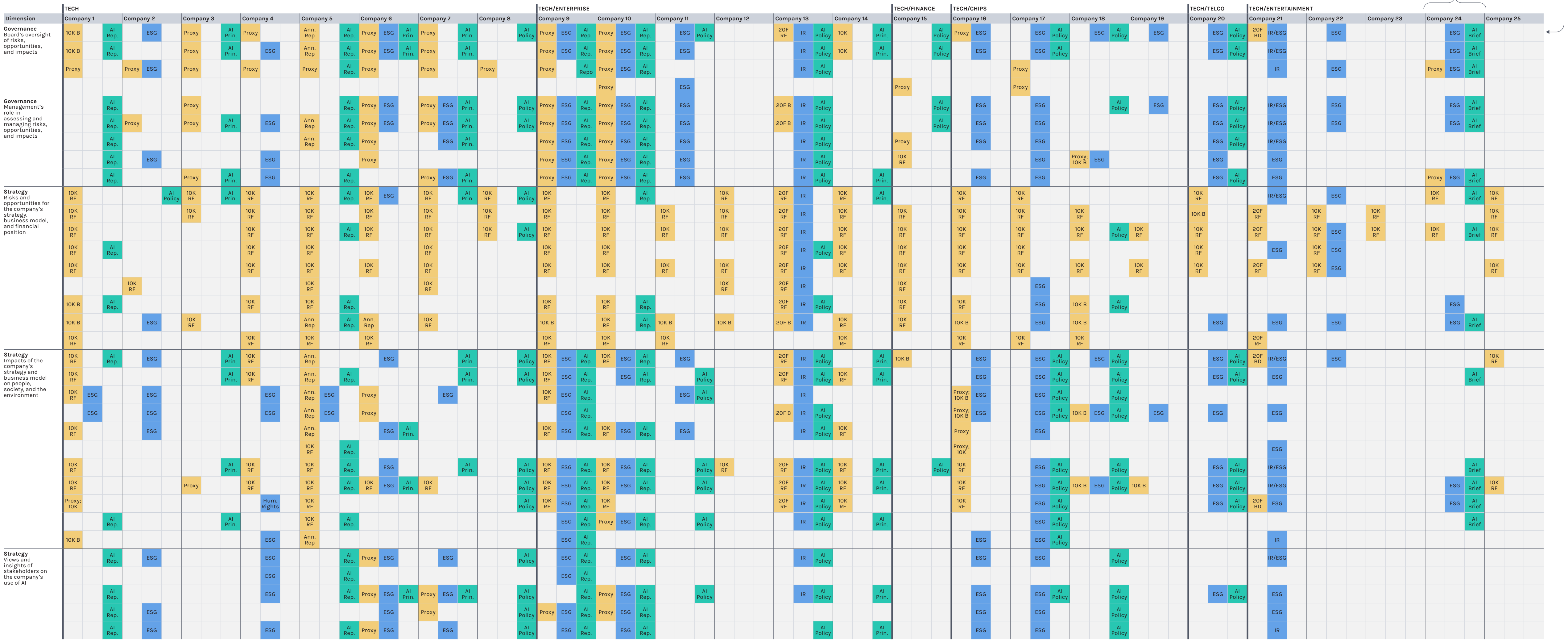
Tech Summary

Location of disclosure is varied.

Every row is a topic

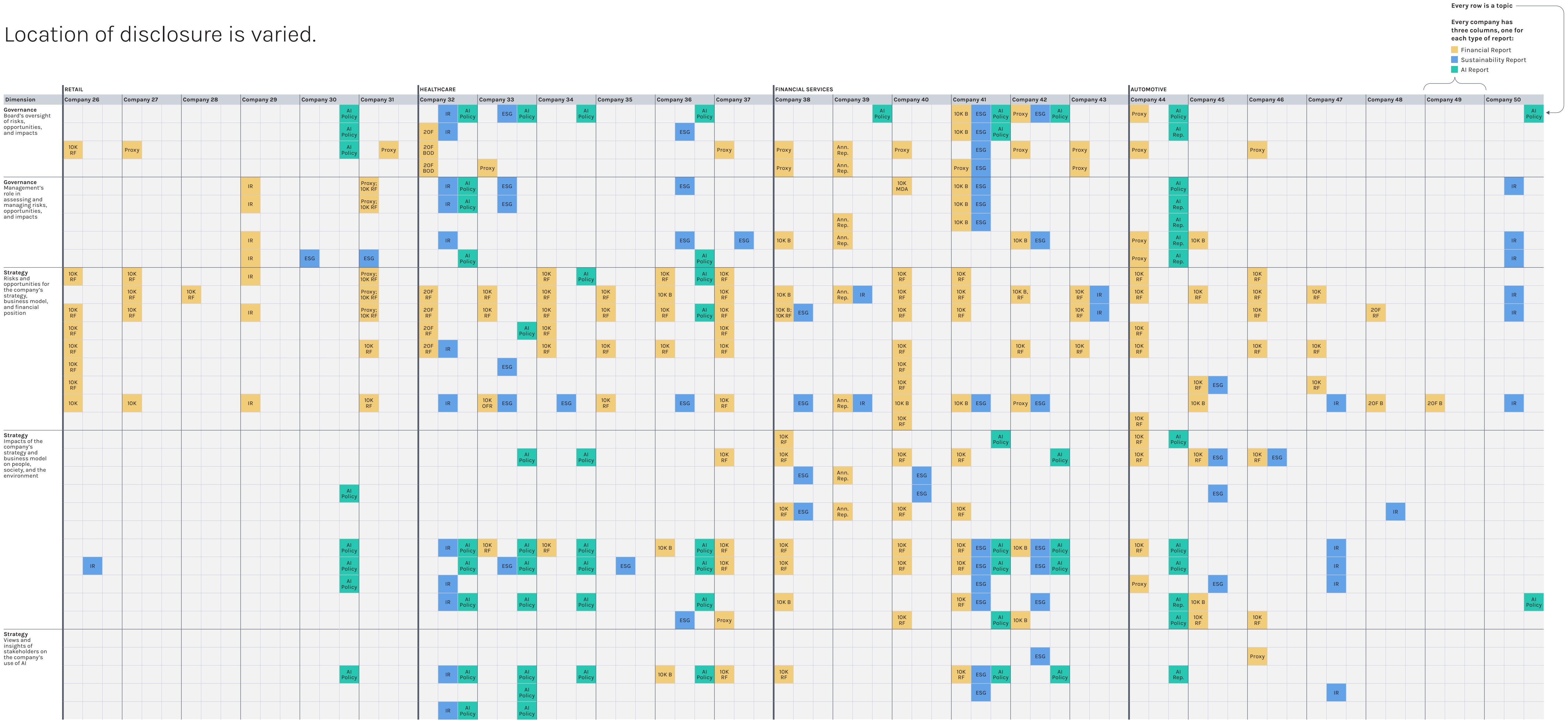
Every company has three columns, one for each type of report:

- Financial Report
- Sustainability Report
- AI Report



Non-Tech Summary

Location of disclosure is varied.



Some topics are common, others are sparse

Sample of disclosures with >50% coverage

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1. Quantity of disclosure exceeds the quality of disclosure

For the quantitative analysis, companies were marked as making a disclosure if relevant language was included — **quality of disclosure was not determinative**.

The analysis also considered whether AI-related disclosures were **integrated into other topics** (e.g., the phrase “such as AI”) or **considered as a standalone subject** (e.g., entire paragraphs dedicated to AI).

In many instances, an important risk such as bias or privacy was listed, but **without further detail or analysis** that would be decision useful (e.g., trends, severity, likelihood, strategy, impact on business performance).

The lack of specificity may **limit the utility** of these disclosures for investors and other stakeholders.

Some **“boilerplate”** approaches to report content appeared to be used.

2. Disclosures lack consistency and comparability

The **structure, content, and location** of disclosures **vary significantly** between companies.

Variation in disclosure is to be expected among a diverse mix of companies; however, these variations extended to **similar companies in the same industry.**

Comparability is not uniformity — like components should look alike and different components should look different (ESRS). However, the extent of variation in today's AI disclosures **makes analysis and comparisons challenging.**

Our premise is that formal financial and sustainability reports can be **enhanced by increased consistency and comparability,** including for both companies overall and at the industry level.

3. Location of disclosure varies significantly

Companies frequently made broad/high-level disclosures about risks in the **Form 10-K or 20-F "Risk Factors"** section; **sustainability reports** often include disclosures about AI policy, governance, and impacts.

However, the **location of disclosure varied significantly** within and between reports, making analysis of AI impacts, risks, and opportunities challenging.

Some tech companies **published standalone AI reports,** and many non-tech companies pointed to formal AI policies and commitments.

Standalone disclosures provide an opportunity for **deeper analysis targeted at specialist audiences;** however, these disclosures should complement rather than replace material information in mainstream financial and sustainability reports required by analysts using those reports.

4. Tech companies have a higher volume of AI disclosures

Unsurprisingly, **AI developers** — and tech companies more broadly — have a **greater volume of AI-specific disclosures** than non-tech companies.

For companies where “the entire strategy and business model is AI” it may be **challenging to segment AI-specific disclosures;** however, clearly some AI topics (e.g., increased energy use, impact on privacy, bias) merit focus.

As AI use grows, AI-related topics are likely to be **increasingly material for companies across all industries.** A more evenly distributed volume of disclosure could be expected.

For non-tech companies the development of **industry-specific disclosure guidance** may be needed to address variation by context/industry. Companies within the same industry have inconsistent disclosures today.

5. Quantitative metrics are absent from disclosures

Almost all AI disclosures relating to the impacts, risks, and opportunities of AI for people and society take the form of **qualitative information and narrative,** such as principles, commitments, policies, processes, and programs.

Effective reporting **requires a mix** of of qualitative/quantitative information and numbers/narrative. One form of information is not inherently better or worse than the other.

However, our premise is that it will be important to explore **if and how quantitative metrics** can provide important information about AI impacts, risks, and opportunities for investors and other stakeholders.

This could include seeking to **segment and/or understand the impact of AI on existing metrics** (e.g., GHG emissions, diversity, health and safety).

6. Risks of specific AI models are not formally disclosed

Significant progress has been made developing **risk assessment frameworks and benchmarks** for AI models and systems.

Some companies publish model or system cards as a form of transparency. However, while **their existence is sometimes referenced** in formal corporate disclosures, **their findings are not.**

It would be useful to explore if mainstream financial and sustainability reports should include information about **the results of AI model and system risk assessment and benchmarking** — or if there are good reasons for these to be kept separate from corporate reporting.

7. Links among impacts, risks, opportunities are important

In theory, our benchmark should have found business risks and opportunities in mainstream financial reports and impacts on people and society in mainstream sustainability reports. However, **in practice:**

- Many Form 10-Ks referenced impacts on people and society.
- Many sustainability reports referenced the business value of AI.

This demonstrates the **inherent connectivity between impacts, risks, and opportunities** – for example, how risks to enterprise value creation can arise from adverse impacts on people. This underscores:

- The importance of the **connectivity of information** principle in reporting, such as highlighting links between different disclosures.
- Reflecting on the notion **dynamic materiality** where these connections evolve and the relative materiality of topics change over time.

8. Improved disclosure guidance for AI is needed

Sustainability reporting standards are better today than ever before. The GRI, ISSB, and ESRS provide significantly enhanced **clarity, consistency, and interoperability** for formal company disclosures.

However, these standards primarily address **“traditional” impacts, risks, and opportunities**.

- They often **lack sector- or issue-specific guidance;** where this exists, this tends to focus on fossil fuels/extractives, etc.
- They have **not addressed impacts, risks, and opportunities** arising from the **development and deployment of AI.**

Companies would **benefit from disclosure recommendations** that apply these existing reporting standards to AI development and deployment.

4 Opportunities for Progress

There are meaningful opportunities for progress

Investors and other stakeholders should **evaluate the usefulness of current disclosures** and **identify other information** that would enhance them — and share these in dialogue with companies.

- Establish a **corporate-level AI risk assessment framework** as a prerequisite for more comparable and decision useful disclosures by companies.
- Develop **disclosure guidelines** based on well-established reporting standards that improve the quantity and quality of company reporting.
- For both, consider **sector-specific and issues-specific** resources. Both could be adopted / adapted by reporting standards bodies in the future.
- Determine the most **appropriate location of disclosure**, including formal financial and sustainability reports and **standalone reporting** (e.g., AI report).

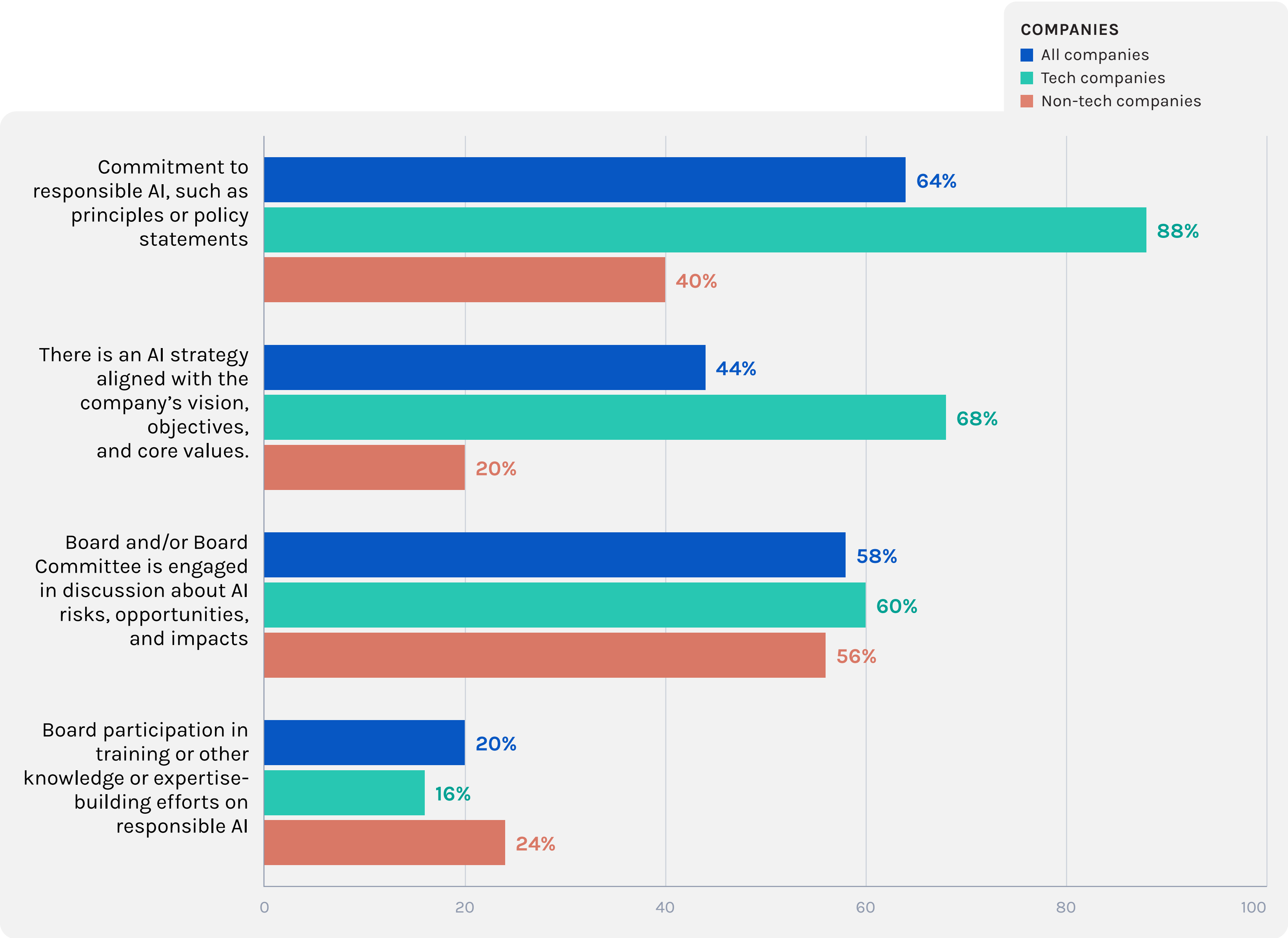
5 Appendix: Data and Analysis

Tech Summary

Governance

Board's oversight of risks, opportunities, and impacts (1)

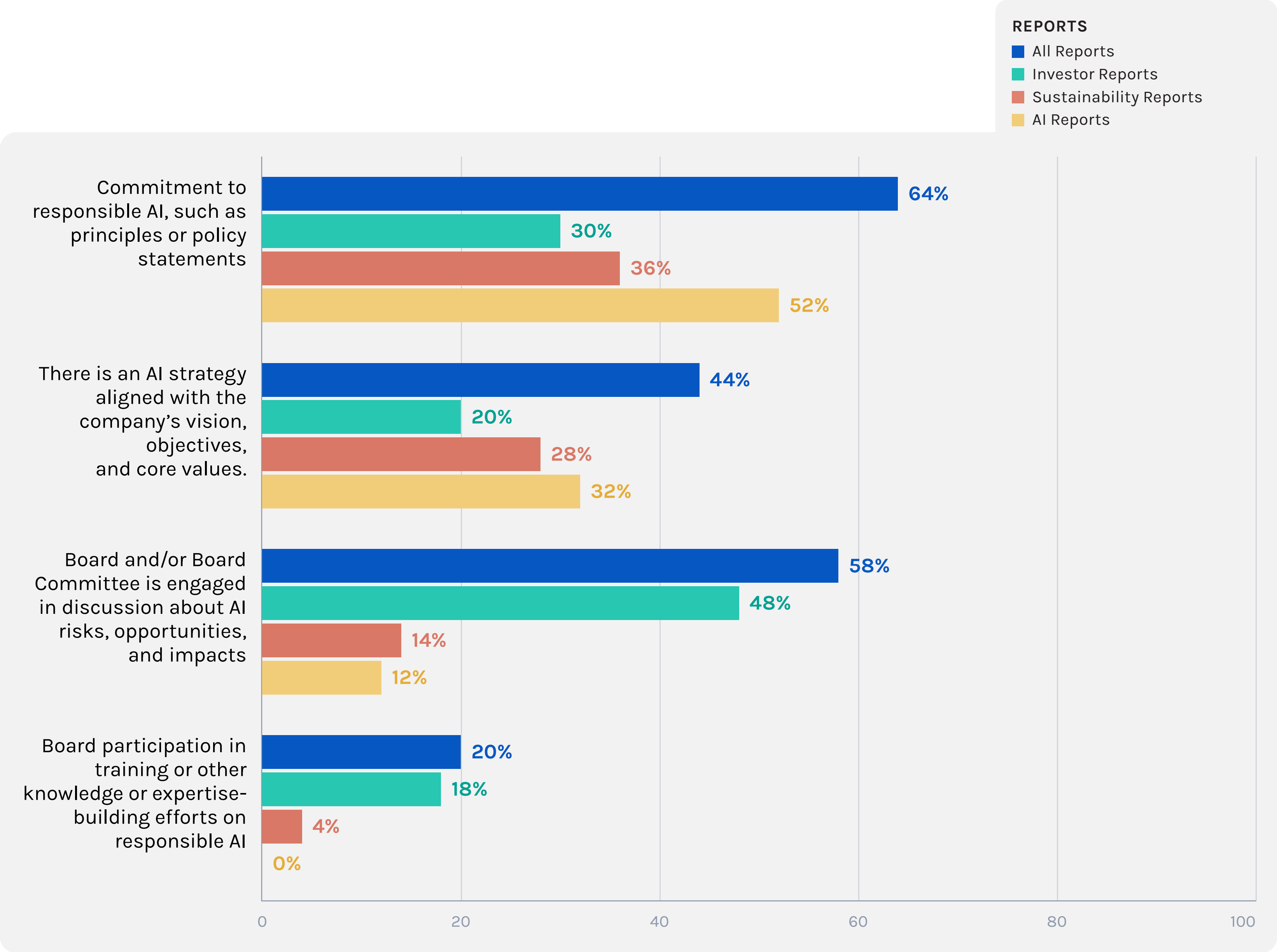
- Tech companies provide significantly more detail about commitments and strategy.
- Similar disclosure levels about Board engagement with AI — however, responsible AI is much more likely to be of central strategic concern to Boards at tech companies.



Governance

Board's oversight of risks, opportunities, and impacts (2)

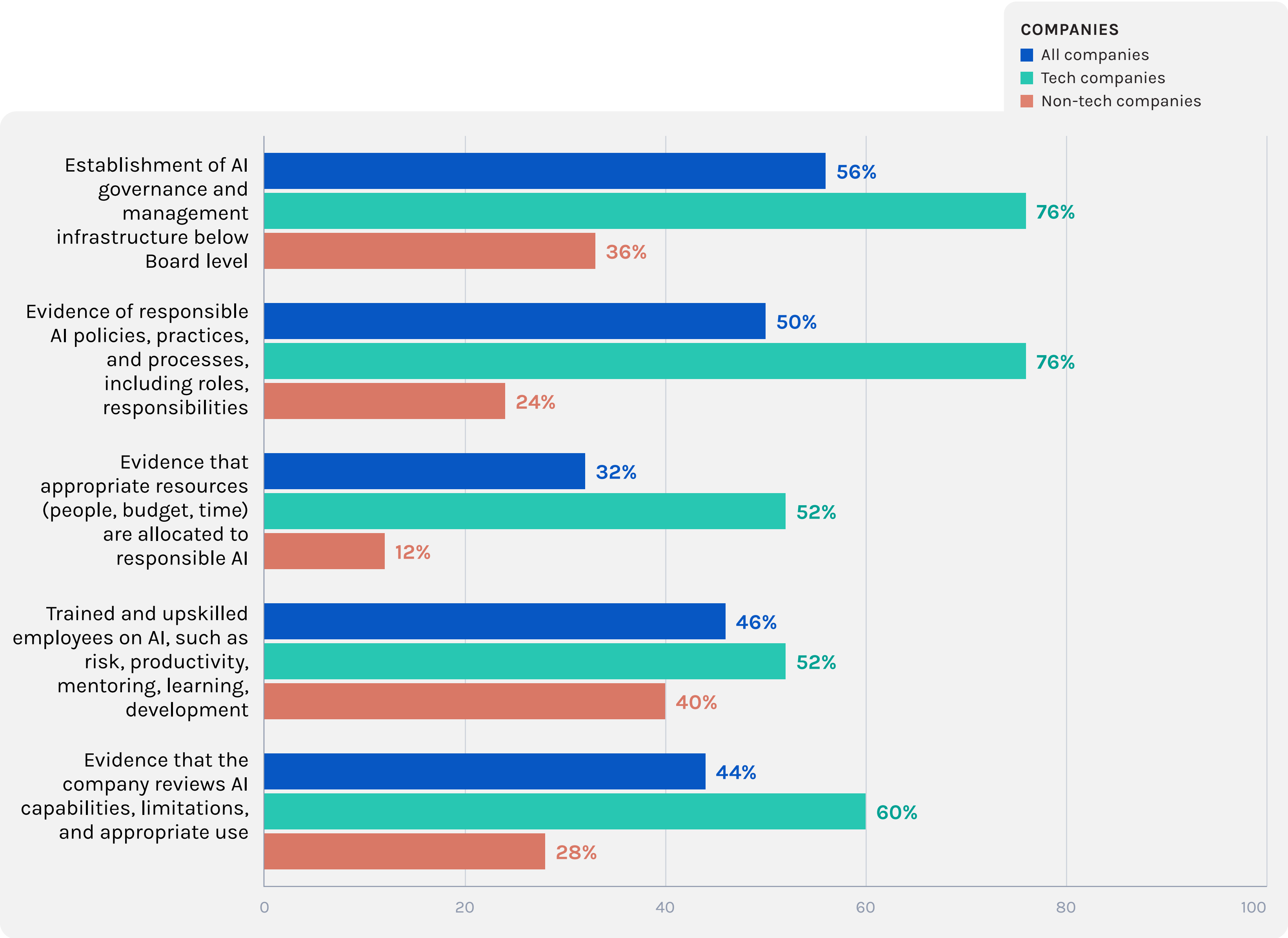
- Location of disclosure is highly fragmented.
- Commitment and strategy more likely to be disclosed in non-investor reports.
- Proxy statements were the most common location for substantive Board engagement disclosures.



Governance

Management's role in assessing and managing risks, opportunities, and impacts (1)

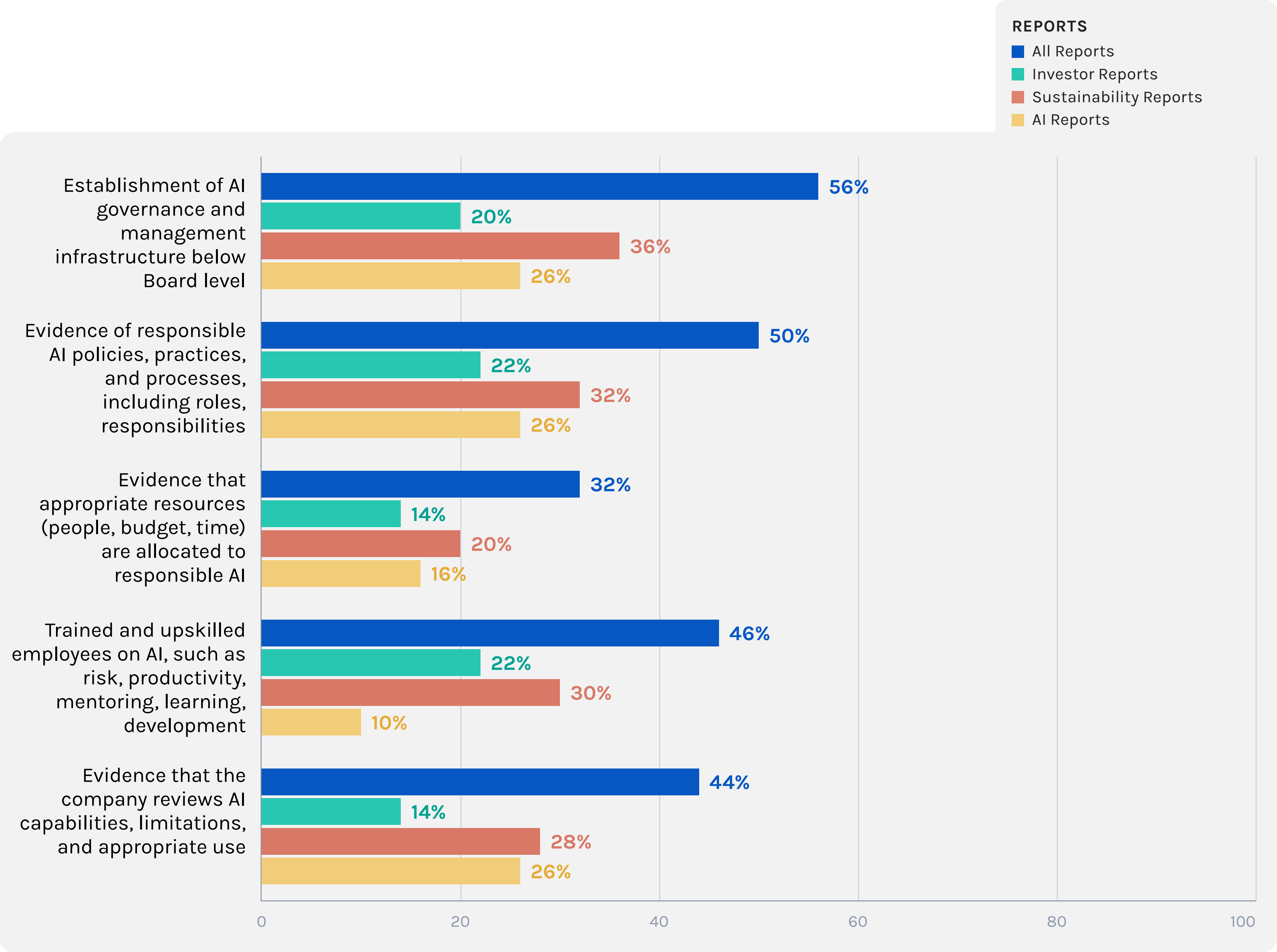
- Tech companies provide significantly more detail about the role of management in AI impacts, risks, and opportunities.
- Non-tech companies say more about training/upskilling than about overall management of AI impacts, risks, and opportunities.



Governance

Management's role in assessing and managing risks, opportunities, and impacts (2)

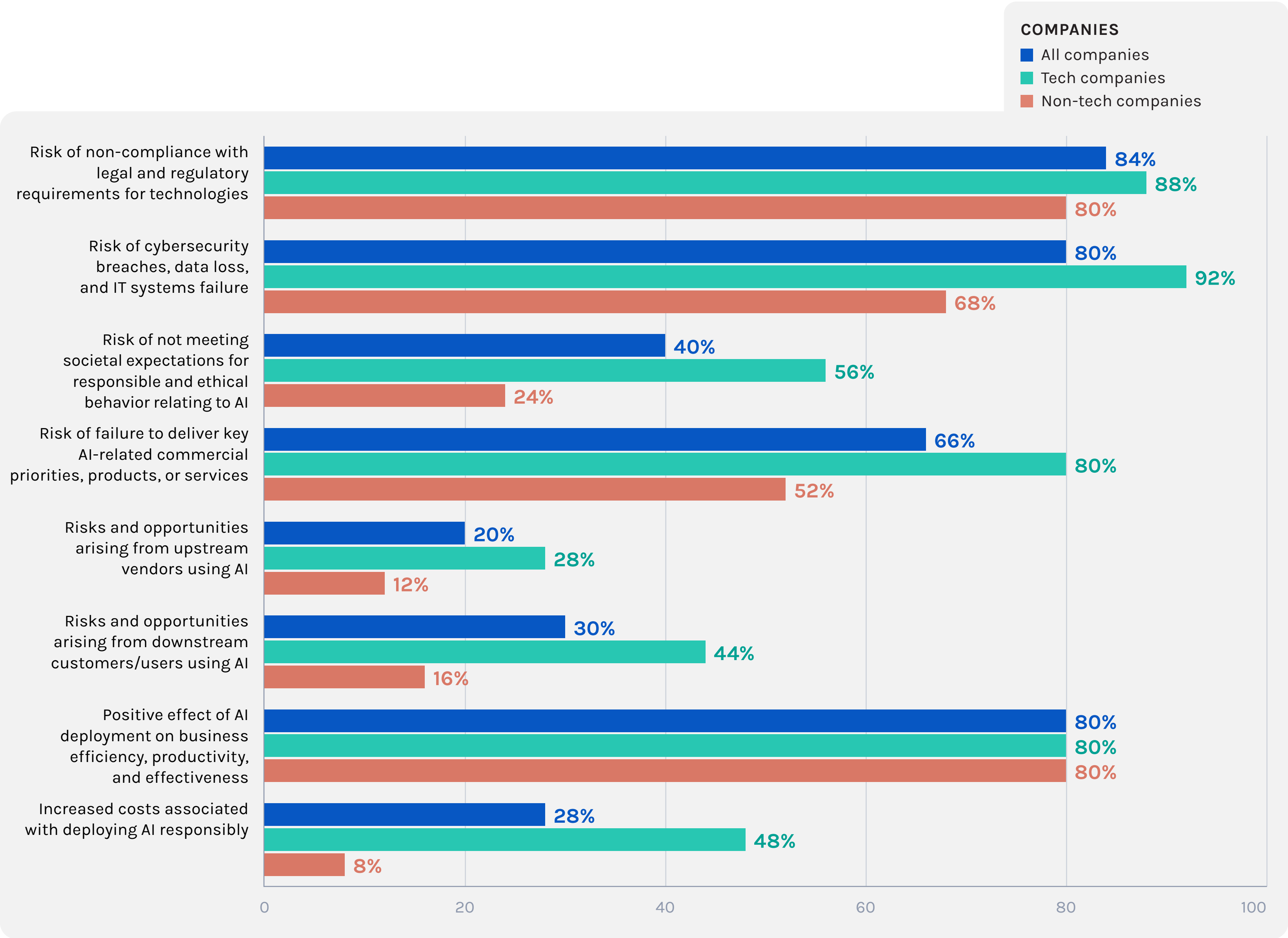
- Location of disclosure is highly fragmented.
- Sustainability reports were the most common location — and these disclosures were also much more detailed.
- Some responsible AI reports provided considerable detail not provided in investor or sustainability reports.



Strategy

Risks and opportunities for the company's strategy, business model, and financial position (1)

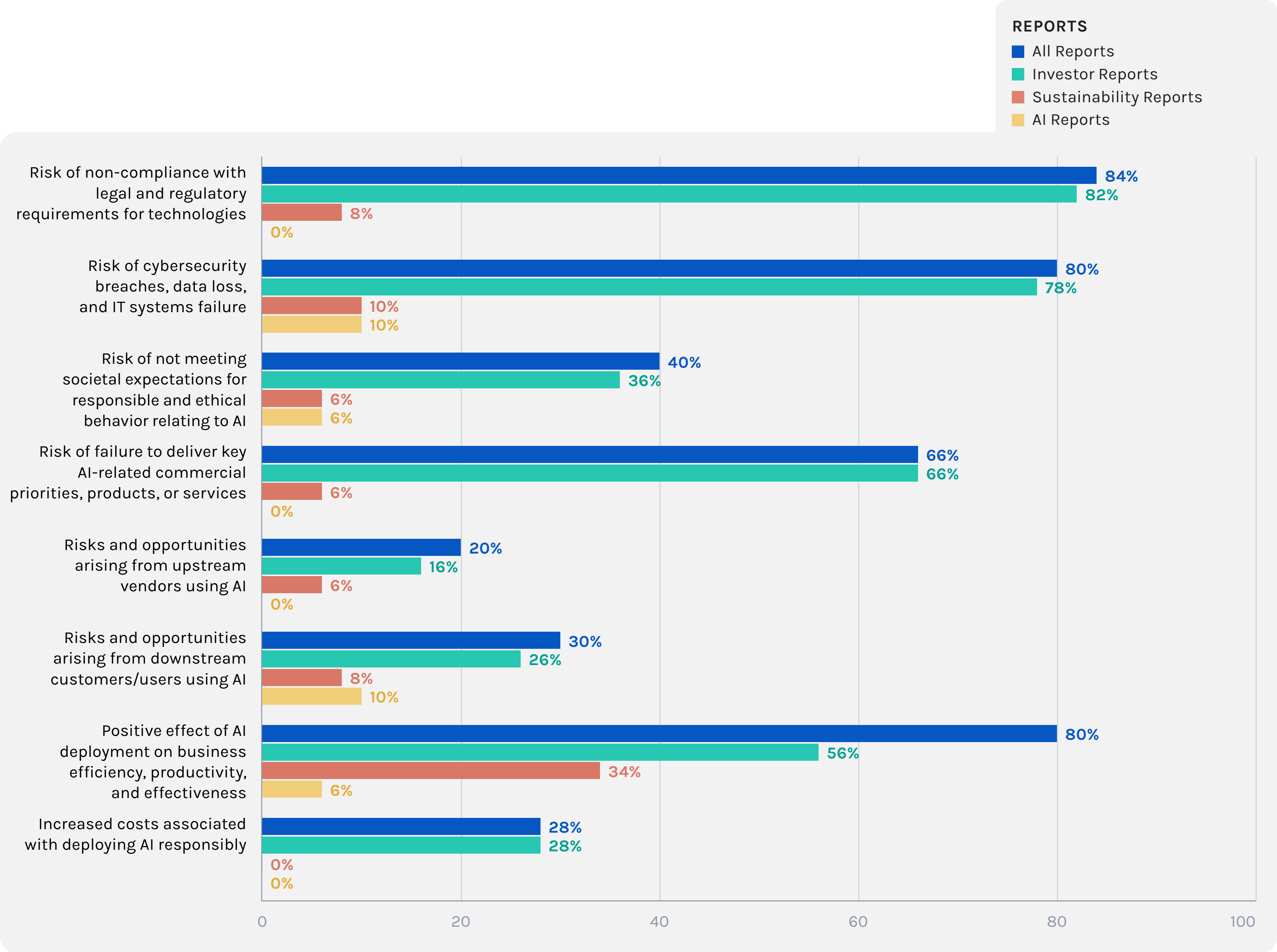
- These disclosures are the most common — suggests companies addressing risk of non-disclosure.
- Disclosure quantity does not indicate disclosure quality or consistency.
- Liability risk and increasing cost of "compliance" are disclosures to watch.



Strategy

Risks and opportunities for the company's strategy, business model, and financial position (2)

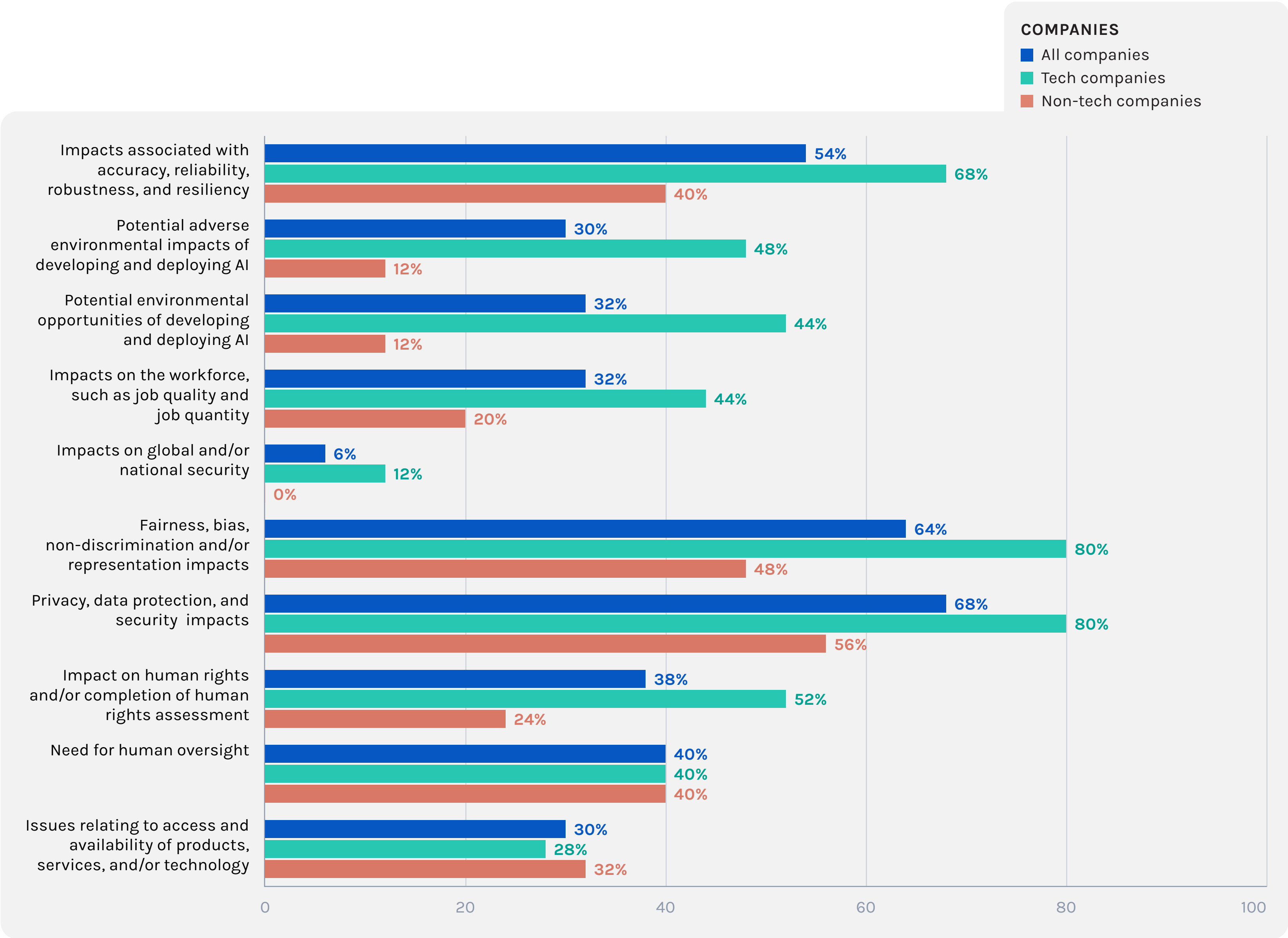
- Disclosure of risks and opportunities is appropriately weighted towards reports targeted at investors.
- Disclosure of risks is more common than opportunities and more directly connected to social and environmental issues.



Strategy

Impacts of the company's strategy and business model on people, society, and environment (1)

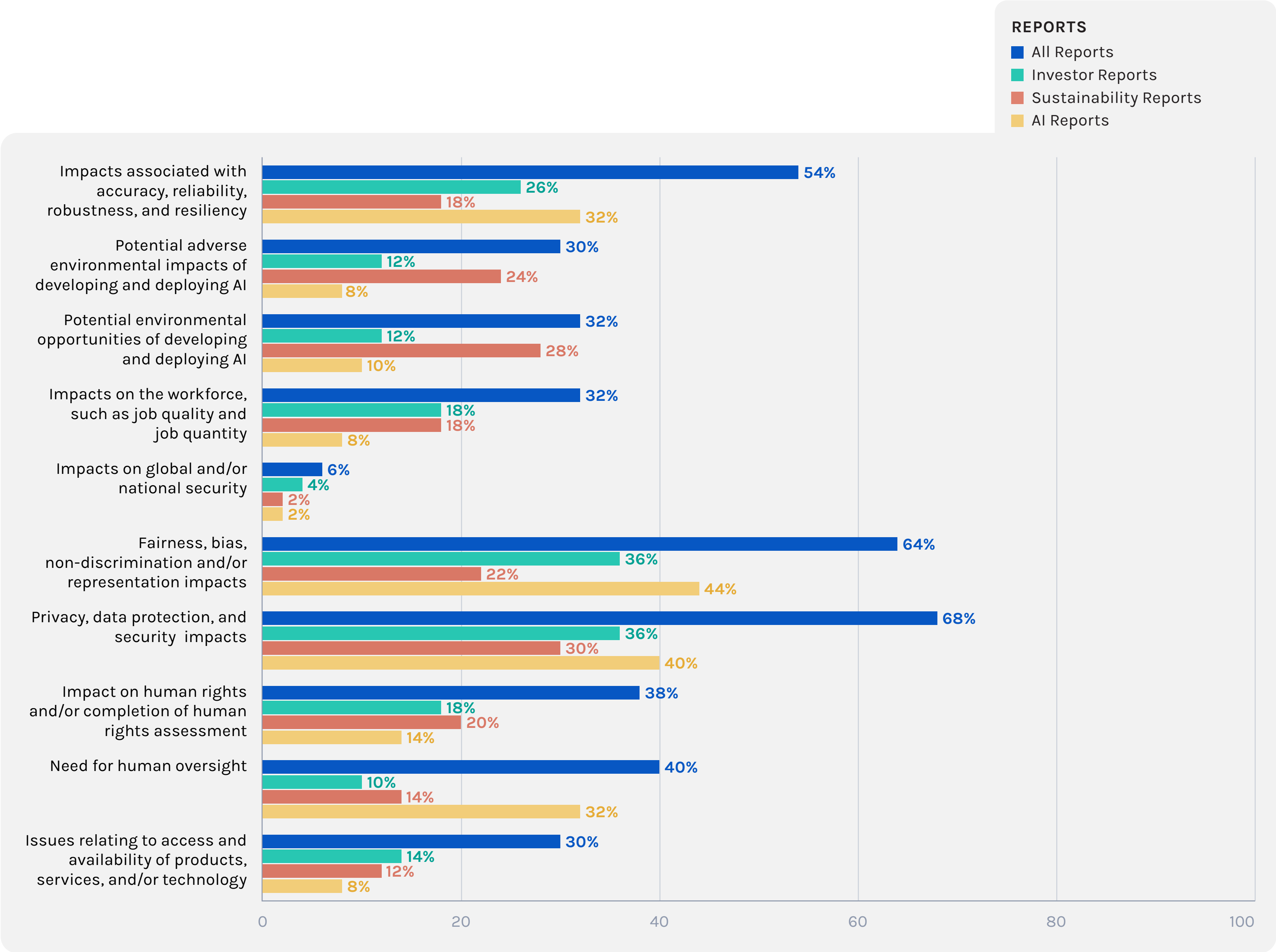
- Coverage of global and national security issues notable for its absence given current geopolitical context.
- A set of core issues around accuracy, reliability, resilience, privacy, and bias are common.
- Impacts on workforce and environment notably lower — a surprise given the extent of non-AI disclosures on these issues.



Strategy

Impacts of the company's strategy and business model on people, society, and environment (2)

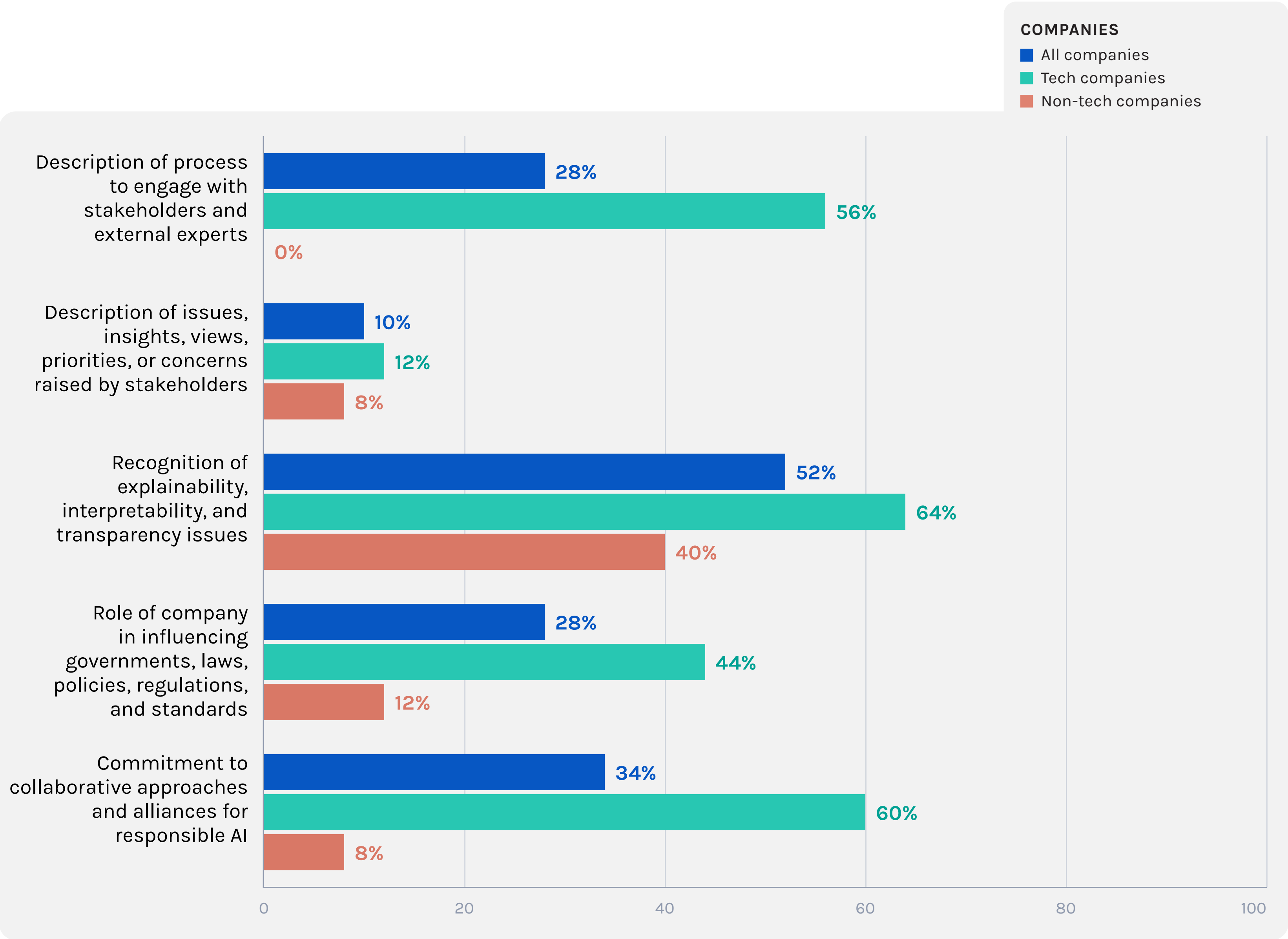
- Location of disclosure is highly fragmented.
- Prominence in reports targeted at investors suggests companies grasp link between impact on people and risks to the business.
- Disclosure in sustainability and AI reports tended to be longer/more detailed.



Strategy

Views and insights of stakeholders on the company's use of AI (1)

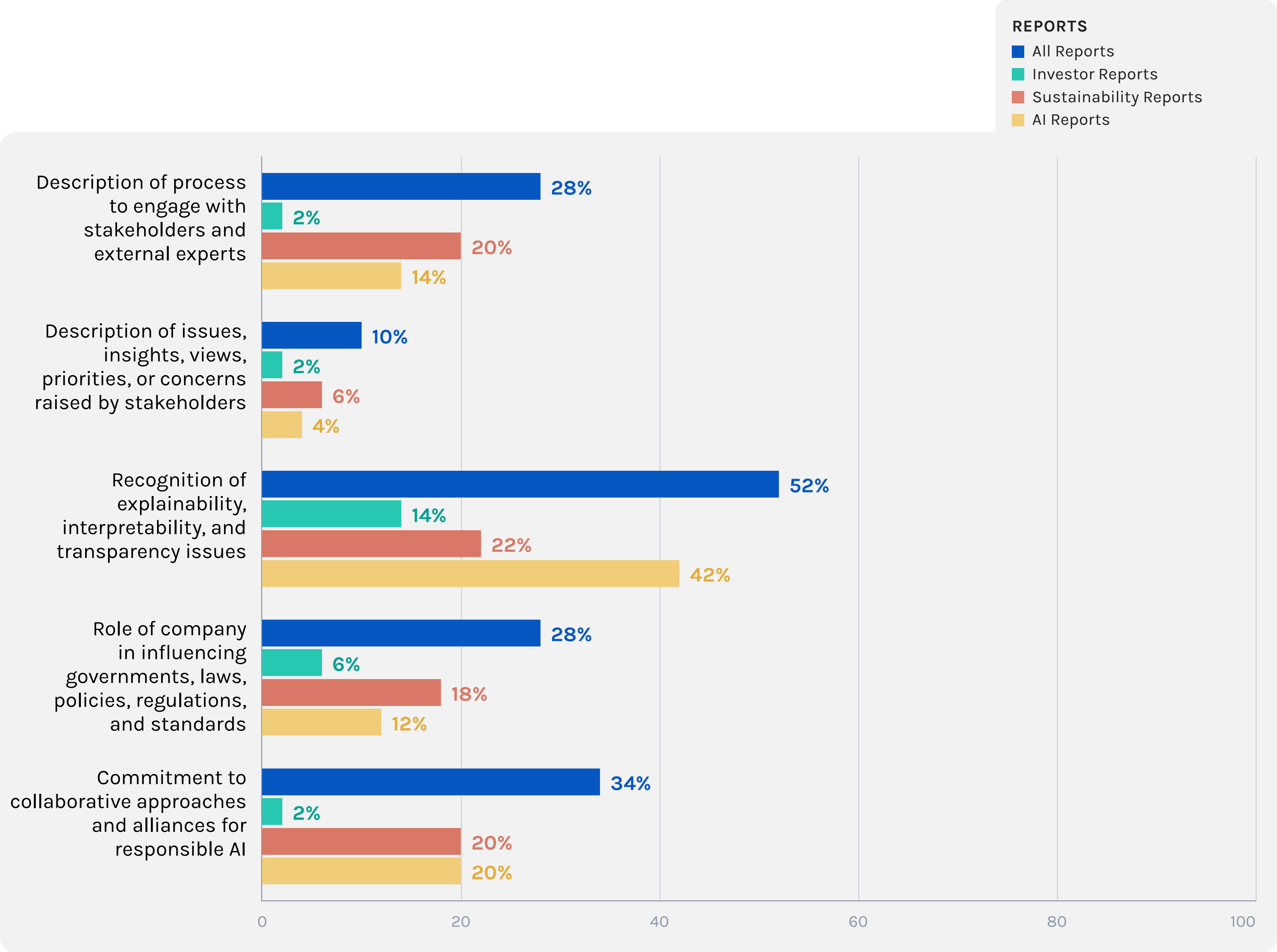
- Description of stakeholder engagement process is much more common than description of the issues raised.
- This aligns with a shortcoming of company disclosure overall.
- Tech companies emphasize the importance of collaboration and alliances.



Strategy

Views and insights of stakeholders on the company's use of AI (2)

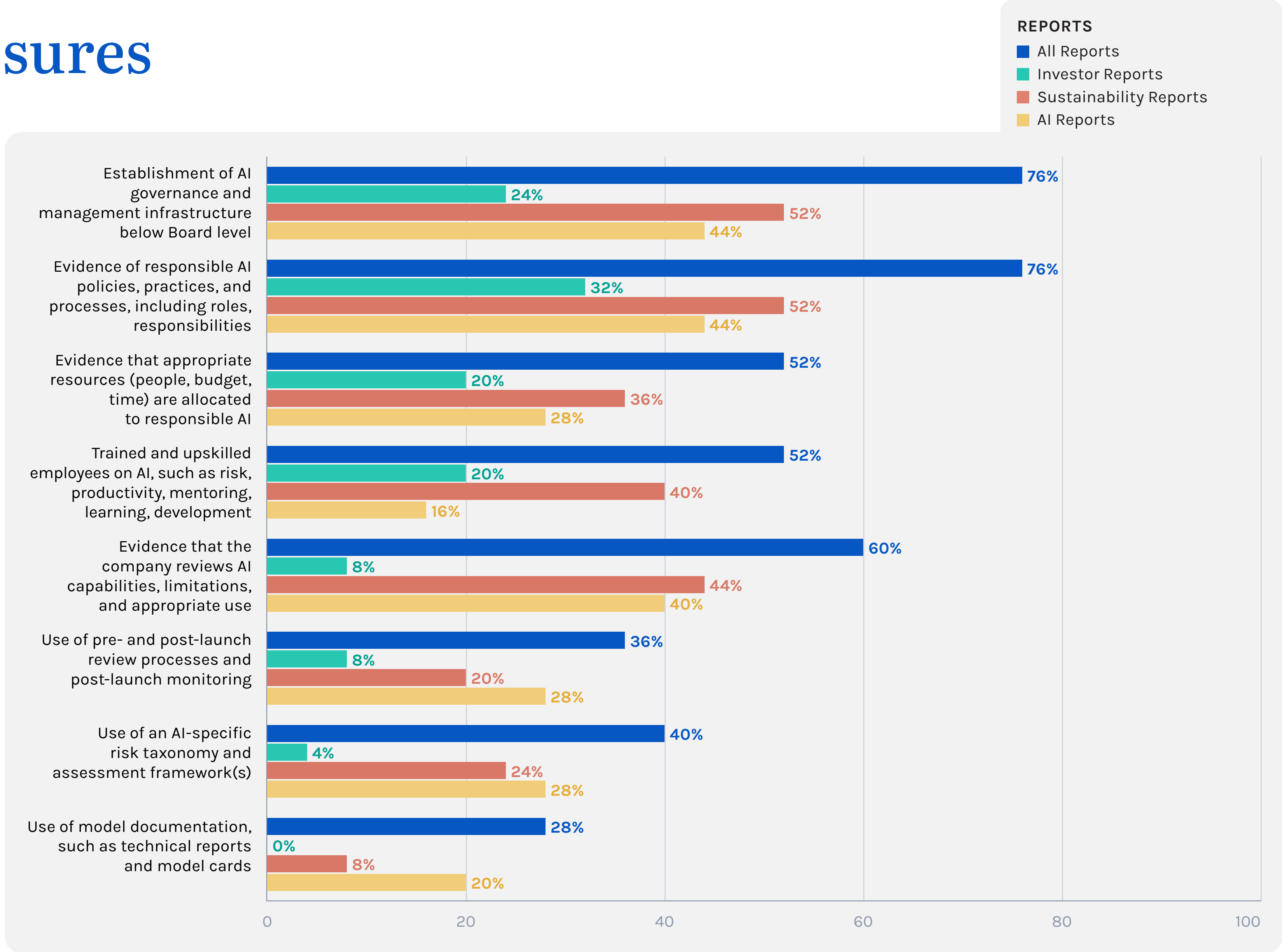
- Disclosure of stakeholder engagement strategy and results is a key area for improvement.
- Regulations increasingly mandate stakeholder engagement, so these disclosures may evolve considerably over time.
- Sustainability and AI reports more likely to emphasize collaborative approaches.



Industry-Specific Disclosures

Tech

- A key theme in tech industry disclosure is the concentration of AI governance and management information in sustainability/AI reports, rather than investor-oriented publications.
- Use of sustainability or AI reports varies significantly (i.e., many companies have only one of the two), though some companies use both.



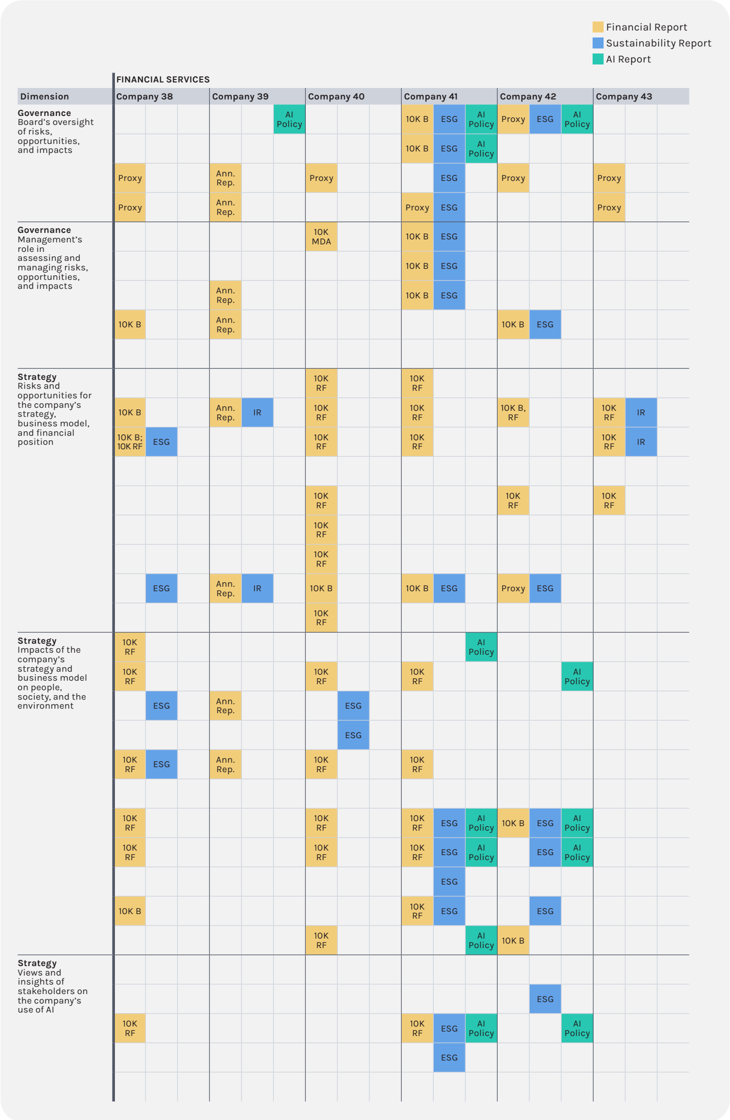
Industry-Specific Disclosures

Financial Services

Few industry-specific disclosures were found in the six companies reviewed.

One of the six companies listed human-oversight for financial models and estimations based upon machine learning or artificial intelligence as an important risk mitigation.

Two of the six companies listed risk of liquidity issues arising from AI related operational failures as a material risk.



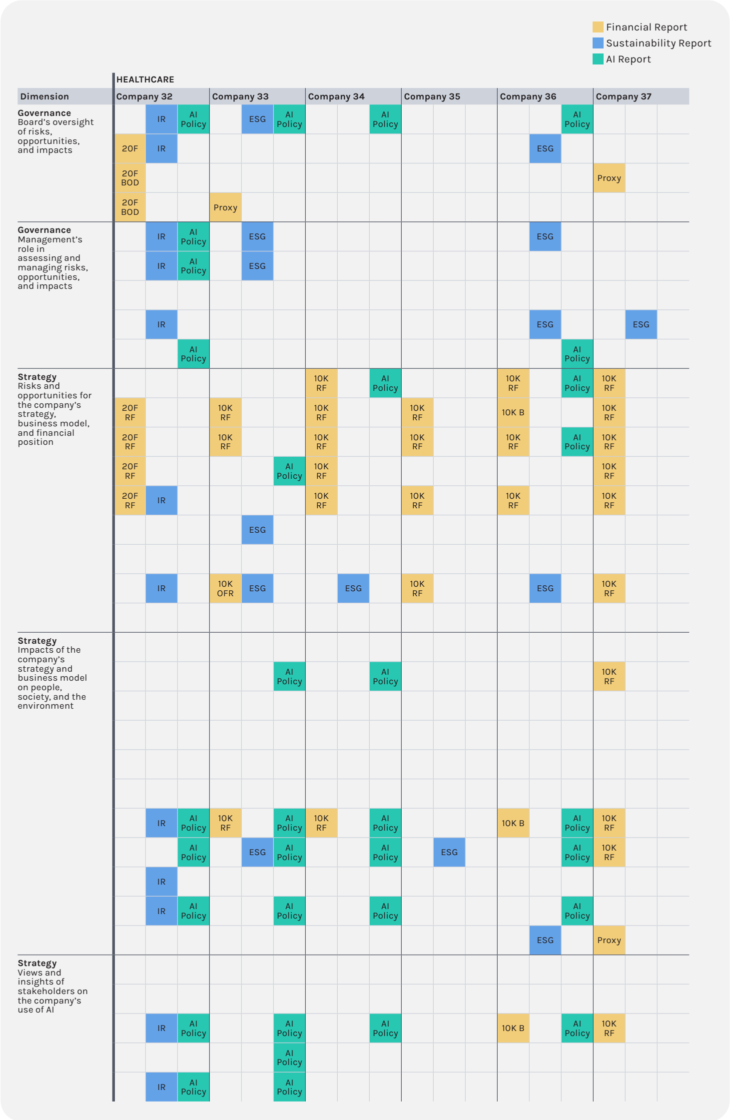
Industry-Specific Disclosures

Healthcare

Industry-specific disclosures were common among the six companies reviewed, though the disclosures were typically high-level:

- Failure to discover, research, and develop innovative medicines or treatments
- Unregulated AI platform providers have less compliance sophistication than healthcare companies
- Opportunity to enhance and accelerate the delivery of innovative medicines, treatments, or therapies to patients
- Opportunity to discover and develop new compounds, drugs, vaccines, and therapies

Of non-industry specific disclosures, privacy, fairness/non-discrimination, and human oversight featured prominently.

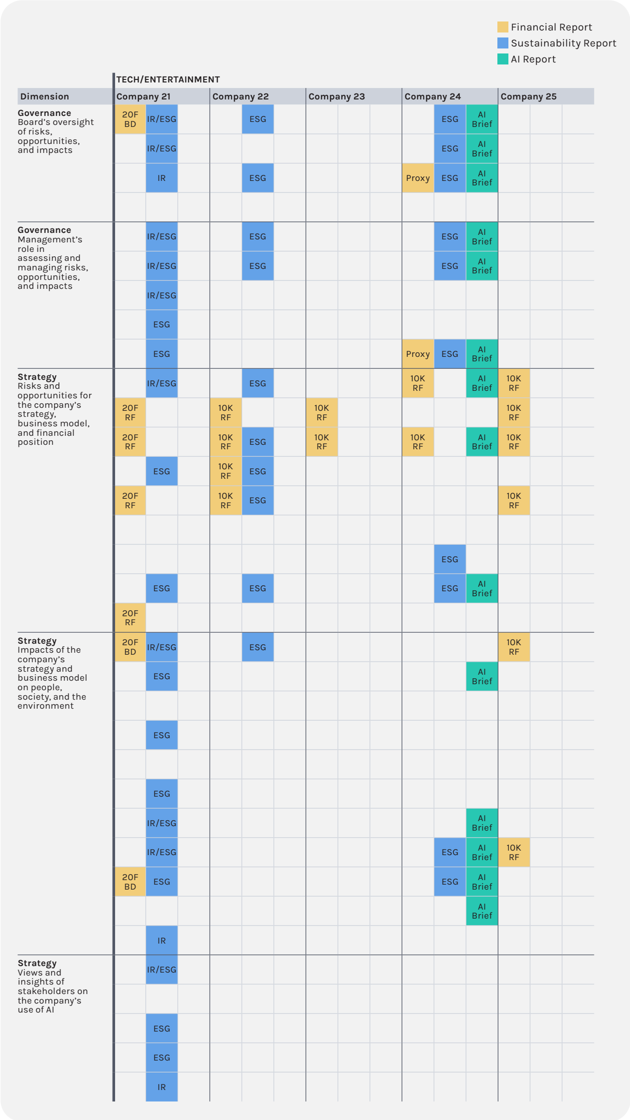


Industry-Specific Disclosures

Entertainment

Industry-specific disclosures were varied among the five companies reviewed, being covered in depth by some and not at all by others.

- Using AI to create innovative new content while also protecting the rights of artists (i.e., sustainable business model)
- Intellectual property (e.g., copyrighted content) may be subject to unauthorized use or theft
- Digital music and video distributors may increase the amount of content they create using AI, reducing demand for our content
- Use of AI to generate new forms of content by creators and support the creative process
- There may be a proliferation of fake images and false information; importance of information authenticity and integrity
- Use of AI to improve access to content, such as cultural and linguistic diversity, including translation



Authors and Acknowledgements

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PAI will be continuing this work through a new workstream.
If you are interested in participating in future work on this topic, please contact Stephanie Bell.

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