Assessment of the TISFD Beta Framework v0.1

EFRAG Secretariat Briefing

QUESTIONS

- *To what extent does the TISFD Framework Beta Version 0.1 achieve interoperability with the revised ESRS conceptually, architecturally, and at the level of individual disclosures?*
- *Where could its conceptual foundations and disclosure recommendations be strengthened to ensure that it can* function either as a complement to ESRS or as a standalone framework in jurisdictions without mandatory sustainability reporting?

Motivation

The TISFD Framework has multiple objectives, the primary ones could be summarised as follows: 1) the consolidation of existing mandatory (ESRS, ISSB) and voluntary (GRI) standards for social and human rights factors under a financial and impact materiality regime, which is in turn anchored on the UNGPs and OECD MNE Guidelines; 2) the emerging investors' demand for disclosures on inequality with some considering this theme as a source of system-level financial risk leading to the development of these key concepts for social and human rights factors. Whether TISFD strengthens or fragments this architecture depends on its conceptual rigour and its alignment with existing standards.

Analysis performed

EFRAG examined the TISFD Framework along four analytical dimensions against the ESRS, complemented by structured engagement with the EFRAG SR TEG and the SRB and bilateral meetings with TISFD Secretariat[1]:

1. **Architectural mapping:** Architectural mapping of the TISFD four-pillar structure (governance, strategy, management of impacts, dependencies, risks and opportunities, metrics and targets) against ESRS 2 and the topical social standards ESRS S1–S4, including the placement of disclosures across pillars.
2. **Conceptual scrutiny:** Assessment of the internal coherence of the framework's core concepts (human rights, well-being, human and social capital, inequality, and the notion of "the state of people") and the logical and causal relationships between them.
3. **Terminological alignment:** Line-by-line comparison of TISFD glossary entries with ESRS definitions (own workforce, value chain, business relationships, impacts, anticipated financial effects, resilience, channels to raise concerns).
4. **Disclosure-level review:** Comparison of TISFD draft disclosure recommendations (A1–A2, B1–B4, C1–C5) against corresponding ESRS disclosure requirements, with particular attention to the treatment of actions, remediation, and double materiality.

Findings

Architecture is broadly aligned

[1] EFRAG signed a Cooperation agreement with TISFD in 2024 and became observer in 2025. https://www.efrag.org/en/news-and-calendar/news/efrag-and-tisfd-sign-cooperation-agreement-to-advance-socialrelated-financial-disclosures

TISFD adopts the same four pillars and the same four stakeholder categories as ESRS. Yet, in a small number of cases, disclosures are placed differently across pillars most visibly, stakeholder engagement sits under governance in TISFD but under SBM-2 (strategy) in ESRS.

Three main findings emerge from the conceptual layer

- **Articulation of key concepts in Section 3.1:** Human rights, well-being, human and social capital, and inequality are placed side by side in Section 3.1; these are key concepts and we note that their logical or causal articulation could be enhanced. The notion of "state of people" alternates between an umbrella term and a composite definition. It is unclear whether inequality is a fourth construct or a cross-cutting dimension.
- **Underweighting of actions and remediation:** While ESRS feature dedicated disclosure requirements on actions in ESRS 2 GDR-A and DR 3 of S1–S4, including explicit reference to remediation, TISFD addresses actions only as one element under B4 and does not explicitly require reporting on remediation. This is inconsistent with the UNGPs, the OECD MNE Guidelines and the CSDDD and thus weakens the framework's robustness.
- **ESRS as a double materiality regime:** The business-case is materiality-agnostic framed. ESRS references should be included in the financial materiality section (p. 42), and wording on p. 43 that could imply ESRS is impact-only.

Conceptual foundations could benefit from sharper causal logic

Impact pathways and impact drivers need clearer causal articulation, particularly for drivers such as tax payments, lobbying, bribery and anti-competitive practices. The claim that inequality is among the most significant sources of system-level risks requires stronger empirical evidence base before it can credibly address investor audiences.

Disclosure-level: further alignment could be sought

EFRAG Secretariat is currently performing a detailed mapping of the TISFD narrative disclosures from the Beta Framework with the revised ESRS. The overall direction of this mapping shows that additional disclosures are included in TSIFD (e.g. C3). And it also shows that some disclosures could be further aligned with ESRS such as - engagement with investors on system-level risks; C5 with ESRS S1-16 or B1 could adopt the ESRS-defined term "channels to raise concerns or needs".

Terminological differences

The definition of "own workforce" departs from ESRS by introducing "control of work" for apprentices and interns. "Value chain" is undefined and should be adopted from ESRS. "Resilience" is used in a social context without a social-specific definition; ESRS confines the term to climate. Definitions of macroeconomic risk and financial stability risk may be diverging from established ECB definitions.

Recommendations

EFRAG proposes the following recommendations to make the TISFD Framework operational and interoperable:

1. **Architectural harmonisation:** Complement disclosures on actions and add disclosures on remediations, realign the placement of disclosures across pillars so that stakeholder engagement, actions, and remediation sit where ESRS already locates them, eliminating the need for correspondence tables.

2. **Conceptual reinforcement:** Clarify the logical relationships between human rights, well-being, human and social capital, and inequality, including the definition of "state of people" and its implementation. It is also relevant to reinforce the alignment of the framework with double materiality by giving impact and financial materiality equal weight throughout.
3. **Causal and evidentiary strengthening:** Sharpen the articulation of impact pathways and impact drivers and its relationship with inequality and system-level risk according to existing research and evidence.
4. **Terminological convergence:** Adopt ESRS definitions for value chain, own workforce, channels to raise concerns or needs, and anticipated financial effects; introduce a tailored social definition of resilience. From an EU perspective, we also note that the definitions of macroeconomic and financial stability risks should be aligned with the ECB.

EFRAG will continue to support TISFD development in its capacity as an observer. In June 2026, EFRAG also joined the Technical Working Group on Targets and Metrics as an observer; this is one of the pending chapters of the TISFD Framework.