



Beta Version 0.1

The TISFD Framework

Recommendations for disclosure
of people-related information by businesses
and financial institutions

TISFD

TASKFORCE ON INEQUALITY
and SOCIAL-RELATED
FINANCIAL DISCLOSURES

May 2026



Foreword by the Co-Chairs

This draft Framework marks an important milestone in the Taskforce on Inequality and Social-Related Financial Disclosures' (TISFD) work to help businesses and investors place people at the heart of decision-making. It is the product of extensive collaboration across business, finance, labour, civil society and technical experts, and we are deeply grateful to the many organisations and individuals who have contributed their time, experience and insight to bring it to this point.

Designed to be market-usable, the strength of TISFD's Framework rests not only on its technical rigour but on the collective effort behind it and the willingness of leaders across sectors to work together through complexity in pursuit of a framework that is practical, credible and globally relevant.

The need for this Framework is becoming increasingly clear and compelling. Inequalities stand at modern day highs. One billion working people do not earn enough to afford a decent living, while the richest 10 percent have seen their share of global wealth increase.

Meanwhile, businesses and investors are navigating a period of profound economic and social change. The rapid advance of AI and the climate transition present opportunities, but also the risk of widening gaps in access to secure work, income and economic participation.

In this context, people-related issues should be seen as central to resilience and long-term value creation. Businesses perform best in economies and societies that are stable, productive and able to support sustainable growth over the long term. When work is secure and fairly rewarded, when people's rights are central and when communities can participate in economic success, businesses are better positioned to thrive and create long-term value.

For investors, these dynamics can compound across markets and economies, contributing to system-level risks that affect growth, stability and long-term portfolio outcomes. In a world of immense structural shifts, understanding how social issues, especially inequalities, shape investment risks and opportunities is becoming an increasingly important part of sound governance, strategy and risk management.

Yet many business and investment decision-makers still lack consistent, comparable information, or fail to take account of how people-related impacts, dependencies, risks and opportunities affect performance and long-term value creation.

The TISFD Framework aims to make people-related impacts, dependencies, risks and opportunities more visible, more coherent and more useful for decision-making. Better information will not solve these challenges on its own, but it can help businesses and investors see more clearly, act earlier, make more informed strategic choices, and be more accountable for their actions.

Three features of the Framework are especially important to note:

First, it supports greater harmonisation across the disclosure landscape by building on existing standards and frameworks, including those of the International Sustainability Standards Board (ISSB), Global Reporting Initiative (GRI) and European Sustainability Reporting Standards (ESRS), helping reduce fragmentation and improve comparability.

Second, it can be used alongside existing standards and practices to strengthen visibility and understanding of people-related issues without duplicating effort.

Third, it has been designed to reflect the deep interconnections between people, climate and nature to support a more coherent governance and transition strategy.

This draft Framework provides a foundation for further development. It does not yet include all elements of the final Framework, and it will continue to evolve through consultation and engagement across TISFD's Regional Councils, Global Alliance, Knowledge Partners and wider stakeholder community, including further development of metrics and targets and practical assessment guidance.

With the online consultation platform now open, we invite businesses, financial institutions, standard-setters, policymakers, labour organisations, civil society and other stakeholders to continue to shape this important work. Your input will be critical to ensuring the Framework meets real-world needs and helps advance our shared interest in building stronger, more resilient societies and economies, with people at the centre.

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TISFD Co-Chairs

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Acronyms

AI	Artificial intelligence
GDP	Gross domestic product
GRI	Global Reporting Initiative
ESRS	European Sustainability Reporting Standards
IDROs	Impacts, dependencies, risk and opportunities
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
ISSB	International Sustainability Standards Board
MNE	Multinational enterprise(s)
OECD	Organisation for Economic Co-operation and Development
TCFD	Taskforce on Climate-related Financial Disclosures
TISFD	Taskforce on Inequality and Social-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UN	United Nations
UNGPs	UN Guiding Principles on Business and Human Rights

Executive summary

Businesses and financial institutions depend on workers, communities, consumers and other stakeholders for productivity, innovation, resilience and long-term performance. At the same time, their activities shape people's ability to enjoy their human rights, their well-being, livelihoods and access to opportunity. As strains on people in the form of wage stagnation, an affordability crisis, and inequality intensify, understanding and managing people-related impacts, dependencies, risks and opportunities has become a strategic and financial imperative.

Yet information on how businesses and financial institutions impact and depend on people and how this affects financial performance and long-term value creation remains fragmented and difficult to compare globally. This limits effective decision-making within companies and constrains investors and lenders seeking to allocate capital responsibly and reduce risk. It leaves policymakers without evidence needed to inform policy design, and civil society and labour organisations less equipped to engage effectively with businesses.

Introducing the TISFD Framework

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) was established as a global, multi-stakeholder initiative to help businesses and financial institutions understand and report on impacts, dependencies, risks and opportunities related to people. The TISFD Framework presents a globally relevant disclosure framework that complements existing sustainability and financial reporting initiatives, while addressing critical gaps in current disclosure practice.

The TISFD Framework:

- **Contributes to harmonisation and convergence** by drawing on the existing standards and frameworks, including the International Sustainability Standards Board (ISSB) Standards, Global Reporting Initiative (GRI) Standards, and the European Sustainability Reporting Standards (ESRS).
- **Adopts a building blocks approach**, ensuring it can be used as a standalone framework and also to complement existing standards and practices, helping organisations fill information gaps and build a fuller picture without duplicating effort.
- **Encourages integrated management and disclosure**, recognising the interconnectedness between people, nature and climate, and supporting linkages with climate and nature frameworks.
- **Is market usable**, ensuring disclosures are practical, decision-useful and relevant to prepares and users of the information.

Conceptual foundations

The TISFD Framework provides a common language for understanding how businesses and financial institutions interact with people ([See Section 3](#)).

Human rights, together with labour rights, are entitlements of all people to enjoy a life of dignity. Businesses and financial institutions have a responsibility to respect these rights. Their activities can affect people's **well-being**: their health, safety and ability to live fulfilling lives. The realisation of people's rights and the advancement of their well-being builds the **human and social capital** that creates value for organisations, the economy, and society.

Inequalities reflect how access to resources and opportunities, income and wealth, health and other aspects of people's human rights and well-being are distributed across different groups and are therefore central to businesses' and financial institutions' understanding of people-related impacts, dependencies, risks and opportunities.

These issues do not exist in isolation: environmental degradation and climate change can exacerbate inequalities and erode people's rights and well-being, which in turn can undermine people's support for the green transition. An integrated understanding of interlinkages between people, nature and climate is essential for effective risk management and informed decision-making.

People-related impacts and dependencies

The relationship between businesses, financial institutions and people can be characterised by their impacts and dependencies on people.

Impacts refer to the positive or negative effects an organisation's activities, products, services and business relationships have on people, including on their human rights and on inequalities between them. These impacts may affect a range of stakeholders, including an organisation's own workforce, workers in the value chain, communities, and consumers and end-users.

Dependencies refer to the reliance of organisations and societies on human and social resources and relationships. This includes access to skilled and healthy workers and the communities that provide a social license to operate, but also on stable societies with effective institutions and the public services that power a functioning economy.

People-related risks and opportunities

Impacts and dependencies can give rise to **financial risks and opportunities** for businesses and financial institutions. These may affect revenues, costs, asset values, and access to capital. For example, poor labour practices may increase operational risk and turnover costs, while investments in workforce well-being may enhance productivity and innovation.

The cumulative impacts of businesses and financial institutions can also contribute to the emergence of **system-level risks and opportunities** arising from the broader social, economic and financial systems on which organisations depend. Widespread inequality and unmet basic needs can undermine social cohesion, hamper productivity, weaken demand, and thereby constrain macroeconomic performance and increase financial system fragility. Conversely, improvements in well-being, skills and inclusion can support sustainable growth and long-term value creation.

TISFD disclosure recommendations

The TISFD disclosure recommendations are designed to complement key international sustainability and financial reporting standards. They build on established concepts and structures to support alignment while extending coverage to people-related matters. The recommendations, outlined in **Section 4**, are intended to support increased disclosure of consistent, decision-useful information about how organisations identify, assess, and manage people-related impacts, dependencies, risks and opportunities.

General requirements

The disclosure recommendations are underpinned by five general requirements establishing the core expectations to ensure consistency, coherence and comparability across reporting entities:

- **Materiality:** Organisations should disclose material information about their people-related impacts, dependencies, risks and opportunities.
- **System-relevant information:** Preparers should provide disclosures that meet the information needs of investors about people-related externalities relevant to system-level risks. (In this version of the Framework, TISFD outlines a general approach and invites feedback.)
- **Stakeholder engagement:** Entities should describe how they have engaged with affected stakeholders, including through due diligence, reflecting the nature of each engagement and its purpose.
- **Scope:** Preparers should explain the scope of their assessment and disclosures, the process to determine the scope, and plans for further expansion.
- **Time horizons:** Short-, medium-, and long-term time horizons should be considered and their definitions disclosed by preparers.

The draft TISFD disclosure recommendations

Governance	Strategy	Impact and risk management	Metrics and targets*
<p>Disclose the entity's governance of people-related impacts, dependencies, risks and opportunities.</p>	<p>Disclose the interaction between people-related impacts, dependencies, risks and opportunities and the entity's business model and strategy, and related financial effects.</p>	<p>Disclose the processes used by the entity to identify, assess, prioritise and monitor people-related impacts, dependencies, risks and opportunities.</p>	<p>Disclose the metrics and targets used to assess and manage people-related impacts, dependencies, risks and opportunities.</p>
<p>A. Describe the oversight of people-related impacts, dependencies, risks and opportunities.</p>	<p>A. Describe the people-related impacts, dependencies, risks and opportunities the entity has identified.</p>	<p>A. Describe the entity's processes to identify, assess and prioritise people-related impacts, dependencies, risks and opportunities in its own operations, upstream and downstream value chain(s).</p>	<p>A. Disclose the metrics used by the entity to assess and manage people-related impacts and dependencies.</p>
<p>B. Describe management's role in the governance processes, controls and procedures used to monitor, manage and oversee people-related impacts, dependencies, risks and opportunities.</p>	<p>B. Describe the interaction between people-related impacts, dependencies, risks and opportunities and the entity's business model and strategy, and related financial effects.</p>	<p>B. Describe the entity's processes to monitor people-related impacts, dependencies, risks and opportunities.</p>	<p>B. Disclose the metrics used by the entity to assess and manage people-related risks and opportunities.</p>
<p>C. Describe the entity's approach to stakeholder engagement on people-related impacts, dependencies, risks and opportunities and how the perspectives of affected stakeholders are incorporated into governance and management decision-making.</p>	<p>C. Describe the resilience of the entity's strategy and business model to people-related risks and opportunities.</p>	<p>C. Describe how processes to identify, assess, prioritise and monitor people-related risks are integrated into and inform the entity's overall risk management processes.</p>	<p>C. Describe the targets and goals used by the entity to manage people-related impacts, dependencies, risks and opportunities and its performance against these.</p>

* Disclosure recommendations on metrics and targets will form part of TISFD's future work and will be included in next iterations of the Framework.

Priority areas for further development

In this first draft Framework (Beta Version 0.1), TISFD identifies several priority areas for further development, including identifying key drivers of impacts relevant to system-level risks and related pathways, identification and assessment guidance for businesses and financial institutions, scenario analysis, and metrics and targets (See Section 5). Additional work will be undertaken to further support the approach to materiality and the interconnectedness of people, nature and climate. This work will be undertaken in collaboration with Knowledge Partners, drawing on practical experience, academic research and stakeholder feedback.

How to engage

Stakeholders are invited to contribute to the development of the TISFD Framework through the following channels, outlined in [Section 6](#):

- 1. The TISFD Alliance.** [The Alliance](#) is a platform for learning, dialogue and practical engagement. Members are invited to provide early input into the development of the Framework and engage in webinars and discussions on key aspects.
- 2. Public consultation.** The TISFD Framework is being developed through an open, iterative process. Stakeholders are encouraged to provide feedback on Beta Version 0.1 by 31 July 2026 via the [online platform](#). TISFD will undertake further consultation before publishing final recommendations in 2027.
- 3. Pilot testing.** TISFD will convene businesses and financial institutions to actively test this and future beta versions of the TISFD Framework. Participating allows businesses and financial institutions to build understanding and capacity, and to stay ahead of evolving expectations. More information on pilot testing will be shared later this year.

About TISFD

In September 2024, a global multi-stakeholder group of businesses, financial institutions, civil society and labour organisations established the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) to advance the integration of people-related issues into financial disclosures, recognising these dimensions as relevant to long-term value, resilience and macroeconomic stability.

The aim of the Taskforce is to incentivise business and financial practices that create stronger, more resilient societies and economies.

To achieve this, the Taskforce is developing recommendations and guidance to help businesses and financial institutions to understand and report on impacts, dependencies, risks and opportunities related to people. The Taskforce's work will support convergence in reporting standards and build on existing international standards of business conduct.

TISFD is governed by a multi-stakeholder Steering Committee, overseen by four Co-Chairs. In line with its governance principles of inclusivity, co-creation, effective and efficient decision-making, continuous learning and improvement, and transparency, TISFD seeks to enable meaningful engagement with stakeholders while delivering on its mission.

By bringing into the process the real-world expertise and diverse perspectives of businesses, financial institutions, labour organisations and civil society across regions, TISFD aims to ensure its Framework is technically robust and grounded in practical experience, while reflecting the needs of stakeholders across geographies.

Learn more about TISFD's work at tisfd.org.

The business case for people-related disclosures

Businesses depend on people—workers, consumers and communities—not only to operate, but to grow, innovate and remain competitive. Despite this reliance and growing awareness of social issues, many businesses and investors do not yet integrate people-related considerations into strategic decision-making.

This disconnect is significant because in today’s economies, a larger share of business value is linked to intangible assets, which are built through human and social capital—people’s skills, experience, knowledge and relationships. ¹ When people’s human rights are respected and their capabilities and well-being are nurtured, businesses and economies are more productive, resilient and able to create long-term value. ² When people’s dignity and well-being are undermined, risks increase. Yet these dynamics often remain insufficiently visible and therefore inadequately managed.

Strains on people are intensifying as inequalities reach new extremes. Across the world, inequalities in wealth and opportunity are high and persistent. It is estimated that over one billion working people globally—about one-third of the workforce—do not earn enough to afford a decent living. ³ Many low- and middle-income households have seen their wages stagnate over time and are now facing an “affordability crisis” spanning housing, food and energy. ⁴

These trends are increasingly recognised as systemic risks. In recent years, the World Economic Forum’s Global Risks Report has highlighted inequality and related social fractures, such as polarisation and limited economic opportunity, as highly interconnected risks, with inequality now identified as the most interconnected global risk over the next decade, with the potential to destabilise economic, political and environmental systems. ⁹

Climate change and nature loss are compounding these pressures. These effects are deepening inequalities by harming livelihoods, health and access to natural resources, hitting hardest those least able to absorb the impact.

In 2024 alone, an estimated 640 billion labour hours were lost due to heat exposure, equivalent to US\$1.09 trillion in lost income, nearly 1 percent of global GDP. ¹⁰ Looking ahead, the number of people living in extreme poverty worldwide could nearly double, reaching up to 150 million by 2050, due to unmitigated climate change, ¹¹ increasing pressures on migration and heightening risks of geopolitical instability. ¹²

**BOX 1 | GLOBAL INEQUALITIES
STAND AT MODERN DAY HIGHS AND
ECONOMIC SECURITY REMAINS OUT
OF REACH FOR MANY**

For example:

- The richest 10 percent hold about 74 percent of total global wealth, while the poorest 50 percent own less than 5 percent. ⁵
- 83 percent of countries now face “high income inequality”, affecting roughly 90 percent of the world’s population. ⁶
- About a quarter of the world’s population lives in societal poverty, below the basic-needs threshold set by the World Bank. ⁷
- About 2.1 billion workers (57-60 percent of the global workforce) are in informal employment, rising to 85-90 percent in sub-Saharan Africa and over 70 percent in South and South East Asia. ⁸

At the same time, growing social pressures are slowing the transition to a greener economy. When wages stagnate and living costs rise, households have less capacity to absorb additional change, increasing the likelihood of opposition to long-term transition policies, including where people face real or perceived costs that are not shared fairly.¹³

Artificial intelligence (AI) and automation risk exacerbating inequalities.

Technological advancements are reshaping not only how people work by changing job tasks, skill requirements and labour markets, but also how people access and use products and services. While these shifts bring productivity gains and new opportunities for technology users, their benefits can be unevenly distributed and widen existing gaps in income opportunity, job security and participation in the digital economy. With 40 percent of global employment exposed to AI, these dynamics, if left unaddressed, could both deepen labour market disparities¹⁴ and weaken the consumer base on which businesses depend.¹⁵ Taken together, these forces risk exacerbating inequalities and undermining people's human rights, giving rise to social, economic and political instability.

“ Business choices about pay, working conditions, governance — alongside capital allocation decisions — directly affect people's human rights, well-being and economic prospects. ”

The drivers of inequality are multifaceted. Governments play a central role in shaping the conditions that influence inequality through policy, regulation and public investment. But business decisions also matter. Business choices about pay, working conditions, governance, business models, and engagement with policymakers—alongside capital allocation and structuring decisions by financial institutions—directly affect people's human rights, well-being and economic prospects, and influence how opportunities are distributed across societies.

Business and financial institutions have a responsibility to respect human rights.

Globally recognised norms and principles agreed by governments and increasingly reflected in domestic laws and regulations already set clear expectations that businesses respect human rights, including labour rights. Many businesses acknowledge this responsibility and have taken steps to strengthen their governance frameworks and internal processes accordingly. Neglecting or violating human rights can deepen existing social and economic inequalities, with the most vulnerable groups bearing disproportionate harm.

For businesses looking to bolster resilience in uncertain times, putting people at the centre of decision-making can open new opportunities and reduce risks. Many businesses understand that secure, fairly compensated workforces tend to be more resilient and productive. Supply chains built on decent and safe jobs, without child labour and forced labour, are generally more stable and reliable.¹⁶ Markets where households have greater economic security offer better growth opportunities.¹⁷

Communities that share in the success of businesses tend to be more supportive.¹⁸ The reverse is also true. Business models that boost profits through low pay, precarious work, unaffordable basic services and eroded local livelihoods can create risks that surface as labour shortages, supply disruptions, community conflict, weakened demand or unpredictable policymaking, often with significant costs.¹⁹

“ Long-term business success is fundamentally tied to the prosperity and stability of societies in which businesses operate. For investors, rising inequality undermines the social and macro-economic foundations on which long-term portfolio returns depend. ”

These dynamics do not stop with individual businesses—they can accumulate and materialise at a market and societal level too. Where business and financial practices undermine human rights, and where declines in people’s well-being affect a growing share of society, inequalities widen. This can contribute to societal instability, conflict and political volatility, disrupting markets, weakening economic growth and creating risks to the financial system with significant financial consequences. Long-term business success is fundamentally tied to the prosperity and stability of societies in which businesses operate. For investors, rising inequality undermines the social and macroeconomic foundations on which long-term portfolio returns depend. Because these risks affect the market as a whole, they cannot easily be diversified away. In practice, this means that system-level risks can depress returns across portfolios even when individual companies are performing well.]

“ A survey of over 11,000 senior executives across 121 economies places social and inequality-related issues among the top 10 risk; yet many report limited capability to quantify or manage these risks effectively. ”

Decision makers cannot manage opportunities and risks they cannot see. A 2025 survey of over 11,000 senior executives across 121 economies for the World Economic Forum’s Global Risk Report places social and inequality-related issues among the top 10 risks; yet many report limited capability to quantify or manage these risks effectively.²¹ Without better information, people-related considerations remain largely absent from strategic decision-making, until they materialise suddenly, catching businesses and investors unprepared. In an era defined by uncertainty and deep structural change, this represents an increasingly untenable approach to governance and risk management.

The cost of inaction is rising. The opportunity is to build more resilient businesses, more stable markets and enhanced well-being and prosperity for all. Realising this opportunity depends on making people-related risks and opportunities visible, comparable and decision-useful. **This is where financial disclosures have a critical role to play.**

Section 2

Introducing the TISFD Framework

The Taskforce on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) have transformed how markets understand climate and nature-related risks. Their uptake into global sustainability standard setting, most notably through the International Sustainability Standards Board (ISSB), as well as regional and national regulatory frameworks, has strengthened corporate oversight and transparency.

“ TISFD was created to build a globally relevant disclosure framework that complements existing standards and is grounded in an integrated approach to identifying and assessing people-related impacts, dependencies, risks and opportunities. ”

The International Financial Reporting Standards (IFRS) S1 Standard issued by ISSB and European Sustainability Reporting Standards (ESRS) both introduce important requirements on people-related issues. However, these and other social disclosure requirements, differ significantly in scope, structure and geographic reach. As a result, disclosures on people-related impacts, dependencies, risks and opportunities remain fragmented and difficult to compare globally, particularly in contrast to the alignment achieved for climate and nature under TCFD and TNFD.

TISFD was created to build a globally relevant disclosure framework that complements existing standards and is grounded in an integrated approach to identifying and assessing people-related impacts, dependencies, risks and opportunities. The Framework encourages organisations to assess impacts and dependencies on people as a basis for identifying related risks and opportunities that affect both financial performance and the health of societal, economic and financial systems. This includes how people, nature and climate interact in ways that shape the climate transition and long-term resilience.

The TISFD Framework aims to:

- **Enable integrated business decision-making** that supports strategic value creation, resilience and oversight of people-related issues.
- **Enhance investor understanding** of how people-related issues influence financial prospects at the level of individual entities, portfolios and broader societal and financial systems, supporting more informed capital allocation decisions.
- **Strengthen accountability** by giving stakeholders clearer insight into how business decisions affect people and how those effects feed back into performance and stability.

Design principles

Harmonisation and convergence: The TISFD draft disclosure recommendations in large part reflect the disclosure standards and international frameworks that many businesses already apply and seek convergence wherever topics overlap. Drawing from existing standards, such as the ISSB Standards, Global Reporting Initiative (GRI) Standards, and the ESRS, the TISFD Framework aims to reduce fragmentation and create a more aligned framework that is applicable globally. The Taskforce continues to work closely with standard setters and regulators to strengthen this coherence over time, so that reporting on people-related issues becomes more consistent, comparable and easier to navigate.

Building blocks approach: The Framework can be used on its own, but it is equally designed to build on and complement existing standards, enabling users to fill gaps and identify additional decision-useful insights. Using a building blocks approach, TISFD brings into scope new information: people-related externalities and cumulative impacts that shape the stability and functioning of wider societal, economic and financial systems, and how people, climate and nature interact. By adding these insights to current practices, the Framework helps organisations generate a fuller, more decision-useful picture without duplicating effort.

Linking people and planet: Because people, climate and nature are deeply interconnected, TISFD aligns with the TCFD and TNFD four-pillar structure (governance, strategy, impact and risk management, metrics and targets), which is also the basis for ISSB Standards and is broadly reflected in the ESRS. This structural alignment is intended to enable organisations to report on these issues in a more integrated way, reducing duplication and supporting more coherent governance and strategy. As the Taskforce refines the draft disclosure recommendations, it continues to explore how best to reflect these connections in practice.

Market usability: Above all, the Framework is developed to be practical. It identifies the kinds of information that matter most for businesses' and financial institutions' decision-making and will seek to offer clear, usable guidance that entities can apply in their day-to-day management, strategy and risk oversight. By enhancing the relevance, comparability and usefulness of disclosures, the Framework supports more efficient reporting and closer alignment with how decisions are actually made.

2.1 Intended users and audience

The TISFD Framework has been designed for businesses and financial institutions as **preparers** of general-purpose financial disclosures, and for financial institutions, policymakers, labour and civil society organisations as **users** of disclosures:

PREPARERS	
Intended value of the TISFD Framework	
Businesses	<ul style="list-style-type: none"> • Clearer understanding of emerging business risks and opportunities, including system-level risks and opportunities: Disclosures help surface how-people related impacts and dependencies translate into risks and opportunities revealing where business models create and are exposed to risks, where resilience can be strengthened, and where long-term opportunities for value creation may exist. • More informed business decision-making: Insights generated through the TISFD Framework can support more informed internal decision-making across core operational areas, including workforce practices, value chain and sourcing strategy, business model design, capital allocation and policy engagement. • Enhanced ability to meet evolving external expectations and improve the value of disclosures for stakeholders: By signalling their readiness to manage impacts and risks and seize opportunities related to people, preparers can strengthen credibility with investors, regulators and other stakeholders.
Financial institutions	<ul style="list-style-type: none"> • Sharper insight for capital allocation and structuring: By surfacing how people-related impacts and dependencies give rise to entity-level and system-level risks and opportunities, disclosures support more informed assessment of portfolio performance and asset quality, informing capital allocation, risk management and product design decisions. • Clearer accountability: Enhancing transparency and credibility of financial institution disclosures by aligning reporting with international standards and norms, supporting regulatory readiness, beneficiary accountability and the potential for stronger long-term market valuation.
USERS	
Intended value of the TISFD Framework	
Financial institutions	<ul style="list-style-type: none"> • More decision-useful, comparable information, including on system-level risks and opportunities: Supporting investment, credit and risk decisions, and stewardship, specifically enabling: <ul style="list-style-type: none"> → Asset owners (including pension funds, sovereign wealth funds, and individual investors, such as workers and retirees) to identify and assess people-related impacts, risks and opportunities that affect individual investments, fund allocation and portfolio performance and inform capital allocation, structuring, stewardship and engagement priorities in line with fiduciary duty.

USERS	
Intended value of the TISFD Framework	
Financial institutions	<ul style="list-style-type: none"> → Asset managers to integrate people-related impacts and dependencies more systematically into investment analysis, portfolio construction and client reporting, providing a consistent basis for stewardship, due diligence and engagement with investee companies. → Banks and credit providers to assess how people-related issues affect sectors and markets, supporting more informed lending and credit decisions. → Insurers to understand how people-related pressures affect claims, liabilities, premiums and long-term risk, supporting more accurate pricing and capital allocation.
Financial regulators, supervisors and central banks	<ul style="list-style-type: none"> • Stronger visibility into emerging systemic risks: Improves understanding of how inequality and social pressures can build up across the economy and affect financial stability, market functioning and sustainable growth. • Reduced regulatory fragmentation and reporting burden over time: Contributes to convergence and interoperability across disclosure frameworks, improving efficiency for regulators, supervised entities and market participants. • Better-quality, decision-useful data for supervision: Provides more consistent and comparable information to support supervisory oversight and risk assessment.
Policymakers	<ul style="list-style-type: none"> • Stronger evidence base for more effective policy design: Provides decision-useful data to support the diagnostics, design and evaluation of public policy and long-term economic strategy. • More joined up policymaking: Helps more integrated policy making by making people-related risks and dependencies and their interactions with climate and nature systems more visible across the economy.
Civil society and labour organisations	<ul style="list-style-type: none"> • Greater visibility and accountability: Provides information about how business activity affects workers, consumers and communities, including inequality, enabling stronger accountability; supporting, in particular, labour organisations with information useful in bargaining and in engagement mechanisms. • Sharper focus on social issues: Highlights the importance for business, finance and policymakers to identify, understand and act on social issues. • Alignment of social priorities with climate, nature and transition agendas: Helps ensure that sustainability and transition strategies account for workers and communities, supporting fairer and more durable outcomes. • Shared evidence base: Offers a common, evidence-based language for engagement with business, finance and policymakers.

2.2 About Beta Version 0.1

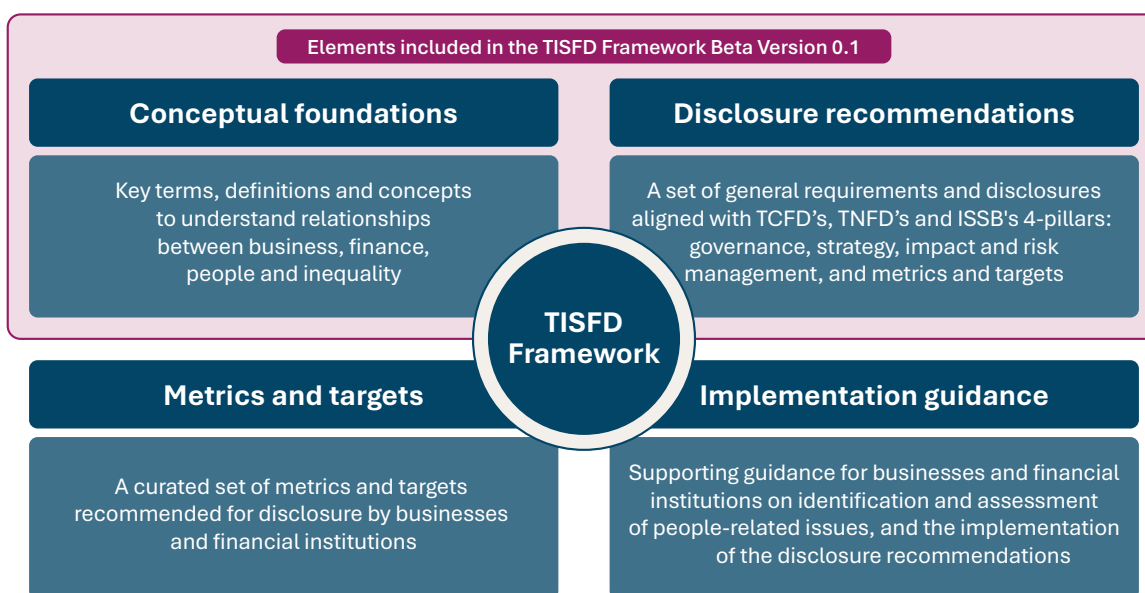
This document presents a first draft, Beta Version 0.1, of the TISFD Framework. Drafting has been led by the TISFD Secretariat, overseen by the Taskforce’s Steering Committee, and supported by two Technical Working Groups bringing together expertise from diverse geographies and perspectives across business, the financial sector, labour organisations and civil society. A list of Technical Working Group members is included in Annex III. This iteration of the Framework was also informed by initial feedback from TISFD’s engagement groups, including the Regional Councils, Alliance and Knowledge Partners.

The publication of draft versions of the Framework is intended to support an iterative process and dialogue with all stakeholders, with each version serving as a working paper for consultation. TISFD encourages businesses, investors, civil society, labour organisations, regulators, technical experts and reporting practitioners to share their feedback and insights to ensure the final Framework is relevant, usable and advances current disclosure practice.

This version of the TISFD Framework includes:

- 1. Conceptual foundations (Section 3)** that present key concepts and definitions for understanding the interactions between people, businesses and financial institutions, including their connection with nature and climate.
- 2. A first draft of the TISFD disclosure recommendations (Section 4;** also referred to as “draft disclosure recommendations”) for impacts, dependencies, risks and opportunities related to people across governance, strategy and impact and risk management pillars.

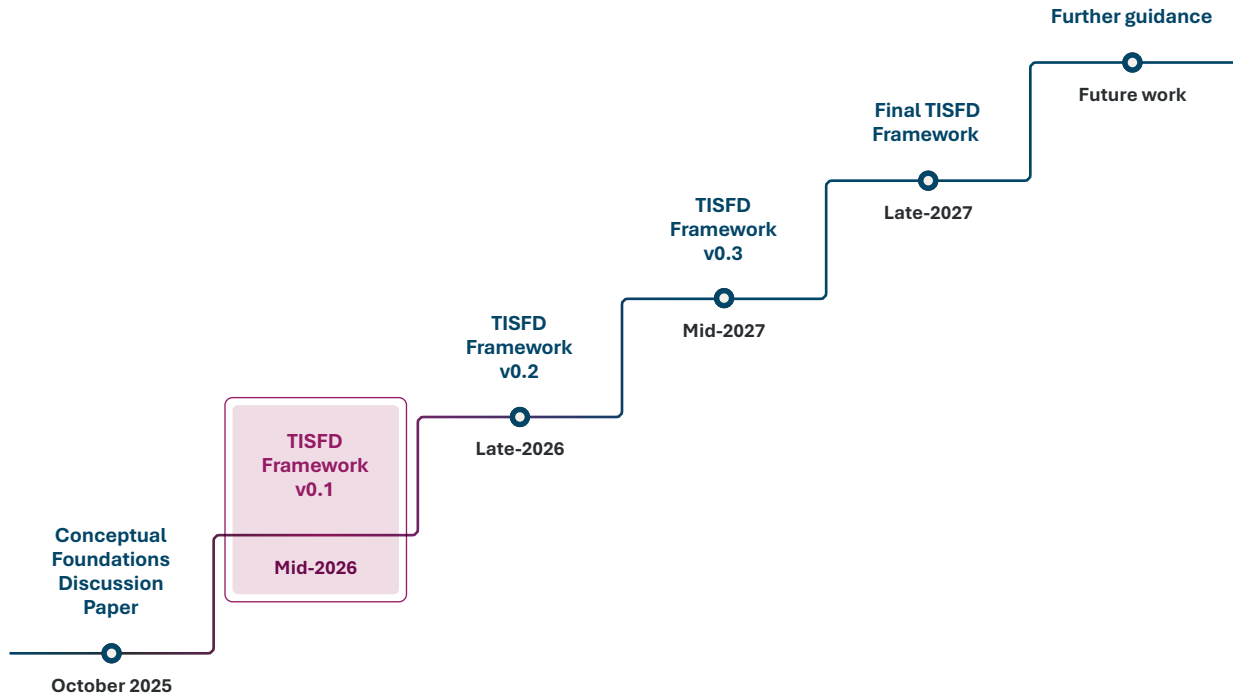
Figure 1 | Key elements of the TISFD Framework



The TISFD Framework will be supported by
a body of evidence developed in collaboration with partners

Subsequent iterations of the Framework will be released throughout 2026 and 2027 progressively integrating key elements of the Framework, including a set of recommended metrics and guidance to help businesses and financial institutions identify, assess, prioritise and disclose people-related impacts, dependencies, risks and opportunities. Further detail on the areas identified for future development is included in [Section 5](#). The final version of the TISFD Framework will be published by the end of 2027.

Figure 2 | Timeline for the development of the TISFD Framework



**Conceptual
foundations for
understanding
relationships
between business,
finance, people
and inequality**

The conceptual foundations introduced in this section provide definitions and explanations of the key concepts needed to understand the complex interactions between people, businesses and financial institutions, including their interconnections with climate and nature. They serve as a shared frame of reference for the disclosure recommendations (and future work on metrics and targets). Together with forthcoming guidance, they are intended to support businesses and financial institutions in identifying and assessing impacts and dependencies on people, along with associated financial risks and opportunities.

Understanding the relationship between business and people

People interact with businesses and financial institutions in four primary ways. They participate as workers, providing labour as an input into production, either within an entity's **own workforce** or as **workers in the value chain**; as **consumers and end-users**, acquiring and using products and services; and as members of **affected communities** connected to businesses activities, directly or through value chains. People also participate in the economy in other capacities, including as investors (including through participation in pension funds) or entrepreneurs, influencing business activity and financial flows.

Figure 3 | People are at the centre of the economy and society



Collectively, people make up **society** as a whole, the broader social and economic environment in which all enterprises operate. Within this context, businesses and financial institutions also engage with **public institutions** and **civil society organisations** as well as with other economic entities that operate within the **economy**. This wider system is itself embedded in and ultimately dependent on **nature and climate** (See [Box 2](#)). [Figure 3](#) illustrates how people, the economy, society, nature and climate fit together, with people at the heart of these systems.

BOX 2 | PEOPLE AND INEQUALITIES IN THE GREEN TRANSITION AND DIGITAL TRANSFORMATION

People are deeply interconnected with **nature** and **climate**. Their well-being and the realisation of human rights depend on environmental conditions that support health, livelihoods, culture and leisure. At the same time, nature loss and climate change are largely driven by human activity, often shaped by the decisions of businesses and financial institutions.

Understanding these linkages is especially critical in the context of a **just transition**, which includes identifying and addressing the people-related impacts of the transition, ensuring that opportunities are created and engaging with affected stakeholders throughout the process.

Digital transformation, most recently driven by the emergence of AI, provides another source of deep systemic disruption that has strong potential to affect people, societies and inequalities. While the ultimate impacts of AI are hard to predict, there is growing evidence of potential job displacement, changes to working conditions, and adverse effects of AI-related products on people. At the same time, AI offers real opportunities for productivity growth and catalytic innovation.

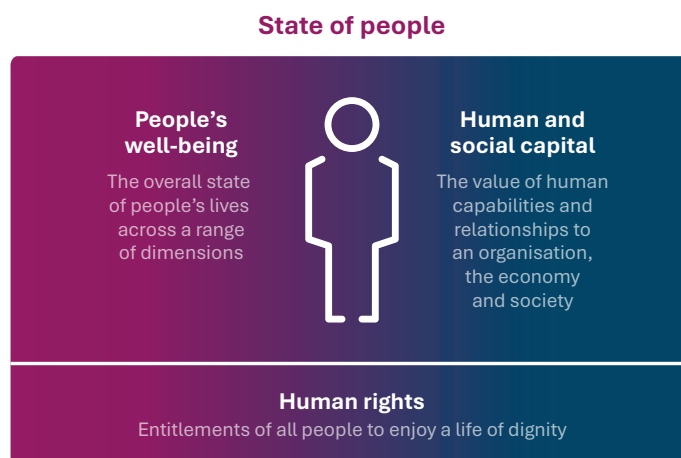
3.1 Social issues and inequalities

Social issues, or people-related issues, involve human rights and people's well-being, the inequalities that exist between people, and the enhancement of human and social capital. They are context-dependent, shaped by the distinct historical, economic, and cultural dynamics of each region, country and community.

How human rights, well-being and human and social capital relate

Over time, different constructs have emerged to understand and address social issues, including human rights, well-being and human and social capital (See Figure 4).

Figure 4 | Understanding the state of people through the complementary lenses of human rights, well-being and human and social capital



Human rights are entitlements of all people to enjoy a life of dignity. International treaties define the obligations of states to protect, respect and fulfil these rights. Businesses and financial institutions, in turn, have a responsibility to respect human rights (See Box 3), as articulated in the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD MNE Guidelines).¹ This responsibility is increasingly being embedded in law, including through mandatory human rights due diligence legislation.²²

Labour rights are an integral part of human rights, grounded in the ILO Conventions and Recommendations and as reflected in the Declaration on Fundamental Principles and Rights at Work. They cover freedom of association and the right to collective bargaining, the elimination of forced and child labour, non-discrimination, and a safe and healthy working environment, alongside rights to fair and adequate remuneration, reasonable working hours, social protection and equal treatment and opportunity.

¹ The UN Guiding Principles extend to the internationally recognised human rights, understood at a minimum as those expressed in the International Bill of Human Rights and the fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work.

BOX 3 | FOUNDATIONS OF RESPONSIBLE BUSINESS CONDUCT

Responsible business conduct is grounded in the responsibility to respect human rights. Under the UNGPs and the OECD MNE Guidelines, enterprises are expected to avoid infringing on people's rights and address any negative human rights impacts with which they are involved, whether through their own activities or business relationships across their value chains. This responsibility applies to all businesses and financial institutions, regardless of size, sector, geography, ownership or structure; it exists independently of the state; and it cannot be offset by positive contributions.

This responsibility is operationalised through human rights due diligence, an ongoing process to identify, prevent, mitigate and account for negative impacts. It includes using influence (or "exercising leverage") through business relationships to address harms, even when the company's own actions have not contributed to the harms. This responsibility also includes access to effective remedy, with meaningful stakeholder engagement underpinning both due diligence and remedy processes.

Building on this foundation, the OECD MNE Guidelines set out expectations for businesses to contribute to economic, environmental and social progress in support of sustainable development. In addition to respecting human rights, these expectations include fostering human capital, ensuring transparency and integrity in lobbying activities, compliance with both the letter and spirit of tax laws, and avoiding anti-competitive practices.

Building on this responsibility, businesses can further contribute to the realisation of human rights and the advancement of people's well-being. **Well-being** reflects the extent to which people are healthy, safe, fulfilled and able to pursue their goals. Approaches to conceptualise and measure well-being provide a holistic view of **outcomes for people** and help determine whether efforts to improve those outcomes are having the intended effect.

Human and social capital provide a way of considering people and relationships from the perspective of the value they bring to organisations, the economy, society and people's future well-being. When people's rights are realised, and when people experience good well-being, they are better equipped to invest in their own future and to contribute meaningfully to business value creation, as well as to broader economic and societal development.

The constructs of human rights, well-being and human and social capital are all concerned with understanding and managing the multi-faceted aspects of the state of people (See [Figure 5](#) for an illustration of relevant aspects). These apply across contexts, but additional aspects may be important in certain regions or cultures.

Figure 5 | Illustrative aspects of the state of people relevant to human rights, well-being and human and social capitalⁱⁱ



Inequalities

Inequalities refer to disparities within and between groups of people, including in their access to resources and opportunities, income and wealth, health and other aspects of their human rights and well-being. Different forms of inequalities often interact and reinforce one another, compounding disadvantages across people and geographies. Reducing inequalities involves respecting and realising human rights, ensuring equality of opportunity, and advancing the well-being of all.

People have unequal starting points in life due to, among other things, historical legacies and persistent power imbalances. These reflect structural inequalities that underpin persistent **inequalities of opportunity**, which refer to differences in people's access to essential resources and services, their treatment by public and private actors, and their voice in decision-making processes.

The resulting disparities in income, wealth, health and other dimensions of well-being are referred to as **inequalities of outcomes**. These two forms of inequalities are mutually reinforcing, as good health or skills can improve a person's job prospects. This dynamic also exists across generations, where parental outcomes, such as family income, influence access to quality housing, education and other life chances, shaping the opportunities of their children and their own lifelong outcomes and human capital potential.

ⁱⁱ The aspects presented here reflect common dimensions found in international social progress frameworks and standards, including international human rights standards, the Sustainable Development Goals, national and international well-being frameworks such as the OECD Well-being Frameworks, and definitions of human and social capital. The aspects represent outcomes as experienced by people rather than the drivers and external factors that affect them.

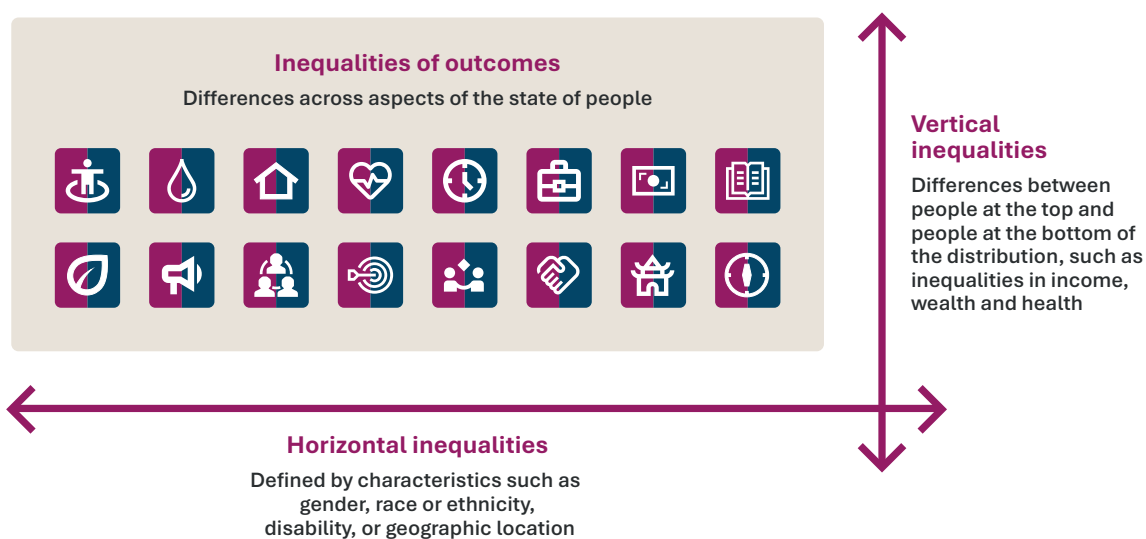
BOX 4 | THE RESPECTIVE ROLES OF GOVERNMENTS AND BUSINESSES IN ADDRESSING INEQUALITIES

Governments play an important role in responding to inequalities and related issues, often as part of their obligations to enable the realisation of human rights and with the specific objectives of reducing excessive inequalities and attaining greater equity in society. They do so through the provision of public services, redistribution and a range of regulatory and policy measures.

Given that business and financial sector activities can contribute to and exacerbate inequalities, they also have an important role to play in addressing them. They further have an interest in doing so because inequalities can have financial consequences affecting individual organisations and even threaten the stability of societies and the economy on which they depend.

When analysing inequalities, it is helpful to consider both horizontal and vertical inequalities (See Figure 6). **Horizontal inequalities** refer to disparities between groups with different characteristics across opportunities and outcomes. **Vertical inequalities** reflect disparities between the top and the bottom of a distribution, most visible in aspects of economic inequality such as gaps in income and wealth.

Figure 6 | Horizontal and vertical inequalities occur across aspects of the state of people



In the context of inequalities, certain individuals or groups, such as children, women, people with disabilities, informal workers or Indigenous Peoples, may find themselves in situations of **vulnerability** (See Box 5). Vulnerabilities arise where there is a heightened likelihood that individuals or groups experience adverse conditions, exclusion or diminished opportunities—including exposure to illegal and criminal practices such as forced labour, trafficking in persons, and child labour—stemming from gaps in legal and social protections, structural disadvantage or discrimination. They are recognised in both international human rights treaties, as well as in many domestic systems.

BOX 5 | THE RIGHTS OF PEOPLE IN SITUATIONS OF VULNERABILITY

International human rights law recognises that certain individuals and groups may experience situations of vulnerability, which can heighten exposure to rights infringements and therefore require legal protections beyond those set out in the International Bill of Human Rights.

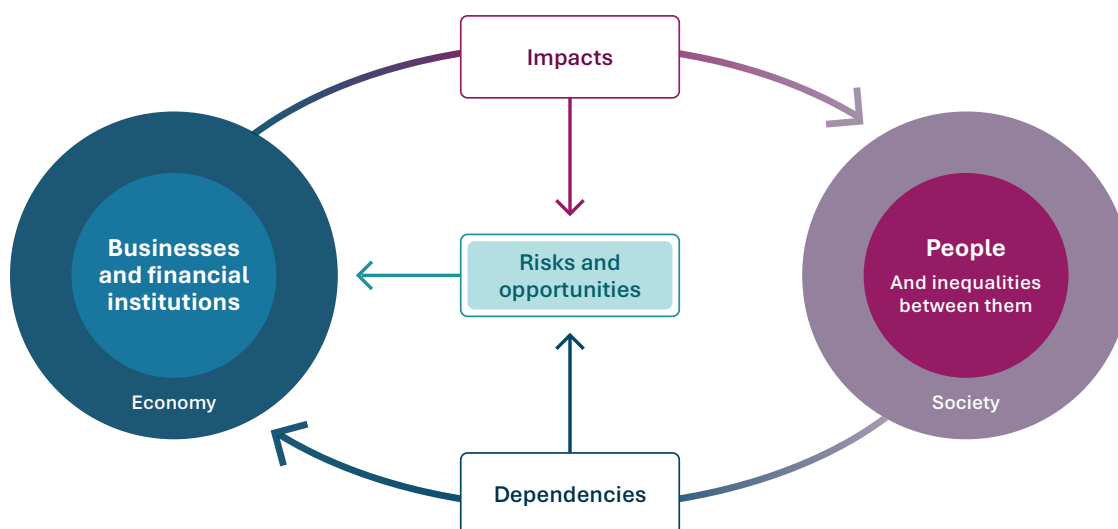
These include:

- **Indigenous Peoples**, whose rights to self-determination, lands and cultural preservation are affirmed in the UN Declaration on the Rights of Indigenous Peoples and ILO Convention No. 169.
- **Children**, generally defined as every human under the age of 18, are protected under the Convention on the Rights of the Child.
- **Persons with disabilities**, whose equal participation and inclusion are protected under the Convention on the Rights of Persons with Disabilities.
- **Women**, whose rights to non-discrimination are affirmed under the Convention on the Elimination of All Forms of Discrimination Against Women.
- **Migrant workers and their families**, whose rights are protected under the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.
- **Racial and ethnic minorities**, whose rights to non-discrimination are affirmed under the International Convention on the Elimination of All Forms of Racial Discrimination.
- **Workers in informal employment** are afforded protections through ILO instruments, including the Transition from the Informal to the Formal Economy Recommendation (No. 204) and the Decent Work Agenda.

3.2 People-related impacts, dependencies, risks and opportunities

The relationship between businesses and financial institutions and people can be characterised by their **impacts** and **dependencies** on people. For businesses and financial institutions, risks and opportunities arise from these impacts and dependencies. These impacts can also accumulate and give rise to **system-level risks and opportunities** (See Figure 7).

Figure 7 | Risks and opportunities arise from people-related impacts and dependencies



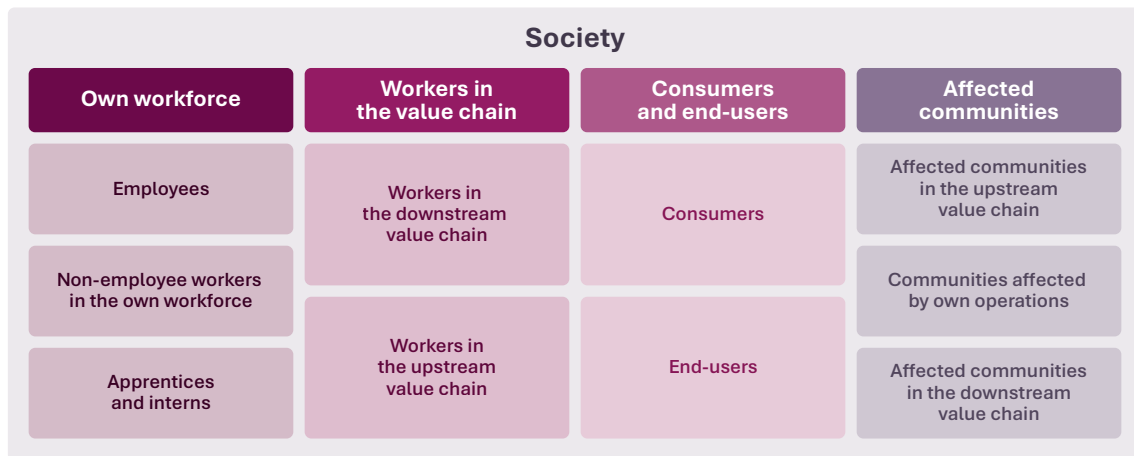
Impacts and dependencies

Impacts refer to the way in which businesses and financial institutions affect people and inequalities between them. Impacts may be positive or negative, intended or unintended, and actual or potential. Impacts can also be direct and indirect, meaning that businesses and financial institutions may cause or contribute to impacts through their own activities, and that impacts may be linked to their operations, products or services by their business relationships.

Affected stakeholders are individuals or groups whose lives are or could be impacted by the activities of businesses and financial institutions. These include the entity's own workforce, workers in the value chain, consumers and end-users, and affected communities (See Figure 8). Some impacts may also be experienced more broadly by society at large, for example when the deployment of surveillance technologies affects the right to privacy, or through tax practices that influence the resources available for the fulfilment of human rights and well-being.

All individuals and groups are rightsholders by virtue of possessing human rights; where business poses potential or actual harm to those rights, affected stakeholders are also referred to as affected rightsholders.

Figure 8 | Examples of affected stakeholders

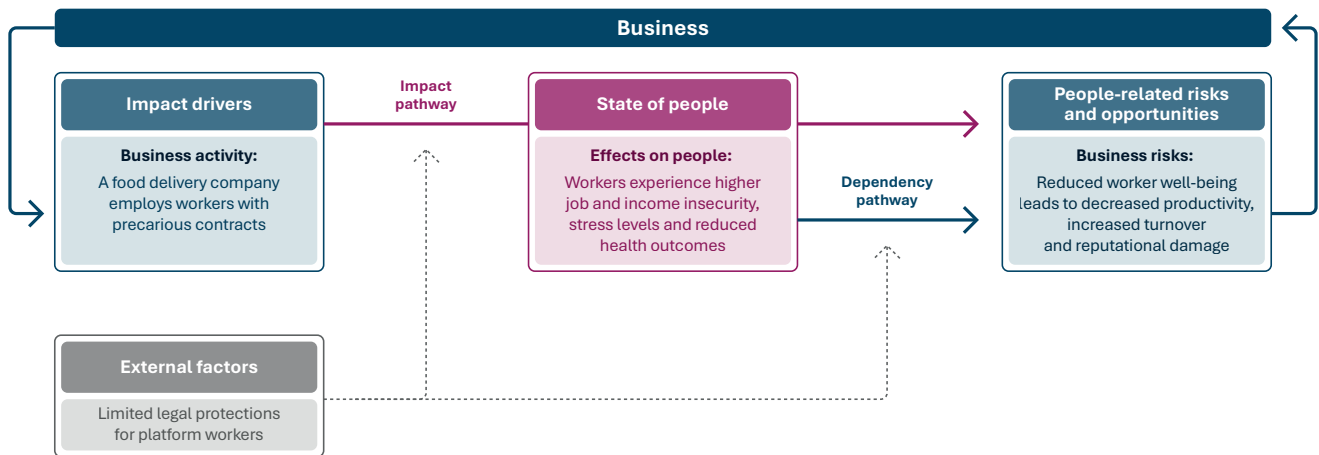


Dependencies refer to the reliance of organisations and societies on human and social resources and relationships. Businesses depend directly on affected stakeholders. This includes workers in their own operations and value chain, whose knowledge, skills, health and motivation underpin productivity, innovation and operational continuity. It also includes communities, who provide the social license to operate, and consumers, whose purchasing power sustains demand.

Beyond these immediate dependencies, businesses and financial institutions also rely on the stability and functioning of the society and economy in which they operate. Social cohesion, trust and the absence of conflict, as well as stable macroeconomic and financial conditions, create the predictability necessary for long-term investment, sustainable growth and economic development. Trust in institutions, information and scientific knowledge also support innovation and investment. Businesses also depend on the size and quality of the available labour force, which is shaped by the opportunities and well-being of people across society.

The sequences that link entities' activities and business relationships with their effects and dependencies on people can be referred to as impact and dependency pathways (See Figure 9). An impact pathway describes how, as part of a specific business activity or business relationship, a particular impact driver can cause, contribute or be linked to changes in the state of people and inequalities. A dependency pathway describes how a particular business activity depends on human and social capital. Both pathways can in turn result in financial risks and opportunities for businesses and financial institutions.

Figure 9 | Impact and dependency pathways



💡 The use of precarious contracts, in the absence of adequate legal frameworks and enforcement, can lead to higher job and income insecurity, higher stress levels and reduced health outcomes for workers, among others.²³ Because businesses depend on a reliable, healthy and motivated workforce, as well as consumer loyalty, these impacts and dependencies can result in risks that undermine business value.

In the impact pathway, **impact drivers** are the inputs (e.g., use of labour), activities and business relationships (e.g., hiring and procurement decisions) and product and non-product outputs (e.g., wages paid) that result in impacts on people and contributions to inequalities. External factors, such as the actions of other companies, governments or climate change and nature loss, also contribute to changes in the state of people and inequalities.

Figure 10 presents an illustrative typology of impact drivers. Their related impacts occur in an entity’s own operations, its value chain and in society (e.g., lobbying and advocacy activities). A detailed list of examples of impact drivers can be found in **Annex IIb**.

Figure 10 | Illustrative activities and business relationships that act as drivers of impacts

Drivers of impacts in own operations		Drivers of impacts in the value chain		Drivers of impacts in society
Hiring, promotion and dismissal	Wages, compensation and benefits	Procurement and business relationships	Capital allocation and structuring	Tax payments and subsidies
Working conditions and culture	Training and skills development	Stewardship and engagement	Sales and pricing	Lobbying and advocacy
Use of technology and data	Physical presence, land and resource use	Marketing and labelling	Product design and development	Bribery and corruption
Philanthropy and community investment	Stakeholder engagement	Research and development	Stakeholder engagement	Anti-competitive practices

BOX 6 | IMPACTS AND DEPENDENCIES ACROSS PEOPLE, NATURE AND CLIMATE

The interlinkages between people, nature and climate mean that business impacts and dependencies can compound and reinforce each other.

- **Mutually harmful impacts:** Impacts that involve harm for both people and for nature and climate. These happen when negative impacts on nature and climate result in negative impacts on people, or vice versa.
 - 💡 Pollution has a negative impact on the natural environment and may also result in harm to human health and people's enjoyment of the natural environment.
- **Synergies:** Impacts that involve mutually reinforcing benefits, improving outcomes for both people and for nature and climate.
 - 💡 Investments in regenerative agriculture can improve soil health and biodiversity while enhancing food security and livelihoods for farmers.
- **Trade-offs:** Situations in which benefits to either people or nature and climate are in direct relation to adverse consequences for the other. When trade-offs occur, businesses should take actions to prevent, mitigate or remediate negative impacts, in order to avoid undermining human rights.
 - 💡 Mining for critical minerals may positively contribute to decarbonisation but be associated with negative impacts on local communities and the water around mining sites.

Interlinked dependencies: Dependencies can also be compounded by the interlinkages between people, nature and climate:

- 💡 Indigenous Peoples play a vital role in safeguarding the natural world, resulting in a mutually reinforcing dependency on both people and nature. Indigenous Peoples hold deep-rooted knowledge, traditions and community-driven approaches that have been shown to be effective in maintaining healthy ecosystems.

Risks and opportunities

Impacts and dependencies can create financial risks and opportunities for individual businesses and financial institutions, known as **entity-level risks and opportunities**. They can also contribute to risks and opportunities emerging from the wider social, economic and financial systems they rely on, known as **system-level risks and opportunities**.ⁱⁱⁱ


Entity-level risks and opportunities may take the form of market, operational, reputational, or policy and legal risks and opportunities, each of which can lead to different types of financial effects for an organisation ([See Figure 11](#)).

ⁱⁱⁱ Following the approach in the TISFD Proposed Technical Scope, system-level risks associated with impacts on people and associated inequalities include both (i) systematic risks: that is, non-diversifiable risks to the portfolios of providers of capital originating from the market's dependencies on people and society; and (ii) systemic risks: major disturbances in social systems that result in cascading effects for the economy and financial system and which can be of particular importance for financial institutions and macroprudential authorities.

Figure 11 | Entity-level risks and opportunities

Examples of financial effects	Opportunities		Risks	Examples of financial effects
<ul style="list-style-type: none"> Reduced operating costs Productivity gains Cash flow predictability 	Opportunities arising from strengthening working conditions, community relations and resilient value chains, leading to productive and continuous operations.	Operational	Risks associated with loss, disruption or diminished performance in an entity's operations. This includes both acute risks, such as site closures, and chronic risks, such as productivity decline.	<ul style="list-style-type: none"> Cost premiums Recovery expenses Hiring costs
<ul style="list-style-type: none"> Reduced liability exposure Lower compliance costs Access to capital 	Opportunities created by anticipating and shaping policy developments, strengthening legal preparedness and enhancing regulatory trust.	Policy and legal	Risks associated with changes in policies, laws, regulations and caselaw that increase the likelihood and potential severity of contingent liabilities and the eventuality of legal claims	<ul style="list-style-type: none"> Fines and penalties Compliance spending Litigation costs
<ul style="list-style-type: none"> Higher brand equity Reduced recruitment costs Higher revenues 	Opportunities created by building a strong reputation for responsible business conduct, enhancing customer loyalty, talent attraction and stakeholder confidence.	Reputational	Risks related to changes in perceptions concerning an organisation's actual or perceived adverse impacts, undermining customer loyalty, employee retention and stakeholder trust.	<ul style="list-style-type: none"> Lost revenues Higher cost of capital Reduced brand equity
<ul style="list-style-type: none"> Access to capital Access to skilled labor Increased growth potential 	Opportunities arising from shifts in social conditions that expand market demand, strengthen labour availability and enhance long-term asset values.	Market	Risks resulting from changes in the social environment that impact supply, demand, access to (human) resources, and the value of assets.	<ul style="list-style-type: none"> Revenue declines Higher cost of capital Lower growth potential

Market, operational, reputational, and policy and legal risks often interact and compound, affecting businesses through multiple channels before materialising into financial consequences.²⁴

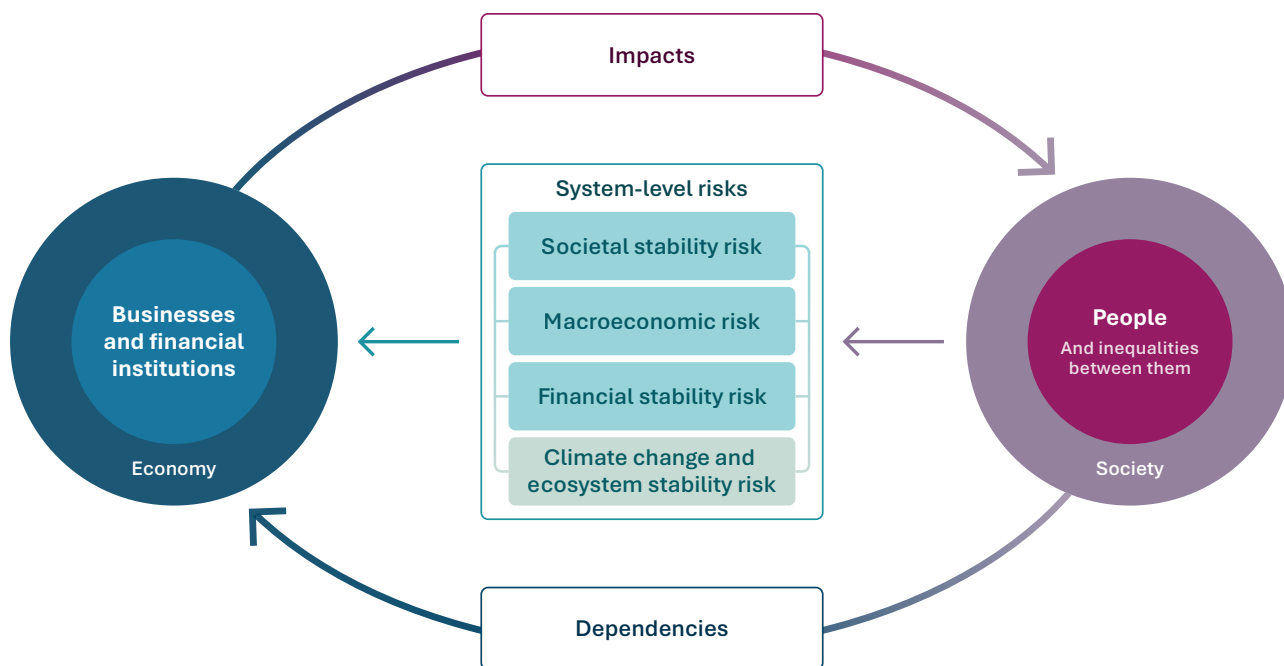
 A mining company that has caused environmental damage affecting the health and livelihoods of Indigenous Peoples may encounter community-led blockades that halt operations, reduced workforce productivity due to health impacts, legal claims for the harm inflicted, and reputational fallout that erodes the trust of customers and investors.

BOX 7 | LEGAL RISKS ASSOCIATED WITH HUMAN RIGHTS VIOLATIONS

Recent years have seen a rise in **human rights related litigation**, including cases that link human rights with climate impacts, environmental harm and corporate due diligence failures.²⁵ Global climate litigation has more than doubled since 2015, with an increasing share of cases grounded in human rights arguments such as the rights to life, health, and a clean environment.²⁶ Courts are seeing a growing number of claims based on duty of care, negligence, misleading disclosures, and other grounds, alongside a steady increase in actions alleging inadequate human rights or environmental due diligence. Litigation may take place where a business is headquartered, where decisions were made, or where impacts are felt, even when operations take place in countries with weaker regulatory frameworks. These trends point to rising legal, financial and reputational exposure for companies that fall short of their responsibility to respect human rights.

When negative impacts, or negative externalities, accumulate or are capable of altering the stability or functioning of social, economic or financial systems, they can contribute to the emergence of system-level risks (See Figure 12). For example, the failure of entities across the economy to pay a living wage to workers may detract from the well-being of people in society as a whole, contribute to inequalities, and undermine macroeconomic performance and societal stability (See Annex IIc).


Figure 12 | Cumulative impacts can contribute to the emergence of system-level risk




System-level risks are risks that affect all or most actors in the economy and that can materialise acutely due to cascading effects, or they can systematically undermine market performance. They can heighten market volatility, affect portfolio-level returns and undermine the profits of individual businesses. These dynamics are particularly relevant for diversified investors and financial institutions, macroprudential regulators and governments.²⁷

Inequality is among the most significant sources of system-level risks to economies and societies²⁸ and has the potential to lead to:


- **Societal stability risk:** Risk associated with systemic disruptions in society as a whole, including an erosion of social cohesion, heightened perceptions of unfairness, and deepening political polarisation.²⁹ Societal stability risk can manifest in the form of weakening of public institutions, the erosion of public services, social unrest,³⁰ heightened crime and violence, sub-optimal regulatory responses, and, in severe cases, lead to macroeconomic decline³¹ and financial instability.³²

 The 2019 social uprisings in Chile, sparked by transport fare hikes, were rooted in longstanding inequality and disrupted economic activity. For investors and businesses, this translated into significant operational disruptions and negative impacts on financial returns.³³

- **Macroeconomic risk:** Systematic risk to sustainable economic growth and long-term financial performance associated with, for example, stagnating or declining levels of human capital,³⁴ market concentration, and public and private debt. Macroeconomic risk can manifest in the form of reduced productivity and labour market participation or hampered innovation.³⁵ Another manifestation is constrained aggregate demand, occurring when inequitable income distribution limits consumption among lower-income households.³⁶

 In South Africa, persistently high unemployment and stark income inequality have constrained aggregate demand, leaving large parts of the population excluded from meaningful participation in the economy and limiting the size of domestic consumer markets. Over time, this has constrained productivity growth and investor confidence, resulting in capital flight and lower long-term returns.³⁷

- **Financial stability risk:** Risk that the financial system is unable to function effectively under stress, impairing its ability to allocate capital, provide liquidity to the economy, accurately assess and price risks, and absorb shocks. Inequality can contribute to financial stability risk when, for example, wealth concentration inflates asset prices,³⁸ predatory financial practices erode the quality of underlying assets, or widespread household indebtedness weakens the resilience of the credit system.³⁹

 In the lead-up to the 2008 Global Financial Crisis, the widespread provision of subprime mortgages by banks and other lenders to households in the U.S. already facing economic vulnerabilities eroded the quality of underlying loan assets. When these mortgages were securitised and embedded in complex financial products held across a range of financial institutions, rising defaults cascaded through global financial markets, undermining bank balance sheets, freezing credit flows, and ultimately triggering deep and lasting effects on economic growth and financial stability.⁴⁰

These system-level risks can take different shapes or forms in different regions and time periods. Their nature depends on the specific social dynamics of a society, including the levels of vertical and horizontal inequalities present. For example, large gaps in income and wealth, especially where they are perceived as unfair, may be a particular source of societal stability risk, while unequal access to education and training can feed into macroeconomic risk by undermining human capital. Often, however, inequality-related risks interact, including with **climate change and ecosystem stability risk** ([See Box 8](#)).

System-level risks can propagate across markets and sectors, exposing a large range of businesses and financial institutions, irrespective of their individual role in generating the underlying impacts. For example, when human capital erodes across a society, this can constrain productivity systematically,⁴¹ while societal stability risk can similarly lead to widespread market or operational risks by undermining the conditions for growth and investment.⁴² As a result, they can generate **portfolio-level risks and opportunities** for asset owners, potentially resulting in financial effects for portfolios, including on valuations and expected returns.⁴³

Conversely, the broad-based realisation of people's rights and well-being and mitigation of inequality also creates **system-level opportunities** for long-term value creation, associated with greater productivity, innovation, more stable societies and sustainable growth. Evidence suggests that reducing disparities can significantly boost economic output.

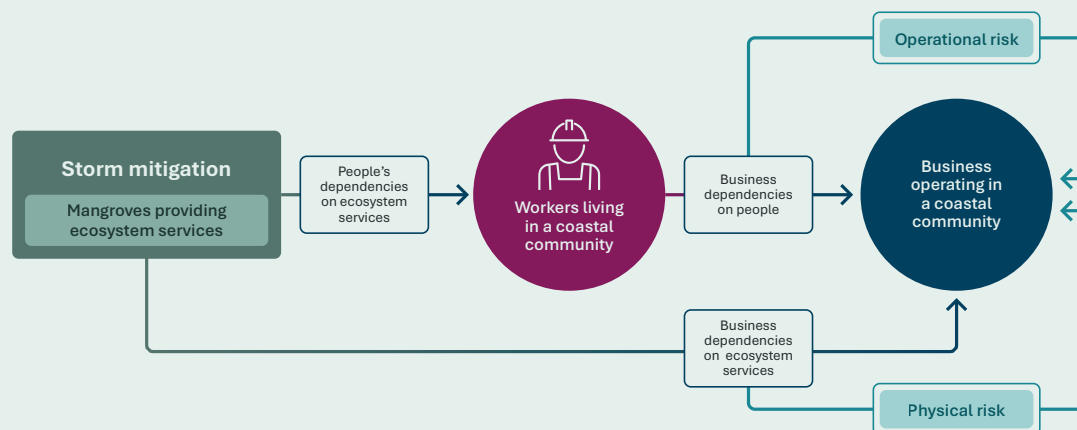
Historical analyses suggest that the civil rights movement contributed to broad-based economic acceleration in the South of the United States, and it has been estimated that further closing racial gaps in the U.S. could have added \$21 trillion to GDP since the turn of the millennium.⁴⁴ Future advances in equity could result in further economic opportunities.⁴⁵ For example, it has been estimated that greater gender equality in labour markets could raise GDP by over 9 percent in OECD countries by 2060.⁴⁶ Similarly, closing gender gaps in education could yield GDP gains of 5-11 percent in certain West African countries.⁴⁷

BOX 8 | RISK AND OPPORTUNITY INTERACTIONS ACROSS PEOPLE, NATURE AND CLIMATE

The interlinkages between people, nature and climate can amplify entity-level risks, as businesses whose impacts mutually harm people and nature or climate can face aggravated operational, legal or reputational risks.

💡 A coastal business may depend on mangroves for storm protection around its facilities, while its workers and surrounding communities depend on the same ecosystem services to protect their homes, health and livelihoods. If mangrove cover is degraded or lost, the business faces direct nature-related physical risk to its operations. But it also faces workforce-related operational risk, because the same degradation exposes its workers and their communities to flooding, displacement and loss of livelihood — undermining the availability, health and productivity of the workforce on which the business depends.

Figure 13 | An example of dependency and risk interactions involving nature and people



Conversely, **synergies** can carry significant opportunities. This is the case for businesses built around nature-based solutions, which can benefit both local ecosystems and the people and workers and communities that rely on them, if properly designed and implemented.

At the system-level, these same interactions exist, but they can generate dynamics that undermine the stability of natural, social and economic systems, including through cascading risks, feedback loops and synchronous failures (see Annex IId). A particular feedback loop exists where:

- **Climate change and nature loss can exacerbate inequalities**, including because the impacts of climate change and nature loss fall disproportionately on vulnerable groups and regions.⁴⁸
- **Transition policies and plans may further contribute to societal stability risk**, particularly through polarisation and weakened social cohesion, including because of negative effects on specific regions and sectors.⁴⁹
- **In turn, inequalities can undermine people's support for the green transition** when the unevenly distributed impacts of transition policies result in opposition to policies or projects aimed at addressing climate change or nature loss.⁵⁰

Together, climate change, nature loss and inequalities have the potential to trigger **synchronous failures** across environmental, social and financial systems.

TISFD disclosure recommendations

The draft TISFD disclosure recommendations outline the information businesses and financial institutions should disclose to users of sustainability-related financial disclosures and other audiences.

4.1 Proposed general requirements

The general requirements establish the core expectations that underpin all TISFD disclosures and are designed to ensure consistency, coherence and comparability across reporting entities. Organisations that state their use of, and alignment with, the TISFD Framework are expected to apply these general requirements across all disclosure recommendations and pillars.

Materiality

Materiality as the foundation for disclosure

Organisations should disclose material information about their people-related impacts, dependencies, risks and opportunities. What constitutes material information is dependent on the materiality definition applied.

Materiality functions as a filter for determining which information is relevant for inclusion or exclusion from disclosures, based on the perspective and information needs of the users of the disclosures. While different types of information may serve different purposes and audiences, there is significant overlap in the information needs they reflect.

Alignment with existing definitions

TISFD's recommendations have been designed to accommodate different definitions of materiality, including those used in existing sustainability and financial reporting frameworks and those adopted by different jurisdictions, thus supporting consistency and interoperability.

- The ISSB requires reporting entities to meet the needs of primary users of general-purpose financial reports. Under IFRS S1 Standard, information is material:

“if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures, and which provide information about a specific reporting entity.” ⁵¹

The IFRS S1 Standard, which sets out expectations of entity's disclosure of sustainability-related risks and opportunities, further ties such information to *“sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.”* ⁵²

Entity's prospects refer to cash flows, access to finance, or cost of capital over the short-, medium- or long-term. ⁵³

- GRI and the ESRS apply a definition of impact materiality to serve the needs of a wider, multi-stakeholder audience, including civil society organisations, trade unions and worker representatives, local communities, customers, investors and policymakers. Under this approach, an entity’s disclosure focuses on:

“its most significant impacts on the economy, environment and people, including impacts on their human rights.” ⁵⁴

Some jurisdictions, notably the European Union, have started to mandate disclosures that serve both a multi-stakeholder audience and the primary users of financial reports, such that information about (1) most significant impacts and (2) risks and opportunities from a financial materiality perspective are both disclosed, irrespective of their overlap. This approach is also referred to as ‘double materiality’.

Recognition of the benefits of an integrated assessment process

Both the ESRS and the ISSB recognise that the identification and assessment of sustainability-related financial risks and opportunities require an understanding of an entity’s impacts and dependencies. Understanding how an organisation affects and depends on people is fundamental to identifying the financial risks and opportunities that may arise from those relationships.

Accordingly, TISFD recognises that the **assessment of impacts and dependencies represents a necessary starting point for assessing risks and opportunities irrespective of the materiality approach applied.**

To support this approach, TISFD is working to provide further guidance to businesses and financial institutions in undertaking these assessments.

BOX 9 | HOW IMPACTS LEAD TO ENTITY-LEVEL RISKS AND OPPORTUNITIES

There are well-established pathways through which negative impacts generate financial risks for individual entities (**See Section 3.2**). These include operational disruptions, reduced demand, reputational harm, litigation and policy and regulatory action. As more jurisdictions adopt mandatory due diligence requirements, companies face growing regulatory exposure, compliance obligations, and potential legal liability, making the management of human rights impacts an increasingly significant factor for financial performance (**see Box 7**). ⁵⁵

By contrast, identifying and addressing negative impacts through human rights due diligence can reduce such risks and create preventative, commercial and operational opportunities, such as more resilient supply chains and a more productive workforce. ⁵⁶ Measures such as increasing wages for low-paid workers may involve costs, but can lead to considerable benefits, including lower staff turnover, reduced recruitment and training costs, and increased workers’ motivation, engagement and productivity, while also providing workers a route out of poverty and reducing inequalities. ⁵⁷

Recognition of shared information needs

While different materiality approaches serve distinct objectives and user needs, the underlying information which they rely on overlaps significantly. The same set of information may be relevant for different users with different purposes.

This applies especially to information on impacts and their management. Because impacts are often an early indicator of risks, information on impacts equips both reporting entities and their investors to anticipate financial effects before they materialise. The severity of an impact on people can be a good predictor of the magnitude of potential financial consequences resulting from regulatory, legal, reputational or market risks.⁵⁸

As a result, information on actual and potential impacts and how these are managed is often relevant not only for a multi-stakeholder audience, but also for the users of financial reports to understand financial risks and opportunities to entity prospects.⁶⁰

This draft of the TISFD Framework establishes materiality as the basis for disclosure, recognises different established definitions of materiality, notes the importance of understanding impacts and the overlap in information needs between different users. Stakeholders are invited to provide feedback to inform any future recommendations by TISFD on materiality.

System-relevant information

Evolving investor information needs

The accumulation of people-related impacts across the economy can also give rise to system-level risks or, conversely, may help realise system-level opportunities ([See Section 3.2](#) and [Figure 12](#)).

The financial returns of diversified investors—including pension funds, insurers and some asset managers—are overwhelmingly determined by systematic effects across the economy, rather than by the returns of individual investments, shaped by entity-level risks or opportunities.⁵⁹ Reflecting this, investors are increasingly paying attention to system-level risks that have the potential to depress the returns of diversified portfolios, such as the societal stability and macroeconomic risk related to inequality.⁶⁰

Investors' growing understanding of the need to address the externalities that give rise to system-level risks,⁶¹ and how doing so forms part of their fiduciary duty,⁶² has led to a rise in interest in system stewardship.⁶³ Lenders, such as banks, similarly have an interest in the health of economic and financial systems. Stronger visibility into system-level risks is also of value to regulators and policymakers seeking to foster societal stability, market functioning and growth.

Accordingly, investor information needs are evolving. While externalities may not always affect the financial prospects of the reporting entity itself, they may affect the financial prospects of the primary users of its reports—and therefore influence investors’ decisions, including engagement and voting in relation to the entity itself, collaborative engagement at an industry- or sector-level, and public policy engagement.

Challenges in disclosure of system-relevant information

Information about an entity’s impacts relevant to system-level risks is often not disclosed under current materiality approaches. This is because some impacts may not constitute the most significant impacts for a reporting entity (under an impact materiality approach) or affect its prospects (under a financial materiality approach). Investors interested in such information are therefore left without sufficient visibility into risks which can affect their portfolio returns.

Equally, preparers face practical challenges in identifying and disclosing those impacts that provide relevant information on the emergence of system-level risks and opportunities that are of interest to investors. By definition, system-level risks arise from the interaction of impacts by multiple actors within broader social, environmental and economic systems. As no individual entity can fully mitigate them through its own actions alone, disclosure can play a vital role in surfacing information that enables stewardship and facilitates coordinated action.

Enabling disclosure of system-relevant information

To respond to investors’ evolving needs and the challenges with the disclosure of system-relevant information, TISFD aims to make recommendations on the disclosure of information that can inform investors about externalities relevant to system-level risks.

At present, TISFD is conducting research to identify a set of key drivers of impacts that may be particularly relevant to a large range of investors and may therefore warrant disclosure. This includes identifying and substantiating the pathways through which these drivers are connected to the system-level risks. For example, the impact of payment of wages below a living wage may aggregate in income and wealth inequalities that result in reduced demand and other macroeconomic and societal stability effects, with financial implications for the portfolios of diversified investors ([See also the illustrative pathway in Annex IIc](#)).⁶⁴

TISFD envisages including this initial set of key drivers of impacts relevant to system-level risks in the next iteration of the Framework, together with identifying relevant metrics recommended for disclosure by preparers. It also plans to provide guidance on the pathways through which externalities accumulate to give rise to system-level risks and associated financial effects for investors.

Given the nature of system level risks and opportunities, entities are not expected to perform a separate assessment to determine which information on these issues should be disclosed, but rather to use future TISFD guidance in this respect.

This draft of the TISFD Framework proposes a general approach to enable disclosures of information relevant to system-level risk. The approach will be refined to include selected drivers, evidenced pathways and recommended metrics in future iterations of the Framework.

Stakeholders are invited to provide feedback on the proposed approach.

Stakeholder engagement

Engagement with stakeholders is essential to understanding impacts, dependencies, risks and opportunities related to people. It underpins both the identification and management of impacts and dependencies (including through human rights due diligence) and the assessment of what information is material for disclosure. Although these activities are connected, it is important to distinguish between them.

The early steps of human rights due diligence (which involve identifying, assessing and prioritising human rights impacts based on their severity and likelihood) are the same as the steps used to assess material negative impacts for reporting. In due diligence, these steps are informed by ongoing meaningful engagement with affected stakeholders or their representatives (such as trade unions and Indigenous leaders) or proxies (such as some civil society organisations or researchers). This engagement provides insights into how impacts occur, are experienced, vary across contexts, evolve over time, and whether responses are effective. Grievance mechanisms serve as both important channels for remedy and continuous sources of feedback.

An entity's determination of impacts and related risks and opportunities should therefore reflect the insights gained from any prior human rights due diligence, including engagement with affected stakeholders and their representatives or proxies.

During the materiality assessment, an entity may also engage other stakeholders to inform their assessment of what information is material for disclosure and to stress-test their findings. This can include engagement with subject matter experts and users of the reports, and in some cases affected stakeholders with a perspective on materiality, such as employees or trade unions. Any engagement with affected stakeholders for the purpose of materiality assessment should build on the existing and ongoing engagement, rather than being a standalone or one-off exercise.

Preparers should disclose how they have engaged with affected stakeholders through due diligence and how stakeholder perspectives have informed decision-making and the assessment and monitoring of impacts and dependencies, reflecting the nature of each engagement and its purpose.

Scope

The TISFD Framework sets out recommendations to disclose information on how entities affect people and inequalities, both positively and negatively, as well as entities' dependencies and related financial risks and opportunities. This includes impacts, dependencies, risks and opportunities related to an entity's workforce, workers in the value chain, consumers and end-users and communities.

As many impacts, dependencies, risks and opportunities arise through value chain activities and business relationships, preparers should consider their own operations, as well as downstream and upstream value chains within the scope of their materiality assessments. The Taskforce recognises that the ability of entities to report across this full scope, including operations and value chains, and all stakeholder groups may evolve over time.

Preparers should explain what is included in the scope of their assessment and disclosures, the process followed to determine the scope, any changes from the previous reporting year, and outline any plans for further expansion of the scope of their disclosures in the future.

Time horizons

When businesses and financial institutions identify and assess their impacts, dependencies, risks and opportunities, it is important that they consider different time horizons.

Dependencies that are critical to long-term performance can be overlooked in day-to-day decision-making. For example, a business may rely on a highly skilled and motivated workforce for sustained innovation and continuity, but short-term operational or financial pressures can lead to underinvestment in training or retention, weakening long-term resilience.

While short-term actions can deliver immediate financial benefits for an individual entity, they may also give rise to longer-term risks for the entity itself, its investors and society as a whole. For example, outsourcing may reduce short-term costs but contribute to precarious work and wage stagnation, which can accumulate into broader macroeconomic and social stability risks that may ultimately affect the entity's own prospects.

In this way, different time horizons can reveal tensions between an entity's immediate interests and those of diversified investors and other financiers whose returns depend on the health of the broader economy and society, even where the entity itself does not view these risks as its own.

Preparers should explain how they define short-, medium- and long-term time horizons in their disclosures.

4.2 Overview of TISFD draft disclosure recommendations

The draft TISFD disclosure recommendations are based on the four-pillar structure used by TCFD and TNFD frameworks and the ISSB Standards. Used as a foundation, TISFD further adapted the structure to address unique considerations of how businesses and financial institutions interact with people and to align with other disclosure standards, including the ESRS.

The four pillars used in the draft framework are:

- **Governance:** The governance processes, controls and procedures the entity uses to oversee and manage impacts, dependencies, risks and opportunities related to people.
- **Strategy:** Impacts, dependencies, risks and opportunities related to people, and their interaction with the entity's strategy and business model, related financial effects, and the organisation's ability to adapt. This pillar also captures how an entity *responds* to identified impacts, dependencies, risks and opportunities, drawing an important connection between policies, actions and strategy.
- **Impact and risk management:** The processes the entity uses to identify, assess, prioritise and monitor impacts, dependencies, risks and opportunities related to people. The emphasis is placed on *how* an entity *identifies and monitors* people-related impacts, dependencies, risks and opportunities to complement the disclosures in the Strategy pillar.^{IV}
- **Metrics and targets:** The entity's performance regarding impacts, dependencies, risks and opportunities related to people.

Using these four pillars supports convergence and consistency in sustainability-related reporting.

The approach also encourages businesses and financial institutions to consider their relationship with people, nature and climate in an integrated manner. In particular, disclosure recommendations under Governance ([disclosure A2, page 51](#)), Strategy ([disclosure A1, page 53](#)) and Impact and risk management ([disclosure A3, page 57](#)) pillars provide insights into how organisations manage, identify and assess their people-, nature-, and climate-related impacts, dependencies, risk and opportunities and how those interact with each other. Such integration can increase efficiency of entities' processes, effectiveness of their actions, and ultimately benefits to society and the planet.

The draft disclosure recommendations are designed to accommodate different definitions of materiality ([See Section 4.1](#)). They can also be applied by companies in all sectors, irrespective of their size and geographical location. Additional sector-specific guidance will be considered in future updates to the Framework.

The Taskforce is developing guidance to help businesses and financial institutions to identify and assess impacts, dependencies, risks and opportunities related to people, and to prepare relevant information for disclosure. For more information about this area of future work, see [Section 5.6](#).

^{IV} TISFD has adapted the title of this pillar as used in other frameworks to reflect that identification, assessment and monitoring of impacts (and dependencies) is a precursor of effective risk identification and management.

Figure 14 presents an overview of TISFD draft disclosure recommendations.

The recommendations align closely with existing frameworks and those shaded in blue indicate the limited areas where targeted adaptation of existing frameworks are proposed. The Taskforce welcomes stakeholder feedback on the draft disclosure recommendations, which will inform future versions of the Framework.

Figure 14 | The draft TISFD disclosure recommendations

Governance	Strategy	Impact and risk management	Metrics and targets*
<p>Disclose the entity's governance of people-related impacts, dependencies, risks and opportunities.</p>	<p>Disclose the interaction between people-related impacts, dependencies, risks and opportunities and the entity's business model and strategy, and related financial effects.</p>	<p>Disclose the processes used by the entity to identify, assess, prioritise and monitor people-related impacts, dependencies, risks and opportunities.</p>	<p>Disclose the metrics and targets used to assess and manage people-related impacts, dependencies, risks and opportunities.</p>
<p>A. Describe the oversight of people-related impacts, dependencies, risks and opportunities.</p>	<p>A. Describe the people-related impacts, dependencies, risks and opportunities the entity has identified.</p>	<p>A. Describe the entity's processes to identify, assess and prioritise people-related impacts, dependencies, risks and opportunities in its own operations, upstream and downstream value chain(s).</p>	<p>A. Disclose the metrics used by the entity to assess and manage people-related impacts and dependencies.</p>
<p>B. Describe management's role in the governance processes, controls and procedures used to monitor, manage and oversee people-related impacts, dependencies, risks and opportunities.</p>	<p>B. Describe the interaction between people-related impacts, dependencies, risks and opportunities and the entity's business model and strategy, and related financial effects.</p>	<p>B. Describe the entity's processes to monitor people-related impacts, dependencies, risks and opportunities.</p>	<p>B. Disclose the metrics used by the entity to assess and manage people-related risks and opportunities.</p>
<p>C. Describe the entity's approach to stakeholder engagement on people-related impacts, dependencies, risks and opportunities and how the perspectives of affected stakeholders are incorporated into governance and management decision-making.</p>	<p>C. Describe the resilience of the entity's strategy and business model to people-related risks and opportunities.</p>	<p>C. Describe how processes to identify, assess, prioritise and monitor people-related risks are integrated into and inform the entity's overall risk management processes.</p>	<p>C. Describe the targets and goals used by the entity to manage people-related impacts, dependencies, risks and opportunities and its performance against these.</p>

* Disclosure recommendations on metrics and targets will form part of TISFD's future work and will be included in next iterations of the Framework.

4.3 Detailed TISFD draft disclosure recommendations

Governance

Understanding how an entity governs people-related impacts, dependencies, risks and opportunities is essential for investors and other stakeholders. The draft disclosure recommendations are designed to help users assess the governance of people-related issues, the quality of oversight, the strength of leadership accountability, and the organisation's approach to stakeholder engagement with a specific focus on how perspectives of affected stakeholders shape the organisation's decision-making.

DISCLOSE THE ENTITY'S GOVERNANCE OF PEOPLE-RELATED IMPACTS, DEPENDENCIES, RISKS AND OPPORTUNITIES.

A	Describe the oversight of people-related impacts, dependencies, risks and opportunities.
B	Describe management's role in the governance processes, controls and procedures used to monitor, manage and oversee people-related impacts, dependencies, risks and opportunities.
C	Describe the entity's approach to stakeholder engagement on people-related impacts, dependencies, risks and opportunities and how the perspectives of affected stakeholders are incorporated into governance and management decision-making.

DETAILED DISCLOSURES

The following detailed disclosure recommendations relate to the people-related impacts, dependencies, risks and opportunities identified in [Strategy A](#).

A. Describe the oversight of people-related impacts, dependencies, risks and opportunities.

- A1.** The governance body or bodies responsible for oversight of people-related impacts, dependencies, risks and opportunities (IDROs). Specifically, the entity should describe:
- The body or bodies' composition, including the representation of employees and other workers, and the representation by gender and by other aspects of diversity that the entity takes into account;
 - How responsibilities for people-related IDROs are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to the body or bodies;

- Whether appropriate skills and competencies are available, or will be developed, to oversee strategies and other measures designed to respond to people-related IDROs;
- The processes and frequency by which the governance body or bodies are informed about people-related IDROs;
- How the governance body or bodies consider people-related IDROs when overseeing the entity's strategy, its decisions on major transactions^v and its impact and risk management processes and related policies, including whether any tensions or trade-offs associated with people-related IDROs have been considered;
- How the governance body or bodies oversee the setting of targets related to people-related IDROs and monitors progress towards them, including whether and how related performance metrics are included in remuneration policies.

A2. Whether the oversight of people, nature, and climate-related issues is conducted in an integrated manner. If it is, the entity should provide integrated governance disclosures to avoid duplication.

B. Describe management's role in the governance processes, controls and procedures used to monitor, manage and oversee people-related impacts, dependencies, risks and opportunities.

The entity should include the following information:

- B1.** Whether and how the entity has assigned responsibilities for people-related IDROs to a specific management-level position or committee, how oversight is exercised over that position or committee, including if they report to the board or a board committee, and whether those responsibilities include monitoring, managing, and overseeing people-related IDROs.
- B2.** Whether management uses controls and procedures to support the oversight of people-related IDROs, including how management is informed about and monitors people-related IDROs, and how such controls and procedures are integrated with other internal functions.
- B3.** Whether appropriate skills and competencies are available, or will be developed, to meet management responsibilities in relation to monitoring, managing and overseeing people-related IDROs.

^v This could include overseeing major capital expenditures, acquisitions, divestitures, equity-linked compensation plans, capital allocation, security selection and structuring.

C. Describe the entity's approach to stakeholder engagement on people-related impacts, dependencies, risks and opportunities and how the perspectives of affected stakeholders are incorporated into governance and management decision-making.

- C1. The entity should disclose the following information in relation to the engagement process(es) undertaken in the reporting period:
- The purpose of the engagement process(es), indicating whether it takes place in relation to the identification, assessment, management, monitoring and/or evaluation of people-related IDROs;
 - The stakeholder groups involved, including affected stakeholders, such as workforce, workers in value chain, consumers and end-users, and affected communities, or their representatives;
 - The approach to and design of the engagement, including methods used, frequency, and any formal or informal structures supporting the process(es);
 - The key results of the engagement process(es);
 - How information on the engagement process(es) and its results are communicated to the governance body or bodies and management, and how these results inform decision-making.
- C2. The entity should disclose its understanding of affected stakeholders' perspectives regarding impacts identified in Strategy A.
- C3. The entity should describe how it engages with investors about system-level risks and opportunities related to people and inequalities and any collaborative action(s) undertaken by the entity to address system-level risks and opportunities related to people and inequalities.
- C4. The entity should disclose information about any advocacy or lobbying that concerns human rights and well-being of people, in particular a summary of its:
- Governance of such advocacy and lobbying;
 - General approach to engagement with public authorities on related initiatives, policies and regulations;
 - Key priorities and positions;
 - Main direct advocacy and lobbying activities undertaken on related regulation and public policy development.
- C5. The entity should provide a description of its involvement in any ongoing or concluded cases during the reporting period that concern people-related impacts and dependencies, including administrative and judicial proceedings and cases brought to National Contact Points under the OECD Guidelines of Multinational Enterprises on Responsible Business Conduct.

Strategy

Disclosures about an entity’s impacts, dependencies, risks and opportunities related to people and how those interact with its strategy, business model and related financial effects help investors and other stakeholders assess the entity’s financial prospects and resilience.

DISCLOSE THE INTERACTION BETWEEN PEOPLE-RELATED IMPACTS, DEPENDENCIES, RISKS AND OPPORTUNITIES AND THE ENTITY’S BUSINESS MODEL AND STRATEGY, AND RELATED FINANCIAL EFFECTS.

A	Describe the people-related impacts, dependencies, risks and opportunities the entity has identified.
B	Describe the interaction between people-related impacts, dependencies, risks, and opportunities and the entity's business model and strategy, and related financial effects.
C	Describe the resilience of the entity’s strategy and business model to people-related risks and opportunities.

DETAILED DISCLOSURES

A. Describe the people-related impacts, dependencies, risks and opportunities the entity has identified.

A1. The entity should describe people-related impacts and dependencies it has identified, including:

- For each impact:
 - Whether it is actual or potential, positive or negative;
 - The stakeholder group affected or potentially affected;
 - The primary location(s) where it occurs or may occur;
 - The impact pathway(s), including:
 - ▶ *The drivers of impact, including in the entity’s own operations, in value chains and in society;*
 - ▶ *Any external factors related to the impact;*
 - ▶ *The resulting effects on the state of people, including how they relate to human rights and inequalities;*
 - How the impact interacts with the entity’s impacts on climate and nature.
- A description of its dependencies on people, including the dependency pathways, providing information on:
 - The entity’s dependencies on affected or potentially affected stakeholder groups, and society as a whole;
 - How the identified impacts affect or may affect the human and social capital on which the entity depends.

A2. The entity should describe the people-related risks and opportunities it has identified that could affect its business model, value chain, strategy and financial position, financial performance and cash flows, including:

- A description of each risk and opportunity identified and the relevant time horizon (short-, medium- or long-term);
- Whether and how the risks and opportunities arise from the entity's impacts and dependencies on people. For those identified impacts and dependencies, the entity should disclose the information specified in **disclosure A1**;
- Whether and how risks and opportunities relate to system-level risks or opportunities, especially those arising from inequalities.

B. Describe the interaction between people-related impacts, dependencies, risks and opportunities and the entity's business model and strategy, and related financial effects.

Considering the people-related impacts, dependencies, risks and opportunities identified in **Strategy A**, the entity should describe how those interact with its business model, value chain and strategy, and related financial effects.

Business model and value chain

B1. The entity should describe whether and how its impacts and dependencies originate from its business model and strategy.

B2. The entity should describe the current and anticipated effects of the risks and opportunities on its business model, own operations and upstream and downstream value chain(s).

B3. The entity should describe where in its business model, own operations and upstream and downstream value chain(s) the risks and opportunities are concentrated.

Strategy and decision-making

B4. The entity should describe how it has responded to, and plans to respond to, people-related impacts, dependencies, risks and opportunities it has identified, in its strategy and decision-making, including:

- Whether the entity has a public commitment or policy statement to respect human rights aligned with the UN Guiding Principles on Business and Human Rights and/or the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;
- Policies to prevent, mitigate and remediate negative impacts on people, and to enhance or contribute to positive impacts;
- Policies to manage people-related risks and pursue opportunities;
- A description of the key actions implemented during the reporting period to manage the identified impacts, dependencies, risks and opportunities;
- How the rights, interests and perspectives of affected stakeholders were considered in the development and implementation of these policies and actions.

B5. The entity should disclose quantitative and qualitative information about the progress of plans to respond to people-related IDROs disclosed in previous reporting periods in accordance with disclosure B4. The information should also include changes to the plans since the last reporting period.

B6. The entity should disclose any tensions or trade-offs between identified IDROs and other business objectives or pressures.

Financial position, financial performance and cash flows

B7. The entity should describe the current and anticipated effects of people-related risks and opportunities on its financial position, financial performance and cash flows, including:

- How the identified people-related risks and opportunities have affected the entity's financial position, financial performance and cash flows during the reporting period;
- How the entity expects its financial position, financial performance and cash flows to change over the short-, medium- and long-term, given its strategy to manage the identified people-related risks and opportunities;
- Whether the entity anticipates any significant investments, resource allocation or where relevant, asset acquisition or disposals where factors include identified people-related risks and opportunities;
- How people-related risks and opportunities serve as an input into the entity's financial planning processes.

C. Describe the resilience of the entity's strategy and business model to people-related risks and opportunities.

C1. The entity should disclose information on its capacity to adjust to uncertainties arising from people-related risks. The entity shall disclose its assessment of the resilience of its strategy and business model in relation to its people-related risks, including those emerging at the system-level. The entity should explain how the assessment was carried out and the time horizons considered.

Impact and risk management

Investors and other stakeholders need to understand how an entity identifies, assesses, prioritises and monitors impacts, dependencies, risks and opportunities related to people across its operations and value chain. The draft disclosure recommendations are designed to help users assess whether an entity has systematic processes in place, can identify emerging issues early, prioritises them effectively, monitors them proactively, and integrates them into its risk management processes sufficiently.

DISCLOSE THE PROCESSES USED BY THE ENTITY TO IDENTIFY, ASSESS, PRIORITISE, AND MONITOR PEOPLE-RELATED IMPACTS, DEPENDENCIES, RISKS AND OPPORTUNITIES.

A	Describe the entity's processes to identify, assess and prioritise people-related impacts, dependencies, risks and opportunities in its own operations, upstream and downstream value chain(s).
B	Describe the entity's processes to monitor people-related impacts, dependencies, risks, and opportunities.
C	Describe how processes to identify, assess and prioritise and monitor people-related risks are integrated into and inform the entity's overall risk management processes.

DETAILED DISCLOSURES

A. Describe the entity's processes to identify, assess and prioritise people-related impacts, dependencies, risks and opportunities in its own operations, upstream and downstream value chain(s).

- A1.** The entity should describe its processes to identify, assess, and prioritise people-related impacts and dependencies, including:
- The inputs the entity uses, any assumptions adopted and the implication for the processes;
 - The scope of own operations, upstream and downstream value chain(s) covered, and how the entity determines the scope;
 - Whether and how the processes are informed by the entity's human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights and/or the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;
 - Whether and how the processes are informed by perspectives of affected and potentially affected stakeholders;
 - How the entity assesses the significance of impacts and prioritises negative impacts based on their severity and likelihood.

A2. The entity should describe processes to identify, assess, and prioritise people-related risks and opportunities, including:

- The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);
- How the processes integrate the entity's understanding of its people-related impacts and dependencies;
- How the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);
- Whether and how the entity prioritises people-related risks relative to other types of risk;
- The processes the entity uses to identify, assess, and prioritise people-related opportunities; and
- Whether and how the entity has changed the processes it uses compared with the previous reporting period.

A3. Whether and how the entity's processes to identify, assess and prioritise people-related impacts, dependencies, risks and opportunities consider nature and climate-related impacts, risks and opportunities.

B. Describe the entity's processes to monitor people-related impacts, dependencies, risks and opportunities.

B1. The entity should disclose its processes to monitor people-related impacts and dependencies, including:

- How it monitors the effectiveness of actions taken to address people-related impacts, including evidence of effects on the state of people;
- How the monitoring draws on feedback from internal and external sources, including affected stakeholders, and how the entity uses grievance and other channels for affected stakeholders to raise concerns and to assess the effectiveness of its actions;
- Key features of the channels available to raise concerns or grievances and how they meet effectiveness criteria set out in the UN Guiding Principles, ⁶⁵ Principle 31; ^{vi}
- How the entity reviews and improves the effectiveness of these channels, including examples of how lessons from the channels have informed and improved the management of people-related IDROs.

B2. The entity should disclose how it monitors people-related risks and opportunities.

B3. How the monitoring of people-related IDROs is integrated into relevant internal reporting processes to support governance and strategy.

^{vi} According to Principle 31 non-judicial grievance mechanisms should be legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous-learning. Operational-level grievance mechanisms should also be based on engagement and dialogue.

C. Describe how processes to identify, assess, prioritise and monitor people-related risks and opportunities are integrated into and inform the entity’s overall risk management processes.

C1. The entity should describe the extent to which, and how, the processes for and results of identifying, assessing, prioritising and monitoring people-related risks and opportunities are integrated into and inform the entity’s overall risk management process.

Metrics and targets

Disclosure recommendations on metrics and targets will form part of TISFD’s future work and will be included in next iterations of the Framework ([See Section 5.7](#)).

The following draft disclosure recommendations are included as an illustrative placeholder and are intended to relate to impacts, dependencies, risks and opportunities identified in [Strategy A](#).

DISCLOSE THE METRICS AND TARGETS USED TO ASSESS AND MANAGE PEOPLE-RELATED IMPACTS, DEPENDENCIES, RISKS AND OPPORTUNITIES.	
A	Disclose the metrics used by the entity to assess and manage people-related impacts and dependencies.
B	Disclose the metrics used by the entity to assess and manage people-related risks and opportunities.
C	Describe the targets and goals used by the entity to manage people-related impacts, dependencies, risks and opportunities and its performance against these.

Areas for further development

The development of the TISFD Framework is designed to be an iterative process, incorporating feedback and progressively adding key elements over time. This section outlines priority areas for future work identified by the Taskforce, which will be further developed in subsequent versions of the Framework and related publications.

5.1 Inequalities

Section 3 highlights how businesses and financial institutions can both contribute to and reduce inequalities and can be exposed to related risks and opportunities, including those arising from societal stability, macroeconomic and financial stability effects.

TISFD is working to document and build the evidence base on how business and financial sector activities affect inequalities. This includes refining an understanding of the drivers of impacts on people and inequalities, clarifying how impacts related to inequalities give rise to financial risks and opportunities for entities, as well as how they contribute to broader societal, macroeconomic and financial stability risks, and may therefore be relevant to investors and financial institutions, and developing criteria for prioritising metrics related to inequality-related system-level risks.

5.2 Materiality

Beta Version 0.1 of the TISFD Framework outlines a proposed approach to materiality (**Section 4.1**) and reflects it into the draft disclosure recommendations. This approach acknowledges and builds on different definitions of materiality, including financial materiality and impact materiality supporting interoperability across jurisdictions and frameworks such as ISSB, the ESRS and GRI. The approach also emphasises that understanding an entity's impacts and dependencies on people is a necessary starting point for identifying risks and opportunities, regardless of the materiality lens applied. While these materiality lenses serve different users, the underlying information they draw on overlaps significantly, particularly information on impacts and how they are managed, which can be an early indicator of future financial effects.

The Taskforce will continue its work by further exploring where and how information relevant to different materiality approaches may overlap, including how people-related impacts and dependencies relate to risks and opportunities for individual entities, and to broader societal, economic and financial risks across different time horizons, and the extent to which this overlap can be reflected in shared indicators and metrics relevant for multiple users.

The Taskforce invites feedback on its proposed approach on materiality.

5.3 System-level risks

The conceptual foundations ([Section 3](#)) of the TISFD Framework emphasise that widespread or cumulative people-related impacts, especially those related to inequalities, can give rise to broader societal and economic risks. Such risks can undermine societal stability, economic performance and financial system resilience, making them relevant for diversified investors and other actors whose interests depend on the health of those systems.

The proposed general requirements ([Section 4.1](#)) reflect evolving investor information needs, by recognising growing interest in system-level risks and opportunities arising from these impacts, and the challenges preparers face in identifying and disclosing such information under traditional materiality approaches.

In response, TISFD aims to develop recommendations on disclosures related to selected drivers of impacts relevant to system-level risks, supported by guidance on the pathways through which these translate into broader economic and financial effects.

The draft disclosure recommendations in this Beta Version 0.1 seek to achieve this through:

- **Governance disclosures:** Ask entities to describe how they engage with investors about system-level risks and opportunities related to people and inequalities, and any collaborative actions undertaken to address them. They also require disclosure of advocacy and lobbying priorities regarding key drivers of impacts relevant to system-level risks.
- **Strategy disclosures:** Ask entities to describe the risks and opportunities they have identified, including whether and how they relate to system-level risks, especially those arising from inequalities. Entities are asked to describe the resilience of their strategy and business model to uncertainties arising from people-related risks, including those emerging at the system level.

Future iterations of the Framework will build on this work by:

- **Identifying a set of key drivers of impacts relevant to system-level risks**, together with pathways through which these drivers and related impacts are connected to system-level risks and associated metrics; and
- **Developing practical guidance** to support decision-useful disclosure, without requiring entities to undertake separate system-level materiality assessments.

5.4 People, nature and climate

Society, nature and climate are deeply interconnected systems. The conceptual foundations ([Section 3](#)) of the TISFD Framework highlight that impacts on people often arise from, or are amplified by, nature loss and climate change, while social conditions, including inequalities, can influence the success of climate transition, which themselves have associated impacts on people. Recognising these interdependencies is essential for understanding both effects on an individual organisation and the broader risks affecting societal stability, macroeconomic performance and financial system resilience.

The draft TISFD Framework recognises the interconnections between people, nature and climate, including the concept of just transition, and encourages entities to identify and assess people-related impacts and dependencies in connection to those related to nature and climate. In this Beta Version 0.1, the draft disclosure recommendations reflect these interconnections:

- **Governance disclosures:** Ask entities to disclose whether oversight of people-, nature- and climate-related issues is conducted in an integrated manner, and to provide integrated governance disclosures where relevant.
- **Strategy disclosures:** Encourage entities to consider how people-related impacts and dependencies interact with the entity's impacts on climate and nature.
- **Impact and risk management disclosures:** Ask entities to describe the assessment of impacts, dependencies, risks and opportunities related to people, including in relation to nature and climate.

While this establishes a foundation for integrated assessment, the Taskforce will consider, and welcomes feedback on, how to better reflect this integration within the disclosure recommendations themselves.

In addition, the Taskforce is considering:

- Including in future assessment guidance ways to help businesses and financial institutions effectively integrate the identification and assessment of impacts, dependencies, risks and opportunities across people, nature and climate. This work could include exploring how these domains interact in operations and value chains, and how integrated assessments can better inform strategy, risk management, capital allocation and disclosure.
- Examining how metrics and targets can support greater integration, including identifying indicators that capture cross-cutting dynamics and exploring where metrics may be relevant to multiple user groups.

5.5 Identification and assessment guidance

While there is extensive guidance for identifying, assessing, prioritising and managing negative human rights impacts in line with the international standards on human rights due diligence, existing frameworks provide limited support for understanding how entities relate to inequalities, how they depend on people and social systems, and how these impacts and dependencies translate into enterprise- and portfolio-level risks and opportunities.

Guidance is also largely absent on how entities can understand the relevance of their people-related impacts to system-level risks and opportunities. These gaps are compounded by insufficient quantitative measurement of positive and negative impacts and dependencies, and by a lack of clarity on how different approaches, including human rights due diligence, impact measurement, well-being metrics, impact valuation and enterprise risk management, relate to one another and can be part of a coherent process.

TISFD is working to close gaps in current guidance. It is exploring the development of operational guidance, aligned with human rights due diligence, to help businesses and financial institutions connect social and inequality dynamics to risks and opportunities at the enterprise-, portfolio- and system-level.

The guidance will support assessments across stakeholder groups, operations and value chains, and in connection with nature and climate, and will be designed to serve different materiality approaches.

As the Framework evolves, TISFD may consider expanding its technical guidance in areas where greater specificity is needed. Following the approach taken by other disclosure initiatives, this may include developing tailored guidance to support financial institutions in applying the TISFD Framework in ways that reflect their distinct roles, exposures and decision-making processes. Such guidance would not create separate disclosure requirements, but would help ensure more consistent and meaningful application of the Framework across the financial system.

The guidance will be developed in collaboration with TISFD's Knowledge Partners and with stakeholder input. Draft guidance will be included in future iterations of the Framework, which TISFD will seek to pilot test with business and financial institutions.

5.6 Guidance on scenario analysis

Limited understanding of societal dynamics means that businesses and financial institutions may not yet be adequately preparing for, preventing or responding to broader social and inequality-driven risks that can emerge at the level of societies, economies and the financial system. Assessing exposure to such risks requires a deeper understanding of different scenarios that inequalities and related risks may present to businesses and financial institutions.

The Taskforce recognises that forward-looking disclosures can be more insightful where they are underpinned by scenario-based analysis, which remain underdeveloped for social issues and inequalities. To this end, the Taskforce intends to conduct research into the applicability of scenario analysis in the context of inequality and social-related risks. This work will also consider how social factors are currently reflected within emerging climate and nature scenarios.

5.7 Metrics and targets

This Beta Version 0.1 of the TISFD Framework does not include detailed disclosure recommendations on metrics and targets. Strengthening alignment and coherence in this area has been a core objective of the Taskforce from the outset, and it will work to develop recommendations in future iterations, including an initial core set of metrics and targets.

In addition, the Taskforce is considering the following supporting work:

- Leveraging existing research, TISFD will map and assess gaps and bottlenecks in social data ecosystem and infrastructure to understand how companies and financial institutions collect, aggregate and communicate people-related information. Such assessment could inform guidance to help organisations navigate and improve social data infrastructures, including how to source and use decision-useful data for reporting and internal decision-making.
- Research on the applicability of thresholds in the social domain to understand whether given outcomes are sustainable or unsustainable from the perspective of current and future generations. There is, as yet, no consensus on the extent to which sustainability-related thresholds or allocations can be applied in the context of social issues. At the same time, businesses and financial institutions express interest in guidance on “what good looks like” in relation to social issues and inequalities.

Engage in shaping the TISFD Framework

TISFD encourages the participation of all stakeholders in shaping its emerging Framework.

With the publication of this Beta Version 0.1 of the Framework, TISFD is now commencing a structured process of engagement with businesses and financial institutions on the draft disclosure recommendations and forthcoming guidance to ensure the Framework is developed by and with the market to ensure it is practical, relevant and useful for corporate decision-making.

It will simultaneously embark on a focused process of engagement with civil society and labour organisations to test real-world relevance, surface blind spots, and ensure the recommendations are meaningful and globally relevant.

TISFD stakeholder engagement channels

TISFD has established engagement channels for a wide range of stakeholders:

- 1. The TISFD Alliance.** The Alliance is a platform for learning, dialogue and practical engagement. Membership of the Alliance is free and open to a broad range of organisations. Members of the Alliance are invited to provide early input into the development of the Framework and engage in webinars and discussions on key aspects of the Framework, the current policy environment, and wider social disclosure landscape.
- 2. Public consultation.** The TISFD Framework is being developed through an open, iterative process. The Taskforce seeks stakeholder feedback throughout this process to inform future beta versions. To facilitate this, TISFD has created an interactive online platform, which can be accessed via TISFD's website (tisfd.org). Stakeholders are encouraged to provide feedback on Beta Version 0.1 by 31 July 2026. In addition to seeking feedback throughout the development process, TISFD will undertake a 90-day public consultation on its final draft, before publishing its final recommendations in 2027.
- 3. Pilot testing.** TISFD will convene businesses and financial institutions to actively test elements of Beta Version 0.1 of the TISFD Framework, to support market usability and inform future work. As the Framework develops further, in Beta Versions 0.2 and 0.3, we will facilitate working groups of businesses and financial institutions to undertake pilot testing. Participating in pilot testing allows businesses and financial institutions to build internal understanding and capacity, and to stay ahead of evolving investor, policy and market expectations. More information on pilot testing will be shared on our website later this year.

Annex I

Glossary

Affected communities: People or group(s) living or working in the same area that have been or may be affected by a reporting entity's operations or through its upstream and downstream value chain. Affected communities can range from those living adjacent to the entity's operations (local communities) to those living at a distance. Affected communities include actually and potentially affected Indigenous Peoples.

Source: Adapted from EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Affected stakeholders: Individuals or groups whose lives are or could be impacted by the activities of businesses and financial institutions. When these impacts pose potential or actual harm to human rights, those individuals or groups are also referred to as affected rightsholders. The four key categories of affected stakeholders in the TISFD Disclosure Framework are own workforce, workers in the value chain, consumers and end-users, and affected communities.

Source: TISFD

Business relationships: The relationships the entity has with business partners, entities in its value chain, and any other non-state or state entity directly linked to its business operations, products or services. Business relationships are not limited to direct contractual relationships. They include indirect business relationships in the entity's value chain beyond the first tier, and shareholding positions in joint ventures, or associates as well as other investments.

Source: Adapted from EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Children: Every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier.

Source: [United Nations Convention on the Rights of the Child](#)

Civil society organisations: Non-state, not-for-profit, voluntary entities formed by people in the social sphere that are separate from the state and the market.

Source: [UN Guiding Principles Reporting Framework](#)

Consumers: Individuals who acquire, consume or use goods and services for personal use, either for themselves or for others, and not for resale, commercial or trade, business, craft or profession purposes.

Source: EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Dependencies: The reliance of organisations and economies on human and social resources and relationships.

Source: TISFD

End-users: : Individuals who ultimately use or are intended to ultimately use a particular product or service.

Source: EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Employee: An individual who is in an employment relationship with the entity according to national law or practice.

Source: Adapted from EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Equity (social): A state where individuals' needs and requirements are taken into account and those individuals are treated accordingly.

Source: TISFD

Horizontal inequalities: Disparities between groups with different characteristics, such as gender, age, race or ethnicity, disability or sexual orientation.

Source: TISFD

Human capital: Knowledge, skills, health and other aspects of the state of people, viewed from the perspective of maintaining or providing value for organisations, the economy, society and people's future well-being.

Source: Adapted from OECD (2007), [Human Capital](#)

Human rights: Rights inherent to all human beings, which include, at a minimum, the rights set out in the United Nations (UN) International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Source: GRI (2025), [GRI Standards Glossary](#)

Impacts: The effect the entity has or could have on people, including effects on human rights and on inequalities, that are connected with its operations, products or services through its own activities or through business relationships in its upstream or downstream value chain. The impacts can be actual or potential, negative or positive, intended or unintended, and reversible or irreversible. They can compound and accumulate, and arise over the short-, medium- or long-term.

Source: Adapted from EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Inequalities: Inequalities refer to disparities within and between groups of people, including in their access to resources and opportunities, as well as outcomes they experience in relation to income, wealth and other aspects of their well-being.

Source: TISFD

Inequalities of opportunity: Disparities in people's access to resources, voice and treatment that affect their ability to realise their human rights and improve their well-being.

Source: TISFD

Inequalities of outcomes: Disparities within dimensions of people's well-being, between individuals or groups.

Source: TISFD

Just transition: A just transition promotes environmentally sustainable economies in a way that is inclusive, by creating decent work opportunities, reducing inequality and by leaving no one behind.

Source: ILO (2023) [Resolution concerning a just transition towards environmentally sustainable economies and societies for all](#)

Non-employee workers in the own workforce: Non-employees in an entity's own workforce include both individual contractors supplying labour to the undertaking (e.g., self-employed people) and people provided by entities primarily engaged in employment activities (e.g., temporary agency workers) or by other entities providing services such as catering and cleaning.

Source: Adapted from EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Opportunities: Potential positive effects on an entity's prospects, including the entity's cash flows, its access to finance or cost of capital over the short-, medium- or long-term (also referred to as entity-level opportunities). For investors, these include potential positive effects on the returns of individual investments and the returns of portfolios (in case of the latter, they can be referred to as portfolio-level opportunities).

Source: Adapted from IFRS (2025), [S1 General Requirements for Disclosure of Sustainability-related Financial Information](#)

Outcomes for people: The level of well-being experienced by people or condition of the natural environment that results from the actions of the organisation, as well as from external factors.

Source: Adapted from Impact Management Platform (2021), [Key terms and concepts](#)

Own workforce: Employees who are in an employment relationship with the entity ('employees') and non-employees who are either individual contractors supplying labour to the entity (e.g., self-employed people) or people provided by entities primarily engaged in employment activities (e.g., temporary agency workers). The own workforce also includes any apprentices and interns whose work is controlled by the organisation.

Source: Adapted from EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Public institutions: Organisations that exercise public authority and/or serve the public interest at national or international level.

Source: TISFD

Risks: Potential negative effects on an entity's prospects, including the entity's cash flows, its access to finance or cost of capital over the short-, medium- or long-term (also referred to as entity-level risks). For investors, these include potential negative effects on the returns of individual investments and the returns of portfolios (in case of the latter, they can be referred to as portfolio-level risks).

Source: Adapted from IFRS (2025) [S1 General Requirements for Disclosure of Sustainability-related Financial Information](#)

Social capital: The relationships among and between people, businesses and other actors in society that foster cooperation and maintain or provide value for organisations, the economy and people's future well-being.

Source: Adapted from OECD (2001), [The Well-being of Nations: The role of Human and Social Capital](#)

Social issues: Refer to the impacts that businesses and financial institutions have on people's rights and well-being and resulting inequalities, their dependencies on human and social capital, and the related financial risks and opportunities they are exposed to.

Source: TISFD

State of people: The combined set of outcomes that reflect people’s well-being, the realisation of their human rights, and the human and social capital they hold.

Source: TISFD

System-level opportunities: Opportunities for all or most actors across the economy to benefit from improved economic and financial outcomes resulting from the broad-based realisation of people’s rights, the advancement of their well-being, and reduced inequalities.

Source: Adapted from PRI (2025), [Addressing system-level risks and opportunities](#)

System-level risks: Non-diversifiable risk originating from the market’s dependencies on environmental, financial and social resources (systematic risk); or any major disturbance in environmental, financial and social systems that results in cascading effects on the economy and financial system (systemic risk).

Source: PRI (2025), [Addressing system-level risks and opportunities](#)

TISFD Framework: A framework developed by the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) comprising conceptual foundations, disclosure recommendations, metrics and targets and the guidance. For the purpose of this draft, “TISFD Disclosure Framework” and “TISFD Framework” are used interchangeably.

Source: TISFD

TISFD disclosure recommendations: Disclosures for businesses and financial institutions proposed by TISFD and presented as part of the TISFD Disclosure Framework.

Source: TISFD

Vertical inequalities: Disparities between those experiencing the best and worst opportunities or outcomes.

Source: TISFD

Vulnerability: The state in which individuals, groups and communities face a particular risk of being exposed to discrimination and other adverse human rights impact. People who are disadvantaged, marginalised, or excluded from society are often particularly vulnerable. Examples may be children, women, Indigenous Peoples, people belonging to ethnic or other minorities, people in informal work, or persons with disabilities.

Source: Adapted from United Nations (2012), [The corporate responsibility to respect human rights: An Interpretive Guide](#)

Well-being: The overall state of people’s lives reflecting the extent to which they are healthy, safe, fulfilled and able to pursue their goals and enjoy a good quality of life.

Source: TISFD

Workers in the value chain: An individual performing work in the value chain of the entity, regardless of the existence or nature of any contractual relationship with the entity. Workers in the value chain include all workers in the entity’s upstream and downstream value chain. This includes on-site third-party workers, i.e. workers who are employed or contracted by a business relationship that have no direct labour contract with the reporting entity (e.g., workers that work for a third-party catering or cleaning company).

Source: Adapted from EFRAG (2025), [Aggregated acronyms and glossary of terms. Draft Simplified ESRS](#)

Annex II




Foundations for understanding social issues

Annex IIa

Figure 15 | Description of aspects of the state of people relevant to human rights, well-being and human and social capital

Aspects of the state of people

Individual aspects

 Safety The extent to which individuals are free from harm, threats and physical insecurity, in public, at work and at home.	 Income and wealth The level and distribution of financial resources individuals have access to, including income and wealth and their financial security.
 Access to resources and services Availability, accessibility, acceptability and quality of essential resources and services, such as food, water, education, health care, social protection and energy.	 Knowledge and skills The breadth and depth of individuals' knowledge and competencies.
 Housing The quality, security and adequacy of the dwelling in which people live.	 Environmental quality The condition of people's surrounding natural and built environment, including air, water and access to green space.
 Health and mental health The physical and mental states of individuals, ranging from poor health and psychological distress to full physical functioning and psychological stability.	 Voice The extent to which individuals can participate in decision-making and have their perspectives heard and taken into account, including as citizens and as workers.
 Work-life balance The extent to which individuals are able to manage their time, energy and responsibilities across work and personal life domains.	 Inclusion and belonging The degree to which individuals feel socially accepted, valued and connected, as opposed to experiencing exclusion, discrimination or isolation.
 Work Individuals' employment status and work experiences, including the degree of autonomy, stability, recognition, opportunities for progression and relationships.	 Meaning and purpose The extent to which individuals experience a sense of meaning and purpose in life.

Collective aspects

 Social cohesion and trust The presence of confidence, cooperation and solidarity within and between groups in a community or society.	 Cultural identity and heritage The recognition, preservation and celebration of diverse cultural traditions, languages and practices that contribute to group identity.
 Absence of conflict The absence of war, political violence and civil unrest, and the presence of peace and stability within and between communities.	 Self-determination The extent to which peoples or communities are able to shape their own political, cultural and economic development and exercise collective agency.

NOTE The aspects presented here reflect common dimensions found in international social progress frameworks and standards, including international human rights standards, the Sustainable Development Goals, national and international well-being frameworks such as the OECD Well-being Frameworks, and definitions of human and social capital. The aspects represent outcomes as experienced by people rather than the drivers and external factors that affect them.

Annex IIb

This Annex presents examples of impact drivers, aligned with the high-level categories presented in **Figure 11** of **Section 3.2**. Impact drivers are the inputs, activities and business relationships and product and non-product outputs that result in impacts on people and contribute to inequalities.

The impact drivers are categorised across three domains: drivers of impacts in own operations, drivers of impacts in the value chain, and drivers of impacts in society. This list does not include the policies or management processes that entities may use to identify, prevent, mitigate or remediate impacts.

These drivers can apply to both businesses and financial institutions. Financial institutions occupy a uniquely influential position within the financial system. Through capital allocation and structuring and stewardship and engagement, they have an important influence over which entities can grow, which sectors thrive, and how risks, return and value are distributed across society. As such, they have particular levers at their disposal that can directly or indirectly affect people and inequalities in both positive and negative ways.

These examples are intended to support conceptual clarity and analytical consistency; they are not intended to serve as a blueprint for disclosure. TISFD intends to conduct further research on the drivers of impacts on people and inequalities, in order to inform its forthcoming work, including on metrics and targets and on system-level risks.

Figure 16.1 | Examples of impact drivers (own operations)

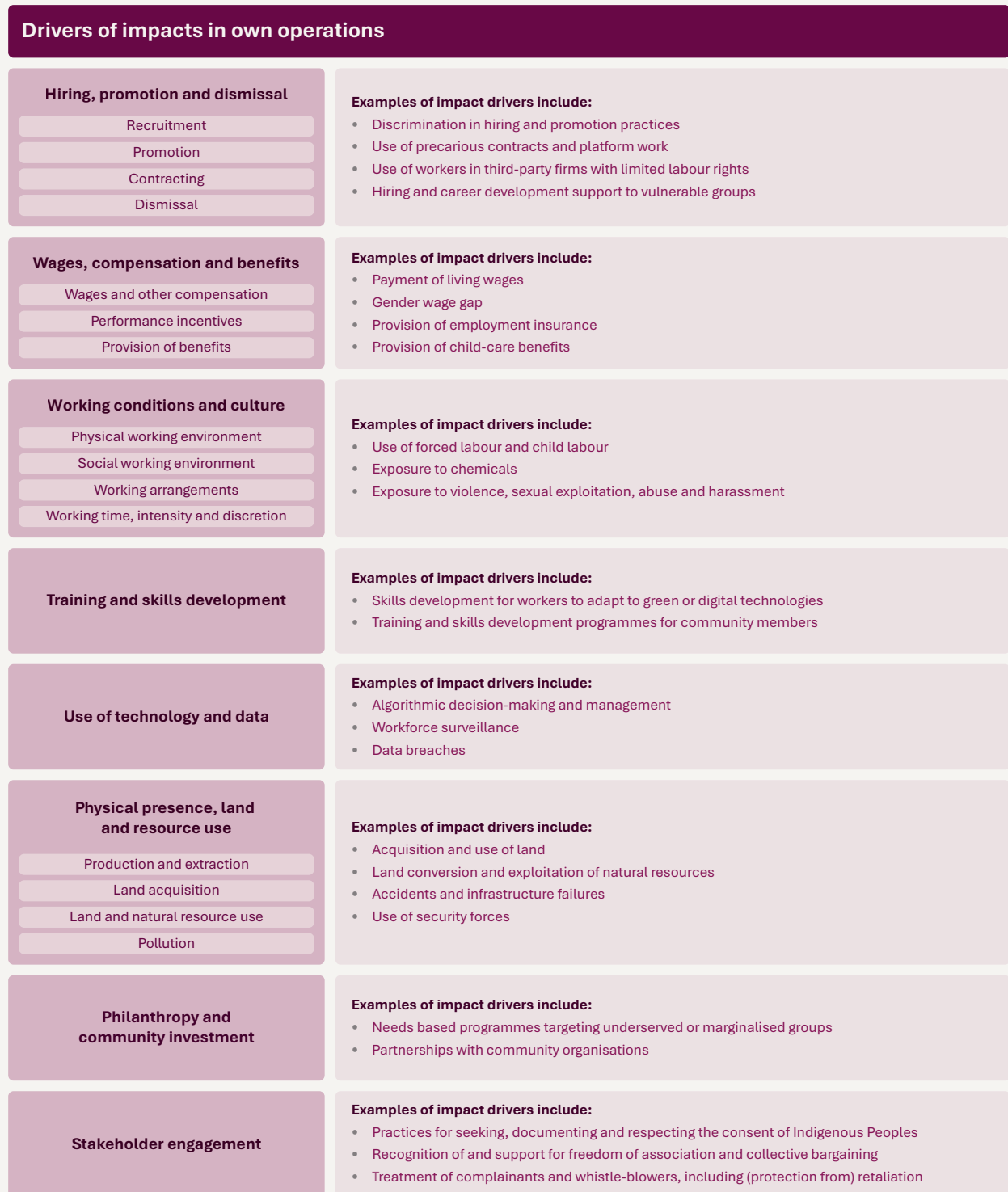


Figure 16.2 | Change to Examples of impact drivers (value chain)

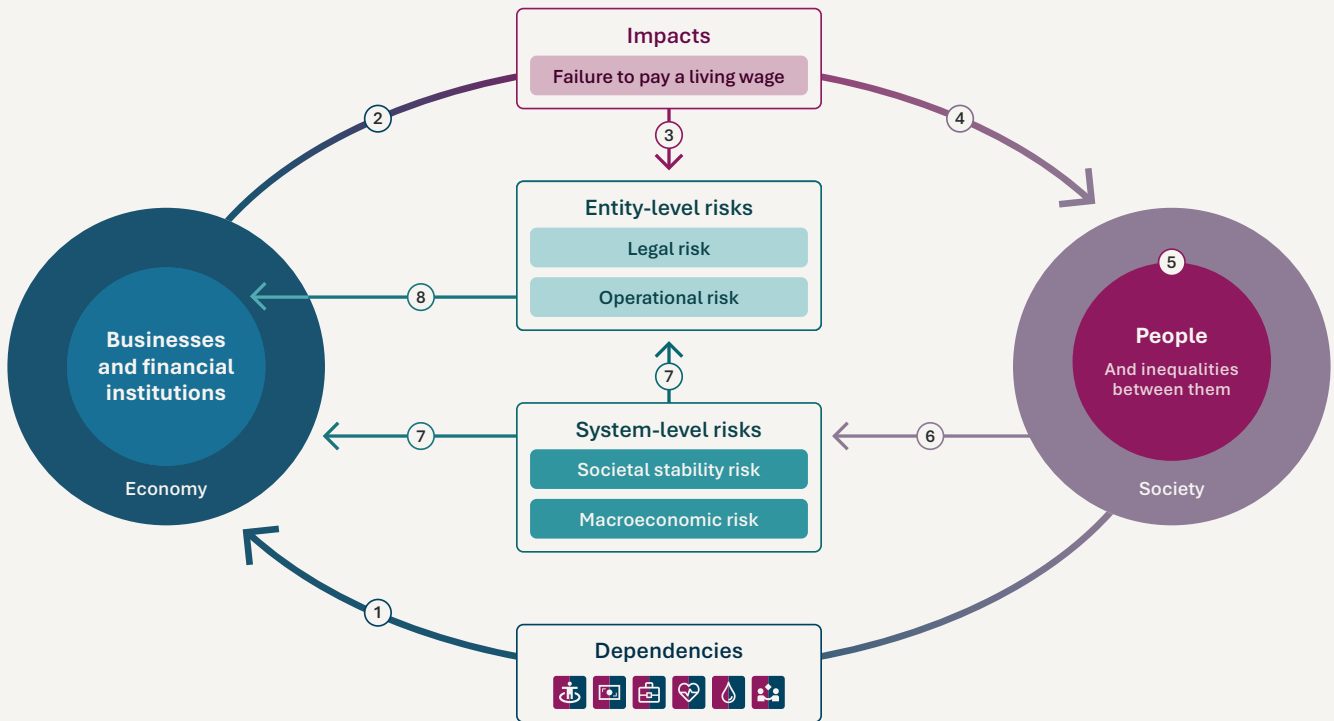
Drivers of impacts in the value chain	
<p>Procurement and business relationships</p> <ul style="list-style-type: none"> Selection of suppliers Procurement practises Engagement 	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Harmful payment terms, late payments and unpredictable orders Low-cost sourcing and predatory practices Use of commodities and inputs with limited traceability Procurement from small or minority owned businesses
<p>Capital allocation and structuring</p> <ul style="list-style-type: none"> Asset allocation Security selection and pipeline development Terms of financing, ownership and participation 	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Risk assessments that limit adequately priced capital to SMEs, EMDEs and rural regions Financial engineering to extract short-term value over productive investment Impact and catalytic financing deployment Employee and community ownership and participation structures
<p>Stewardship and engagement</p> <ul style="list-style-type: none"> Engagement Exercising of voting rights Filing and support of shareholder resolutions Participation in collaborative engagement activities 	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Passive or formulaic voting practices Engagement exclusively aimed at prioritising short-term shareholder value Active ownership and voting aligned with long-term value creation Support for strengthened governance structures (e.g. worker representation)
<p>Product design and development</p> <ul style="list-style-type: none"> Product provision Product design Product development 	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Provision of products that harm when used, misused or overused Product design or development with harmful or exclusionary qualities Use of toxic, hazardous, high-risk or non-sustainable materials Design for long life, repair, upgrade and reuse
<p>Sales and pricing</p> <ul style="list-style-type: none"> Pricing strategies Terms of contracts Sales channels Distribution 	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Discriminatory, differential or exploitative pricing of essential goods and services Misleading or aggressive sales practices and predatory contracts High-speed delivery Income-sensitive or tiered pricing
<p>Marketing and labeling</p> <ul style="list-style-type: none"> Marketing practices Communication Labelling and claims 	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Discriminatory marketing practices Consumer education Inclusive, accessible and culturally sensitive communication
<p>Research and development</p>	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Research and development that advances sustainable development objectives Technology transfers to business partners, especially in EMDEs
<p>Stakeholder engagement</p>	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> Provision of grievance mechanisms for supply chain workers Customer feedback and complaint mechanisms for end-users Engagement with communities affected by the use or disposal of products

Figure 16.3 | Examples of impact drivers (society)

Drivers of impacts in society	
Tax payments and subsidies	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> • Aggressive tax avoidance practices • Weak tax compliance and governance
Lobbying and advocacy	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> • Lobbying against laws that protect workers, communities, consumers or public finances • Use of intermediary organisations to engage in lobbying and advocacy • Engagement in collective action and advocacy in support of human rights and well-being
Bribery and corruption	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> • Bribery of public officials to secure contracts, licences or permits • Misappropriation of public funds through collusion with government actors • Money laundering through business operations or financial products
Anti-competitive practices	<p>Examples of impact drivers include:</p> <ul style="list-style-type: none"> • Collusive and deceptive practices • Abuse of dominance and market power • Unfair trading practices and market conduct

Annex IIc

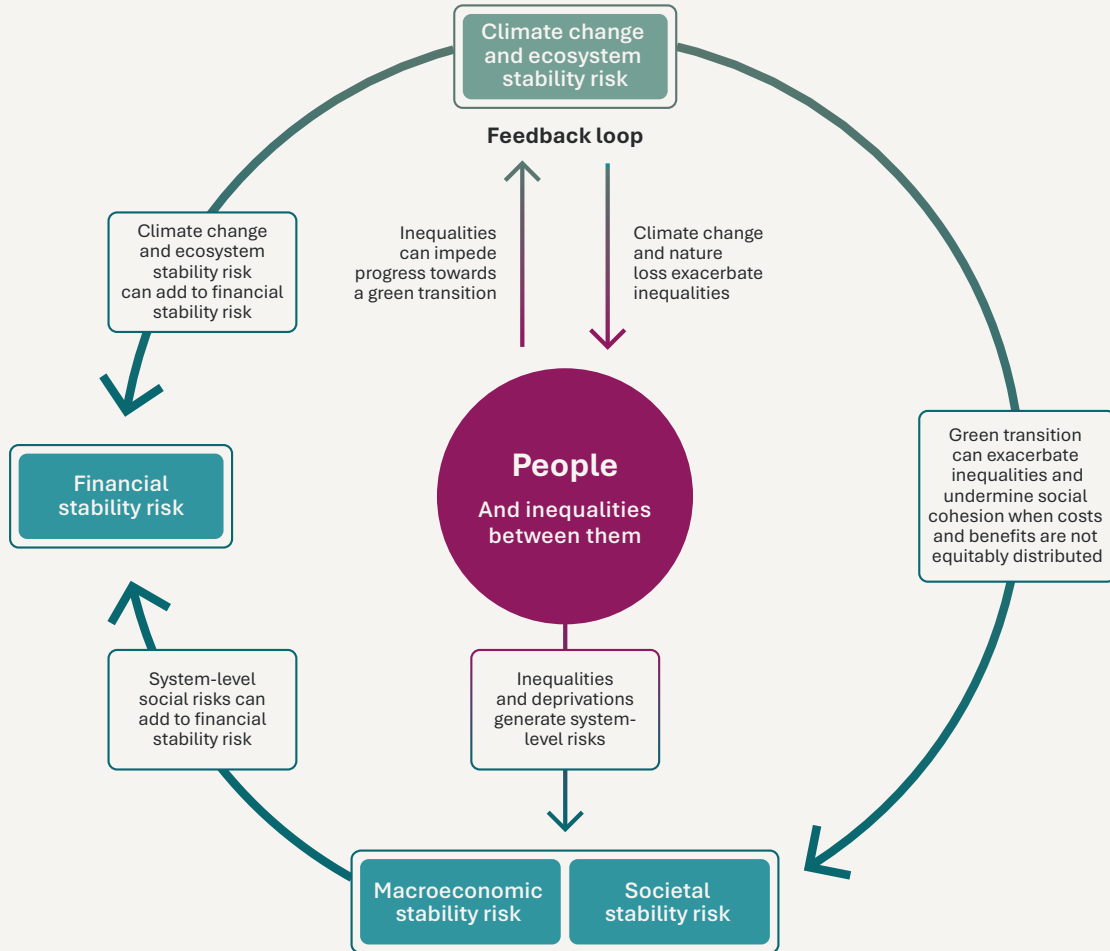
Figure 17 | An illustrative pathway of the relationship between impacts, dependencies, risks and opportunities



1. Businesses depend on a healthy and skilled workforce and a cohesive society
2. A business pays a portion of its workers below the living wage (*impact driver*)
3. The failure to pay a living wage may result in risks to operations, such as operational shutdowns when workers strike or their health is compromised. It may also be associated with reputational risk
4. It also negatively affects the realisation of the rights and well-being of workers and their families, including their health, work-life balance, housing, and knowledge and skills (*negative impacts*)
5. These negative impacts detract from the state of people in society as a whole and contribute to exacerbating inequalities
6. Resulting inequalities may contribute to societal stability risk and macroeconomic risk
7. System-level risks may affect the prospects of individual entities as well as the broader economy, financial markets, and investors' diversified portfolios
8. Entity-level risks affect the financial prospects of individual businesses and financial institutions

Annex IId

Figure 18 | Interactions between climate change, nature loss, and inequality-related system-level risks



Annex III

Acknowledgements

The TISFD Framework Beta Version 0.1 was developed through a collaborative process that involved stakeholders across all sectors and each region of the world. We are particularly grateful for the extensive contributions of the individuals in TISFD's **Technical Working Group on the Development of the Beta Framework** and **Technical Working Group on Conceptual Foundations**. The members of these working groups, who serve in an individual capacity, are listed below with the names of their organisations included to illustrate the range of stakeholder viewpoints represented.

In addition, we would like to thank TISFD's Knowledge Partners and the individuals and organisations participating in our Regional Councils and Alliance for their insights and feedback that have helped to shape the Framework throughout the process.

BCG and KPMG have provided research input into TISFD's work on a pro bono basis, for which we are grateful.

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