

MAY 2024

# The Taskforce on Inequality and Social-related Financial Disclosures



The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is a global initiative that will develop a global framework and recommendations that enable companies and investors to identify, assess, and report on their inequality and social-related risks, opportunities, and impacts. The aim of this initiative is, ultimately, to strengthen the stability of financial systems, address the system-level risks posed by inequality, and improve outcomes for all people.

## The Need for a TISFD

Inequality is the defining social issue of our time. While the prevalence of extreme wealth has risen, many people continue to earn too little to meet their basic needs. Even in countries where most people's basic needs are met, the benefits of productivity increases have been shared unevenly, resulting in social cleavages. Climate change and nature loss are exacerbating these inequalities, as people from poor and marginalized communities are more severely impacted. By the same token, these inequalities impede progress towards addressing climate change and ecological degradation. They erode human capital and undermine social cohesion. And they increase financial risks and economic instability.

Companies and investors each have a critical role to play in reducing the accumulation of social risks in society and the economy. Yet there is a lack of clarity on the ways in which their actions impact people and contribute to inequalities—and how these inequalities affect business and finance in turn. Competing disclosure and reporting frameworks place a high burden on companies, while existing indicators and metrics could be strengthened to enable effective decision-making to manage these risks and impacts across companies and investors alike.

## Purpose and Approach

The purpose of TISFD is to strengthen the development of financial disclosures on inequality and social-related issues while supporting companies and investors in identifying, assessing, and managing their associated financial risks and impacts. It will also seek to improve the market's understanding of the consequences of the aggregate impacts of investors and investees on inequalities, and how to effectively manage resulting system-level risks. In doing so, TISFD will serve as a knowledge partner to standard-setting bodies and contribute to global harmonization of disclosures, thereby reducing the reporting burden for companies.

To fulfill its purpose, TISFD will synthesize and build on existing standards, while strengthening and addressing gaps in disclosure metrics and indicators. It will also align with existing international standards, including the UN Guiding Principles, OECD Guidelines for Multinational Enterprises, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). Recognizing the complex interplay of climate-, nature- and social-related issues, TISFD will work to ensure that its disclosure recommendations create a social throughline across existing frameworks for climate and nature from the Taskforce for Climate-related Financial Disclosures (TCFD) and the Taskforce for Nature-related Financial Disclosures (TNFD), to enable holistic reporting in the context of efforts to achieve a just transition.

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## Key Deliverables

A **global framework** for inequality and social-related disclosures that will recommend disclosures for companies and investors to communicate their inequality and social-related impacts, dependencies, risks, and opportunities. The disclosure framework will be grounded in a conceptual foundation to understand the range of inequality and social-related topics, and the relationships among them.

A **body of evidence** on the system-level risks that companies and investors are exposed to as a result of extreme inequalities, as well as the ways in which market actors impact people and contribute to inequalities. As such, TISFD can serve as a community of practice for existing and new research.

**Guidance and recommendations** on the implementation of the resulting disclosure framework, the design of indicators and metrics, and the use of thresholds and targets, where appropriate. The TISFD may also provide guidance on the identification and assessment of inequality and social-related impacts, dependencies, risks, and opportunities, and inform the potential materiality of information. It will also advise on the interlinkages between climate change, biodiversity loss, and social issues, to guide market actors in contributing to a just transition.

An **educational and capacity-building resource** that can be used by a broad range of stakeholders, including affected rightsholders, to understand how TISFD's work and associated disclosures can be used and to enable them to inform the development of the global framework.

# Meet the TISFD Working Group

The TISFD is being developed by the TISFD Working Group and will be launched in September 2024. The Working Group is a multi-stakeholder collaboration between a diverse set of more than 20 organisations across the public and private sectors, including:



## Learn More

To learn more about TISFD, including further information on its proposed scope, mandate, and governance structure, or to explore opportunities for engagement, please email us at [info@TISFD.org](mailto:info@TISFD.org).