

---

# **Taskforce on Inequality and Social-related Financial Disclosures (TISFD): An Introduction**

---

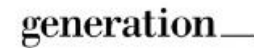
**Summer 2024**

# The TISFD Working Group

**The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is a global initiative to develop recommendations and a framework that enables businesses and investors to effectively identify, assess, and report on their inequality and social-related risks, opportunities, and impacts.**

The aim of this initiative is to strengthen the stability of financial systems, address the systems-level risks posed by inequality, and improve outcomes for all people.

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 organizations across the public and private sectors.





# A GLOBAL CHALLENGE

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, leading to heightened polarization. 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.

# INEQUALITIES...

**Erode social cohesion and stability in society**

as a result of greater polarisation and a sense of unfairness

**Inhibit the formation of human capital**

by compromising or underinvesting in people's health, skills and broader well-being

**Undermine economic dynamism**

by inhibiting demand and undermining competition

**Threaten financial stability**

by generating financial sector vulnerabilities

**Impede progress towards a just transition**

by undermining people's support for addressing climate change and biodiversity loss and exacerbating vulnerabilities

# Inequalities and social risks are challenging businesses, investors, labour, and civil society alike

*Multiple challenges impede the management and reporting of social and inequality-related issues:*

**Lack of clarity** on how companies and investors impact people and contribute to inequalities and system-level risk

**Gaps and weaknesses in existing social metrics** on impacts, dependencies, risks, and opportunities

**A high reporting burden** on companies due to a wide range of different disclosure frameworks





*Today we are clearly seeing the consequences of inequality unfold around the world. But inequality is not a fact of nature; it is a product of our systems and practices, which we can change.”*

**ILHAM KADRI**, CEO of Solvay and Co-Chair of the Business Commission to Tackle Inequality (BCTI)



*In the last 40 years or so, the rate of increase in per capita income for people in the middle and the bottom end of the income specter has really decreased... We want prosperity to be widely shared [and] we need policies to make that happen.”*

**JEROME POWELL**, Chairman of the U.S. Federal Reserve

## WHAT BUSINESS LEADERS ARE SAYING



*As CIO, inequality was always on my mind, all kinds of inequality, including between men and women, and between the Global North and Global South. If you look at the 17 SDGs, you can classify them as being about either sustainability, or inclusiveness.”*

**HIRO MIZUNO**, former CIO of the Japan Government Pension Investment Fund (GPIF)



*Climate change, human rights, corporate political influence, and inequality are just some of the issues that are being raised by shareholders and other stakeholders. As calls for corporate transparency grow, how boards incorporate these issues into their decision-making processes, disclose them, and address them from a risk perspective will continue to garner attention.”*

**JON LUKOMNIK**, author of “Moving Beyond Portfolio Theory” and former investment advisor to the New York City pension funds

# OUR VISION

**An economic and financial system in which companies and investors effectively address their inequality and social-related risks, opportunities, and impacts, resulting in stronger, more equitable societies and economies.**

A **global framework** for inequality and social-related issues that will recommend disclosures for companies and investors to communicate their inequality and social-related impacts, dependencies, risks, and opportunities.

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

**Guidance and recommendations** on the implementation of the disclosure framework, the design of indicators and metrics, and the use of thresholds and targets.

An **educational and capacity-building resource** that can be used by a broad range of stakeholders, including affected rights-holders, to understand how TISFD's work and associated disclosures can be used.

# DELIVERABLES



# WHAT CHANGE DO WE HOPE TO SEE?



**Companies and investors** understanding their impacts on people and strengthening their identification, measurement, management, and disclosure of these impacts and their associated financial risks and opportunities for people and market actors.



**Investors** recognizing inequality as a system-level risk, understanding the aggregate impacts of investees and their own activities on inequalities, and integrating this understanding into how they allocate and price capital, engage with investees, and structure investments.



**Rights-holders** having the power to better enable and hold companies and investors to account for how they address inequality and social-related issues.



**Standard-setters and policy makers** embedding TISFD recommendations into reporting standards, laws, and regulation, thereby fostering global harmonization and thereby reducing the reporting burden for companies.

# OUR APPROACH



Ensure interoperability with the Taskforce on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) to enable **holistic reporting that can facilitate a just transition.**



Bring together and build upon existing frameworks and standards, align with established standards of conduct, address gaps, and strengthen disclosure metrics and indicators to **reduce the reporting burden on companies and investors.**

# OUR APPROACH

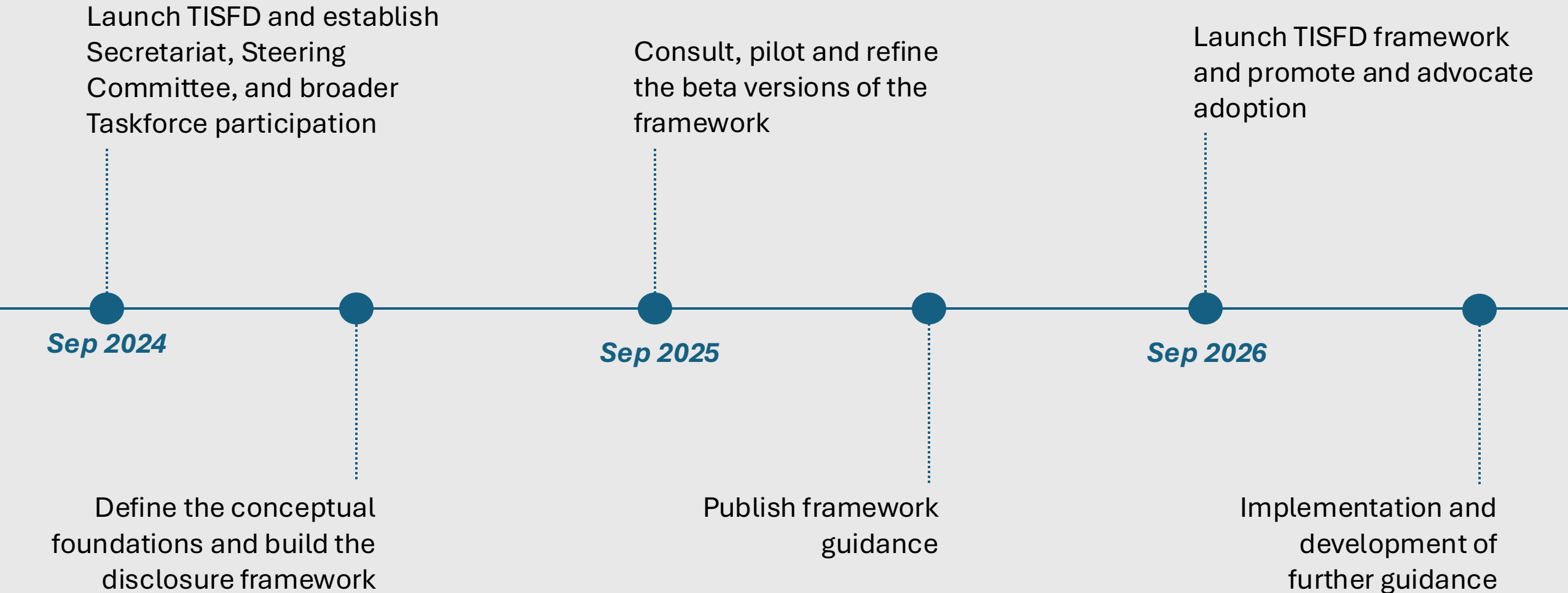


**Materiality approach:** The Working Group proposes that TISFD develop disclosure recommendations that are compatible with both an **impact materiality** and a **financial materiality perspective**, and that it **build the evidence base for the system-level risks of inequality**.



**Thematic scope:** Set out **an integrated understanding** of key inequality and social-related concepts and how they interrelate, while prioritizing disclosure recommendations that most meaningfully allow users of information to respond to social and inequality-related risks, opportunities and impacts.

# TISFD WORKPLAN AT-A-GLANCE

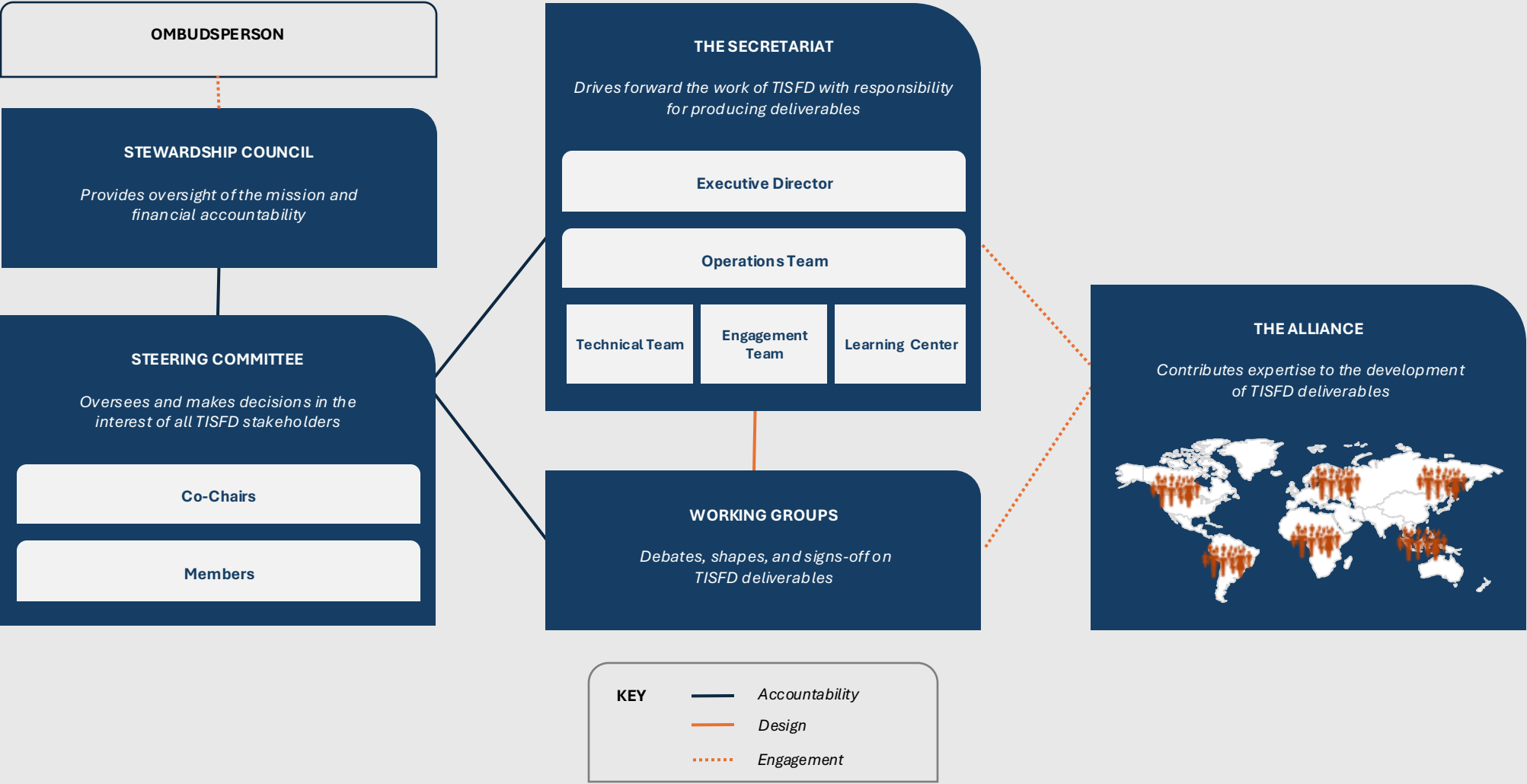


# GOVERNANCE PRINCIPLES

- Inclusivity
- Co-creation
- Effective and efficient decision-making
- Continuous learning and improvement
- Transparency



# PROPOSED GOVERNANCE STRUCTURE





# OUR NEXT STEPS TO LAUNCH

Jul

Gather feedback on proposed TISFD scope, mandate, and governance; raise awareness and build momentum for TISFD

Aug

Revise TISFD scope, mandate, and governance propositions; onboard new Co-Chairs

Sep

Launch the Taskforce and announce Co-Chairs; build TISFD Alliance

# HOW TO ENGAGE WITH TISFD

- 1** | Become an early supporter to help raise awareness and build momentum for TISFD
- 2** | Provide technical inputs by August 1 to help shape the scope, mandate, and governance of TISFD
- 3** | Stay updated on our progress by joining the TISFD LinkedIn page or visiting the TISFD website at [www.tisfd.org](http://www.tisfd.org)