

# Taskforce on Inequality and Social-related Financial Disclosures (TISFD)<sup>1</sup>

## *Draft Purpose, Approach, Governance Proposition, and Next Steps<sup>2</sup>*

### PURPOSE

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The purpose of the Taskforce on Inequality and Social-related Financial Disclosures (“TISFD” or the “Taskforce”) is to strengthen the development of financial disclosures regarding inequality and social-related issues. The Taskforce aims to meet the distinct needs of providers of capital, companies, regulators, and civil society and labor organizations to assess material financial risk to enterprises as it relates to inequality and social issues, strengthen the stability of financial systems, evaluate and tackle the system-level risks posed by inequality, and improve outcomes for people, in particular those who are marginalized or disadvantaged.

In service of this purpose, the Taskforce aims to:

- Develop 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, including as they relate to governance, strategy, and management processes;
  - be grounded in an understanding of effective risk management in alignment with the international standards regarding corporate respect for human rights and with particular attention to system-level inequality;
  - include an organizing construct through which the range of inequality and social-related topics, and the relationships among them, can be readily understood;
  - provide agreed definitions of key inequality and social-related terms and concepts that enable consistency and comparability of the approach in how they are applied;
- Develop guidance and recommendations regarding:
  - which information on inequality and social-related impacts, dependencies, risks and opportunities may be material from a financial materiality and an impact

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<sup>1</sup> The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is a proposed provisional name that may change through the consultation and co-creation process described below.

<sup>2</sup> The draft purpose, approach, governance proposition, and next steps are to be socialized and refined via the consultation and co-creation process described below.

materiality perspective, including as a result of entities' contributions and exposure to system-level risks and opportunities;

- the design of inequality and social-related metrics and targets, as well as identification of thresholds, tipping points, and triggers and why they are important for companies and investors;
- Act as:
  - an educational and capacity-building resource for all stakeholders, including affected rights holders, with regard to inequality and social-related issues;
  - a hub for existing and new research, including on the system-level risk of inequality;
  - a community of practice, bringing together diverse stakeholders to pursue a common and thorough understanding of inequality and social-related risks and opportunities.

## APPROACH

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The Taskforce will:

- Build upon existing frameworks, standards, benchmarks, and ratings to clarify the disclosure landscape on inequality and social-related issues and address gaps and weaknesses through comprehensive, evidence-based, and stakeholder-informed research that:
  - Takes account of the ways in which companies and investors impact and depend upon people and how impacts on people generate risks to business and investors in the short, medium, and long-term;
  - Facilitates a common understanding of inequality and social-related issues, including with regard to thresholds, context-based indicator design, evaluation methodologies, as well as geographic and industry specificities;
  - Supports interoperability with the frameworks of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD), as well as with existing sustainability disclosure standards;
  - Draws upon and fosters alignment with international standards and frameworks on the management and measurement of inequality and social-related issues, such as those developed by United Nations (UN) bodies and the Organisation for Economic Co-operation and Development (OECD);

- Be available as a knowledge partner to standard-setting bodies such as the International Sustainability Standards Board (ISSB), European Financial Reporting Advisory Group (EFRAG), and Global Reporting Initiative (GRI), as well as state-based regulators;
- Strive to contribute to global policy objectives, including the achievement of the Sustainable Development Goals (SDGs), and seek collaboration accordingly with global policy fora such as the G20 and G7;
- Regularly review and update the global framework.

## GOVERNANCE PROPOSITION

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The Taskforce will be governed by a diverse and balanced range of stakeholders across the Global North and Global South. It will operate through an iterative and transparent co-creation process and an open dialogue between public and private sectors, including providers of capital, companies, governments and regulators, international organizations, trade unions, civil society, and people impacted by inequality and social harm, or representatives of their interests.

The working bodies of the Taskforce will similarly feature diverse and balanced representation and operate in a manner that enables co-creation of the Taskforce’s outputs. The working bodies will ensure that civil society, workers, and marginalized communities across geographies can meaningfully contribute their knowledge and lived experience to the work of the Taskforce.

The Taskforce will work in a transparent manner and will provide clarity regarding decision-making processes and mechanisms for concerns to be raised and addressed.

## OVERALL PHASING PLAN AND NEXT STEPS

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In the first half of 2023, the members of the Interim Secretariat of the Taskforce on Inequality-related Financial Disclosures (TIFD)<sup>3</sup> and the organizations preparing a Taskforce on Social-related

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<sup>3</sup> TIFD has been led by an Interim Secretariat that includes the [Argentine Network for International Cooperation](#) (RACI), [Predistribution Initiative](#) (PDI), [Rights CoLab](#), [Southern Centre for Inequality Studies](#) (SCIS), and [United Nations Development Programme](#) (UNDP).

Financial Disclosures (TSFD),<sup>4</sup> together with other organizations,<sup>5</sup> worked towards the integration of these two initiatives.

Following the completion of this integration process in mid-2023, the aforementioned organizations are operating as an “Informal Working Group” with the priority objective to widen this into an expanded “Working Group” comprising a broader range of representatives across diverse stakeholder groups globally, including typically marginalized communities. The Working Group will operate with defined governance, consultative, and inclusive decision-making processes. It will prepare and steward public consultation and co-creation processes for the purposes of refining the propositions set out in this document, developing governance structures and processes for the Taskforce, and undertaking the groundwork to launch the Taskforce. The Working Group will strive to launch the Taskforce in the first half of 2024. Once launched, the Taskforce will commence developing the disclosure framework.

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<sup>4</sup> The proposal to create a TSFD was initiated by the [Business for Inclusive Growth](#) (B4IG) coalition together with its strategic partner, the [OECD](#).

<sup>5</sup> The creation of the consolidated Taskforce is also supported by the [World Business Council for Sustainable Development](#) (WBCSD), the [Council for Inclusive Capitalism](#) (CIC), [Shift](#), and other investor and labor-focused organisations that are pursuing particular bodies of work aligned with the long-term vision for the Taskforce.