

Disclosure of AI-Related Risks in Corporate Sustainability Reporting under the CSRD Framework

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Abstract

The rapid integration of artificial intelligence into corporate operations has introduced new categories of ESG-related risks. Recent EU regulatory developments aim to enhance transparency in sustainability reporting. In particular, the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) introduce more comprehensive disclosure requirements. However, little empirical evidence exists on how companies disclose AI-related risks within sustainability reporting frameworks.

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The study examines the disclosure of AI-related risks by selected European companies in sustainability and annual reports prepared in line with the CSRD. More specifically, it addresses the overarching research question of how selected European banking and insurance companies disclose AI-related risks in their sustainability or annual reports under the CSRD/ESRS framework. The analysis focuses particularly on three analytical dimensions of AI-related risk disclosure: (1) whether companies explicitly recognise artificial intelligence as a risk category, (2) how AI-related risks are integrated into corporate governance structures and risk management systems, and (3) whether companies provide measurable disclosures or performance indicators related to AI governance.

Methodologically, it applies qualitative content analysis to the sustainability reports of the companies under review.

The findings reveal a clear asymmetry in corporate reporting practices. Explicit disclosure of AI-related risks remains rare. Where such disclosures exist, they are predominantly narrative and governance-oriented rather than supported by measurable indicators or performance metrics. The results highlight a gap between the increasing strategic importance of artificial intelligence and its current representation in corporate sustainability reporting. The study contributes to the emerging literature on AI governance and ESG reporting by providing empirical evidence on how companies currently disclose AI-related risks under the CSRD.

Keywords: artificial intelligence, CSRD, sustainability reporting, ESG disclosure, AI governance, corporate risk reporting.