June 2025

Bridging the Gap: Social and Financial Disclosures in an Era of Growing Inequality

Spotlight Insights Report on TISFD

Table of Contents

About GIST Impact

GIST Impact is a market-leading provider of impact data and analytics – specialising in measuring, quantifying, and valuing corporate impacts, risks, and opportunities in relation to climate, nature and society.

Powered by a global team of experts, GIST Impact delivers precise, location-specific impact data covering over 17,500+ companies, and is the chosen partner for some of the world's largest corporations and investors representing over $8 trillion in assets under management.

Our methodologies are available on request and are steeped in the latest available, peer-reviewed science – aligned with our focus on data accessibility, traceability, and transparency.

FStech awards 2025 WINNER

Environmental Finance Sustainable Investment Awards 2024 Winner ESG Data Provider of the year, EMEA

www.gistimpact.com

1. Introduction

The interconnectedness of social well-being and economic prosperity is undeniable.

Inequality – driven by the actions and inactions of businesses, investors, and governments – presents shared systemic risks that undermine long-term value creation. Historically, social issues have been relegated to the periphery of business priorities, viewed as secondary to financial or environmental concerns.

But in a landscape increasingly shaped by geopolitical tensions, labour unrest, and widening social divides, this is no longer tenable. A new approach is required – one that moves beyond broad commitments toward the measurement of real outcomes for people.

This Spotlight Insights Report outlines the need for better social and financial disclosure, introduces the emerging Taskforce on Inequality and Social-related Financial Disclosures (TISFD), and explores how businesses and financial institutions can assess and act on their inequality-related risks and opportunities.

2. The Rise of TISFD

Over the past decade, ESG reporting frameworks have evolved rapidly. Climate disclosures gained mainstream traction through the Taskforce on Climate-related Financial Disclosures (TCFD).

More recently, the Taskforce on Nature-related Financial Disclosures (TNFD) brought critical attention to biodiversity and ecosystem impacts. Both frameworks helped establish new norms for how environmental risks are identified, disclosed, and managed.

Yet the "S" in ESG remains underdeveloped. Social issues such as inequality, human rights, labour standards, and community well-being are still reported inconsistently – if at all. Many disclosures still focus on intent or policies, rather than measurable outcomes. As a result, corporate and investor decisions often lack insight into the consequences of business activity on people and society.

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) was launched in September 2024 to address this imbalance. Convened by a global coalition of over 20 public, private, and civil society organisations – including the UNDP – TISFD seeks to create a global framework for businesses and financial institutions to disclose:

- Their impacts on people (positive or negative)
- Their dependencies on social and human capital
- Related impacts, dependencies, risks and opportunities (IDROs)

Social and human capital are interconnected with human rights, well-being, and inequality. They rely on people's ability to live with dignity and access opportunity – foundations that are strengthened when rights are upheld and eroded when inequality deepens.

Inspired by TCFD and TNFD, the Taskforce aims to define what credible, decision-useful social disclosure looks like – particularly in an era where inequality itself has become a system-level financial risk.

A beta version of the TISFD framework is expected in late 2025, with a full version and accompanying guidance in late 2026.[1]

3. From Aspirations to Outcomes: Reframing Social Impact

Despite growing recognition that social issues matter, market actors often struggle to address them in practice. A central problem lies in how social issues are defined, measured, and managed. Too often, ESG disclosures focus on internal policies, process-level indicators, or checklists of commitments – without evaluating whether they actually improve outcomes for people.
To address this, TISFD introduces the concept of people's 'state of being'.

'State of being' refers to:

"The actual lived experiences and outcomes of people that result from business activities, including their health, income, education, dignity, safety, and overall wellbeing."[2]

The framework shifts focus away from abstract metrics and toward concrete indicators of how business operations affect real lives. In doing so, it encourages businesses and investors to examine outcomes, not just intent.
To structure its approach, TISFD draws on three key constructs:

1. Well-being: A holistic, outcome-oriented framework that includes health, safety, income, education, and social connection.

2. Human rights: Internationally recognised entitlements that serve as minimum standards for dignity and equity.

3. Human and social capital: The skills, relationships, trust, and institutions that enable people and societies to thrive.

By combining these constructs, TISFD offers a richer lens through which social performance can be assessed – and linked directly to business risk and value creation.

4. Why IDROs Matter: Impacts, Dependencies, Risks, and Opportunities

Businesses and financial institutions do not operate in a vacuum. Their operations affect and rely on people in complex ways. These effects are known as impacts, dependencies, risks, and opportunities (IDROs). For example:

I — A business may impact communities through pollution, job creation, or infrastructure investment.

D — It will likely also depend on a stable, healthy workforce to operate efficiently.

R — Failing to respect human rights may expose it to reputational, legal, and financial risks.

O — Enhancing stakeholder well-being may unlock new markets and strengthen trust – boosting overall brand image and performance.

System-level risks arise when negative impacts accumulate across firms, exacerbating inequality and weakening the social foundations of the economy. These include:

- Non-diversifiable risks that affect entire portfolios (e.g. workforce instability)
- Macroeconomic risks linked to reduced consumption, productivity, and resilience
- Social unrest, leading to supply chain disruption, regulatory intervention, or reputational fallout

In practice: The OECD reviewed over 2,000 ESG metrics from eight major providers and found that very few measured outcomes related to labour and human rights. Most focused on policies and procedures.[3]

5. The Hidden Costs of Inequality

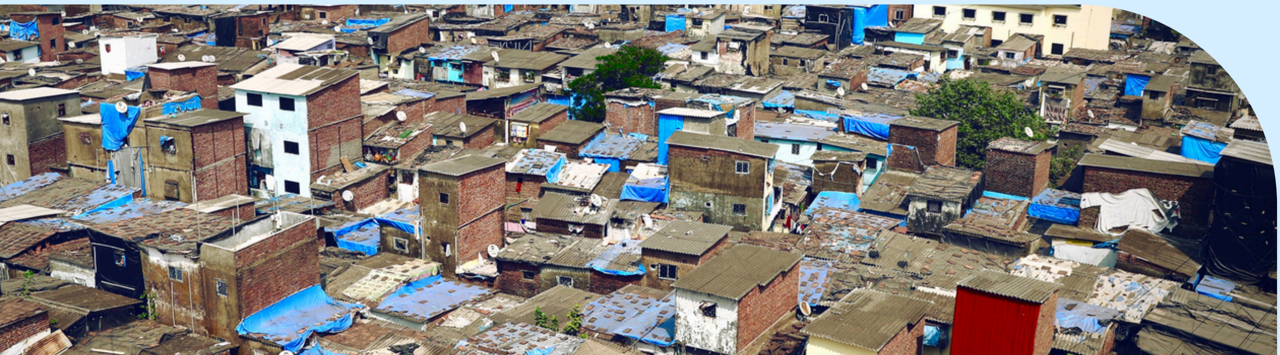
Inequality is not just a social issue – it is a drag on economic and financial performance.

Between 1985 and 2005, rising income inequality is estimated to have reduced cumulative GDP growth by 4.7 percentage points across OECD countries.[4]

The IMF found that the frequency of social unrest rose 244% globally between 2011 and 2019, with economic inequality as a key driver.[5]

Social instability reduces investor confidence, increases operational costs, and harms long-term returns.[6]

Public trust is also eroding. Only 30% of citizens in some OECD countries feel they have a voice in decision-making. And only 30% believe their government can resist corporate lobbying for harmful policies.[7] These legitimacy gaps fuel populism, policy volatility, and weakened institutions – all of which pose financial risk. Inequality also threatens financial stability. Economies with high income and wealth inequality tend to exhibit higher levels of household leverage and credit risk – key precursors to past financial crises.[8]



6. The Business Case for Social Transparency

Respecting human rights and addressing inequality is not just the right thing to do, it's also a sound business strategy. Businesses that invest in stakeholder well-being tend to:

- Improve employee productivity and reduce turnover
- Foster greater brand loyalty
- Mitigate legal and reputational risks
- Strengthen resilience in the face of external shocks

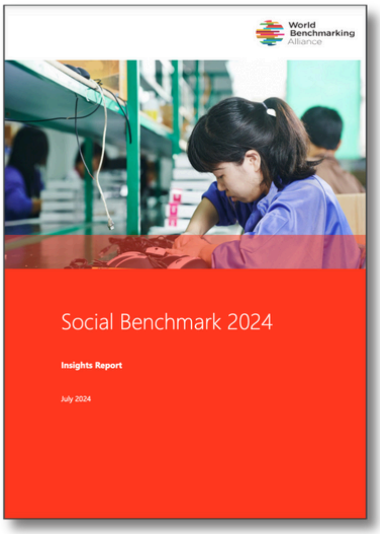
In practice:

Tata Steel has faced fines and criminal charges in the Netherlands due to toxic pollution from its coking gas factory, with local protests and public health concerns fuelling scrutiny.[9]

In India, a state panel ordered Coca-Cola's subsidiary HCBPL to pay $47 million for environmental and social damage – including groundwater depletion and toxic waste dumping. Protests forced the closure of the plant in 2005.[10]

7. Benchmarking Progress (and Gaps)

The recently published World Benchmarking Alliance's Social Benchmark 2024 Report[11] offers a stark view of current performance:



Only 4% of the world's 2,000 most powerful businesses pay a living wage.

Just 2% disclose data on gender pay gaps.

90% are not even halfway toward meeting basic expectations around human rights, decent work, and ethical behaviour.

80% score zero on early-stage human rights due diligence.

However, the benchmark also shows a path forward: businesses that engage directly with affected stakeholders and integrate human rights into governance tend to perform better across the board.

8. Conclusion

Can we reimagine accountability in a socially unequal word? This Insights Report exhibits a resounding 'yes'.

The age of superficial "S" metrics is over. As TISFD progresses, it offers a credible, globally-informed pathway for businesses, including investors, to treat social factors with the same rigour as environmental ones.
At GIST Impact, we believe this represents the next frontier of sustainability disclosure. Just as climate risks are now understood to be material and measurable, so too must we learn to quantify, disclose, and manage the material social consequences of business.

TISFD is not about adding complexity – it's about capturing reality. By reframing inequality as a measurable, decision-useful risk, the Taskforce invites market actors to engage more honestly with their impacts and to drive accountability where it matters most: in the lives of people.

References

1. UNDP, Launch of the Taskforce on Inequality and Social-related Financial Disclosures (2024).
2. TISFD Conceptual Framing Document (2024).
3. OECD, ESG Investing and Sustainability Metrics (2021).
4. OECD, Focus on Inequality and Growth (2014).
5. IMF, Inequality and Social Unrest (2020)/
6. Bağlayan, B., Landau, I., McVey, M. and Wodayjo, K. (2018), "Good Business: The Economic Case for Protecting Human Rights."
7. OECD, Governance at a Glance (2021).
8. Wilkinson & Pickett, The Spirit Level (2009).
9. Friends of the Earth Netherlands, Tata Steel Case (2023).
10. India Resource Center, Coca-Cola Kerala (2004).
11. World Benchmarking Alliance, Social Benchmark 2024.

Contributors

Karan Peer
Head of Social

Sheshansh Singh
Associate, Social

Tamlyn Duncan
Engagement Lead

Contact
info@gistimpact.com

GIST IMPACT