KPMG

Understanding the future through the lens of inequality

The promise of scenario analysis and the gaps that remain



KPMG. Make the Difference.

Produced in collaboration with TISFD

Contents

03 Foreword

04 Understanding the future through the lens of inequality

05 Key definitions

06 Inequality is a source of system-level risk, but forward-looking business tools remain underdeveloped

08 Scenario analysis as a possible lens for understanding inequality-related risk

10 What climate and nature scenario analysis can teach us

13 Applying scenario analysis to social and inequality-related issues

16 Challenges to advancing social and inequality-related scenario analysis

19 What can be done now: strengthen shared foundations while organizations begin

20 Start with focused, decision-relevant questions

21 From early practice to a shared approach

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Foreword

High and persistent inequalities are increasingly affecting the health and stability of economies and societies. Yet, compared with climate and nature, social and inequality-related issues remain less visible in business and investment decision-making. As a result, decision-makers are navigating major structural change without a clear view of an important factor shaping future performance and resilience.

Scenario analysis may offer part of the answer. In climate and nature, forward-looking scenarios have helped organizations assess resilience, identify vulnerabilities, challenge assumptions, and consider how different future conditions could affect strategy and financial performance. For inequality, however, the foundations needed to support similar analysis are still developing. Common scenarios, parameters, data, analytical infrastructure, and organizational capabilities remain underdeveloped.

To help fill this gap, KPMG and the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) have worked together on this Point of View to start establishing these foundations. This paper considers what is needed to advance inequality-focused scenario analysis. It draws lessons from climate and nature while examining the approaches, data and capabilities that could help organizations explore different plausible social and economic futures and understand what they may mean for strategy, resilience and financial performance.

The intention is not to propose a definitive methodology. Rather, this paper represents an early step in an evolving area of work: helping frame the opportunity, identify practical challenges and contribute to the development of more consistent, comparable and decision-useful approaches to understanding inequality-related risks and opportunities.

We would like to acknowledge the valuable contributions of the subject-matter advisors who shared practical, expert and academic perspectives on scenario analysis, strategic foresight and futures thinking. Their insights helped ground this paper in both emerging thinking and the practical realities organizations may face in applying these approaches.

About the organizations

About the Taskforce on Inequality and Social-related Financial Disclosures (TISFD)

The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is a global initiative to develop recommendations and guidance for businesses and financial institutions to understand and report on impacts, dependencies, risks, and opportunities related to people.

Andrea Saldarriaga
Technical Director, TISFD

About KPMG's Corporate Citizenship Practice

KPMG's Corporate Citizenship practice helps organizations understand how social issues, stakeholder impacts, and emerging risks can influence long-term business performance and resilience. The team brings strategy, analytics, and social value expertise together to translate these considerations into practical insights for decision-making.

Building on this expertise, the Corporate Citizenship practice can help organizations navigate uncertainty around emerging social and inequality-related risks and opportunities. The team does so through tailored, qualitative, and quantitative scenario analysis approaches that bring together diverse stakeholder perspectives and business insights to support evidence-based decision-making.

Through approaches such as Social Return on Investment (SROI), Corporate Citizenship helps organizations understand, measure, and articulate the value they create for people and communities.

Silvia Gonzalez-Zamora
Partner, Corporate Citizenship & Global Social Sustainability Leader, KPMG in Canada

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



Understanding the future through the lens of inequality

How scenario analysis can help businesses and investors test strategy and strengthen resilience under changing social and economic conditions

Economic uncertainty, geopolitical fragmentation and AI-driven workforce changes are reshaping the conditions in which businesses and investors operate. Inequality is central to understanding these challenges and modeling effective responses: rising and persistent inequalities can undermine societal stability, macroeconomic health and financial stability — these effects can, in turn, have consequences for business performance and long-term resilience.[1] This paper explores how scenario analysis could help businesses and investors examine these connections and assess how social and inequality-related risks and opportunities may influence strategy, business models, resilience and financial outcomes. It also considers the practical challenges involved and the shared scenarios, data, methods and organizational capabilities needed to make the analysis more consistent and decision-useful.

[1] Source: Inequality and System Health and Stability - Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Key definitions

01 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."[2]

02 System-level risk

"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)."[3]

03 Strategic foresight

"Strategic foresight is a structured and systematic approach of exploring plausible futures to anticipate and better prepare for change."[4]

04 Scenario analysis

A process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. Scenarios are not forecasts or predictions.

There are two categories of scenarios used: exploratory and normative. Exploratory scenarios start from present conditions and examine how key drivers and uncertainties could plausibly develop. Normative scenarios start with a desired or specified future state and work backwards to explore pathways for reaching it.[5,6]

05 Forecasting

Forecasting uses past and present data and analysis of trends", often to estimate a single, most probable trend" into the future. By contrast, foresight explores multiple plausible futures that may alter business-as-usual assumptions. Unlike forecasting, foresight does not seek to predict or assign probabilities to a single future when uncertainty cannot be meaningfully quantified.[7,8]

2 Source: TISFD Beta Framework v0.1, TISFD, 2026
3 Source: Addressing System-Level Risks and Opportunities, Principles for Responsible Investment (PRI), 2025
4 Source: Strategic Foresight, OECD, 2013
5 Source: Guidance on Scenario Analysis for Non-Financial Companies, Task Force on Climate-related Financial Disclosures (TCFD), 2020
6 Source: Guidance on Scenario Analysis, Taskforce on Nature-related Financial Disclosures (TNFD), 2023
7 Source: Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities, Task Force on Climate-related Financial Disclosures (TCFD), 2017
8 Source: Guidance on Scenario Analysis, Taskforce on Nature-related Financial Disclosures (TNFD), 2023

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



Inequality is a source of system-level risk, but forward-looking business tools remain underdeveloped

Inequality is a significant source of system-level risk. It shapes access to resources, opportunities and wellbeing, and is influenced by public policy, business and financial-sector activity, and wider social and economic conditions.[9]

Inequality is persistent and widespread. It is a defining global challenge, demanding urgent attention and renewed international cooperation (World Inequality Report 2026). The richest 10 percent hold roughly three-quarters of global wealth, while the poorest half holds around 2 percent.[10] Climate change and artificial intelligence may further intensify existing inequality dynamics and the concentration of wealth and resources.[11]

[9] Source: Inequality and System Health and Stability — Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026
[10] Source: World Inequality Report 2026, World Inequality Lab, 2026
[11] Source: Inequality and System Health and Stability — Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

The World Economic Forum's 2026 Global Risks Perception Survey identified inequality as the most interconnected global risk for the second consecutive year.[12] The report also describes how pressures such as labor-market disruption can deepen inequality and contribute to societal polarization.[13] TISFD research identifies three channels through which inequality can affect organizations and investors: societal stability, macroeconomic health and financial stability.[14]

1. **Societal stability. Inequality can erode social cohesion and trust in institutions,** increasing political instability and reducing the predictability of the policy and operating environment.[15]
2. **Macroeconomic performance. Inequality can weaken demand, human capital, productivity and labor-market participation,** constraining consumer markets, workforce capacity and investment.[16]
3. **Financial stability. Inequality-related impacts can accumulate across organizations and markets,** weakening the economic conditions that support reliable returns, consumer demand and functioning labor markets.[17]

These channels can interact and reinforce one another.[18] Business and investor decisions may contribute cumulatively to inequality through their effects on people.[19] Those impacts can create direct risks — for example, where practices affect workers' rights, wellbeing or access to opportunities — and, when they accumulate, can weaken the systems on which organizations depend.[20,21] Potential consequences include lower consumer demand, labor shortages, supply-chain disruption, community opposition, social unrest and changing regulation.[22] Organizations may therefore face inequality-related operational, market, policy, legal or reputational risks even when "inequality" is not a separate category in the risk register.[23,24]

Many tools used to analyze inequality were built for public-policy decisions rather than business and investor decisions. Finance ministries and public institutions use microsimulation, distributional impact assessments and macroeconomic or labor-market models to understand how policy choices affect different groups.[25] These approaches are valuable for understanding inequality at a population level, but they are not yet designed to test how inequality-related conditions may affect an entity or a portfolio's resilience.

To do that, businesses and investors need to understand how inequalities may change over time, how those dynamics could affect social, economic and financial systems, and what this could mean for business models, operations, strategies and portfolios.

At the macro level, assessing how changing inequalities could affect economies, markets and businesses requires an understanding of wider social and economic dynamics.

The paper therefore focuses on the analytical gap between changes in inequality at the system level and their specific implications for an organization's strategy, business model, operations or portfolio. Scenario analysis offers one way to examine that gap.

[12] Source: Global Risks Report 2026, World Economic Forum, 2026
[13] Source: Global Risks Report 2026, World Economic Forum, 2026
[14] Source: Inequality and System Health and Stability — Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026
[15] Source: TISFD Beta Framework v0.1, TISFD, 2026
[16] Source: TISFD Beta Framework v0.1, TISFD, 2026
[17] Source: TISFD Beta Framework v0.1, TISFD, 2026
[18] Source: Inequality and System Health and Stability — Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026
[19] Source: TISFD Beta Framework v0.1, TISFD, 2026
[20] Source: TISFD Beta Framework v0.1, TISFD, 2026
[21] Source: Inequality and System Health and Stability — Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026
[22] Source: Inequality and System Health and Stability — Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026
[23] Source: TISFD Beta Framework v0.1, TISFD, 2026
[24] Source: Inequality and System Health and Stability — Risk and Opportunities for Businesses and Investors, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026
[25] Source: Addressing Inequality in Budgeting, OECD, 2024

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



Scenario analysis as a possible lens for understanding inequality-related risk

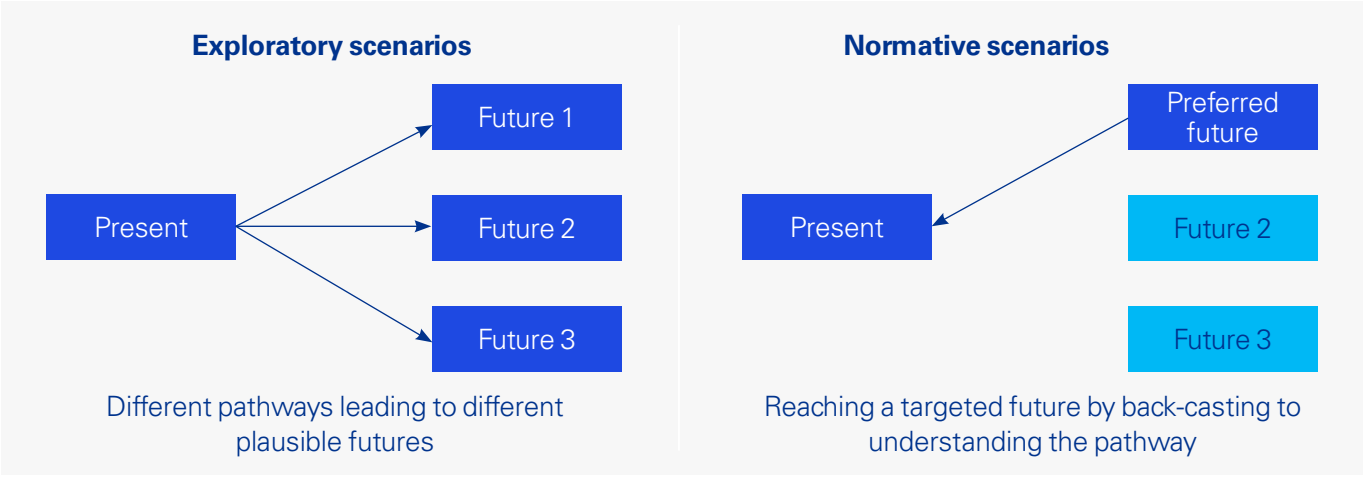
Scenario analysis is a method within the broader practice of foresight. It provides a structured way to explore how different futures could develop and what they could mean for planning and decision-making.[26] It differs from forecasting, which uses past and present data and observed trends to estimate what is most likely to happen.[27]

Scenario analysis instead explores what could happen under several plausible future conditions. It considers how uncertainties, emerging signals, disruptive events and interacting social, economic, technological and political forces could develop over time. Deliberately varied scenarios can test how conditions might unfold and what they could mean.[28] They can also make assumptions explicit and explore outcomes that historical trends or modeling alone may not reveal.[29] This is particularly useful where uncertainty is high, several forces interact or structural change is possible. Depending on the question, available data and purpose, scenario analysis can combine qualitative narratives with quantitative evidence.[30,31]

[26] Source: The Futures Toolkit for Policy Makers and Analysts, UK Government Office for Science, 2024
[27] Source: Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities, Task Force on Climate-related Financial Disclosures (TCFD), 2017
[28] Source: Insight, Jan Klakurka, 2026
[29] Source: Insight, Candice Chow and Jan Klakurka, 2026
[30] Source: Guidance on Scenario Analysis for Non-Financial Companies, Task Force on Climate-related Financial Disclosures (TCFD), 2020
[31] Source: Foresight Toolkit for Resilient Public Policy, OECD, 2025

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Exploratory versus normative scenarios



Source: Guidance on Scenario Analysis for Non-Financial Companies (Figure C1, p. 16), TCFD, 2020

Scenario analysis explores how different pathways could lead to different plausible futures rather than predicting a single outcome. Exploratory scenarios start from the present and examine how key drivers and uncertainties could develop; normative scenarios start with a preferred future and work backwards to consider the pathway needed to reach it.[32]

A practical structure for inequality-related scenario analysis is to operate at two connected levels. Shared or macro-level scenarios can explore how inequality and wider social, economic and financial systems might change. Businesses and investors can apply those conditions to their sector, geography, value chain or entity, adding specific assumptions where needed. This resembles the University of Oxford's distinction between changes in the wider contextual environment and the more immediate transactional environment in which organizations engage with customers, workers, suppliers and other actors.[33]

Applied in this way, scenario analysis can help organizations examine whether their strategies remain effective under different future conditions, challenge underlying assumptions, and identify options for action (OECD Foresight Toolkit, 2025).[34]

Scenario analysis is already established in climate-related practice and has also been applied to nature-related risks.[35] Experience in these fields provides a useful starting point for considering its use in relation to inequality.

> "Scenario analysis can shift decision-makers' mindsets by challenging assumptions about inequality and social issues and exploring how these dynamics could affect organizational resilience. It creates a structured space to test assumptions, consider different plausible conditions and support more adaptive decision-making over time."
>
> **Guille Benavides**
> Senior Fellow of Management Practice (Scenarios and Foresight),
> Saïd Business School, University of Oxford

[32] Source: Guidance on Scenario Analysis for Non-Financial Companies (Figure C1, p. 16), TCFD, 2020
[33] Source: Scenario planning: an answer to turmoil?, University of Oxford, Saïd Business School, 2020
[34] Source: Foresight Toolkit for Resilient Public Policy, OECD, 2025
[35] Source: Insight, Ramsha Ahmed, 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



What climate and nature scenario analysis can teach us

Climate and nature provide a structured starting point

Climate and nature scenario analysis provide useful precedents for inequality-related risk. Both use scenarios to explore how external conditions could change and to assess the resilience of strategies and business models under those conditions.[36,37]

A key strength of climate scenarios is the availability of established reference scenarios built on shared pathways, variables and data sets.[38] The IPCC's Shared Socioeconomic Pathways (SSPs) describe alternative socioeconomic development pathways, while NGFS scenarios cover a range of physical and transition risks.[39] Organizations can use these reference scenarios to examine potential risks to assets, operations and value chains over time.[40]

[36] Source: Guidance on Scenario Analysis for Non-Financial Companies, TCFD, 2020
[37] Source: Guidance on Scenario Analysis, Taskforce on Nature-related Financial Disclosures (TNFD), 2023
[38] Source: AR6 Synthesis Report: Climate Change 2023 (pg. 63), Intergovernmental Panel on Climate Change (IPCC), 2023
[39] Source: AR6 Synthesis Report: Climate Change 2023 (pg. 63), Intergovernmental Panel on Climate Change (IPCC), 2023
[40] Source: Guidance on Scenario Analysis for Non-Financial Companies, TCFD, 2020

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Disclosure based on these assessments can give investors information about an organization's vulnerability to climate-related risks, its potential opportunities and the resilience of its strategy under different climate futures.[41] Regulators can also use climate scenario analysis to identify risk factors affecting individual banks or the banking systems, size portfolio exposures and inform the inadequacy of risk management approaches.[42]

Like climate analysis, the Taskforce on Nature-related Financial Disclosures (TNFD) encourages organizations to consider changes in the external environment — including nature loss and possible responses by governments, markets and society — and assess the implications for strategy and financial planning.[43] Acknowledging that nature-related dependencies and impacts vary by location, regional socioeconomic conditions, ecosystem, activity and industry, its approach draws on global and regional or location-specific evidence, including assessments from the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.[44,45] This emphasis on context-specific information may be particularly relevant to social and inequality-related issues.

Together, these precedents point to a practical approach to inequality-related scenario analysis.

Shared reference scenarios could describe how inequalities and their drivers might change and what those changes could mean for social, economic and financial systems. Organizations could then assess the implications for their own people-related impacts, dependencies, risks and opportunities, and for the resilience of their strategy. They would not need to model system-wide changes in inequality independently.[46,47]

What scenario analysis can reveal

Macro-level analysis can reveal system vulnerabilities

Shared scenarios and forward-looking stress tests can reveal how wider risks may affect sectors and the systems on which they depend. The Bank of England's Climate Biennial Exploratory Scenario used three common climate pathways to assess the exposure and resilience of banks and insurers over 30 years.[48]

Emerging social applications show how scenario analysis can trace macro-level pathways. An ILO–ESCWA foresight exercise uses alternative future scenarios to explore how AI could reshape labour markets and affect different groups, helping policymakers test assumptions and develop more resilient and inclusive responses.[49] The World Bank's Adaptive Social Protection Stress Test assesses whether social-protection systems have the data, financing and operational capacity to respond to future shocks.[50] These examples connect changes affecting people with wider economic and financial consequences and can identify vulnerabilities and preparedness gaps before a crisis.[51,52]

41 Source: Technical Supplement: The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities, Task Force on Climate-related Financial Disclosures (TCFD), 2017
42 Source: Principles for the effective management and supervision of climate-related financial risks (Principle 18), Basel Committee on Banking Supervision, 2022
43 Source: Discussion paper on proposed approach to scenario analysis, TNFD, 2023
44 Source: Regional and Subregional Assessments, Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), 2015
45 Source: Discussion paper on proposed approach to scenario analysis, TNFD, 2023
46 Source: Guidance on Scenario Analysis for Non-Financial Companies, TCFD, 2020
47 Source: Discussion paper on proposed approach to scenario analysis, TNFD, 2023
48 Source: Results of the 2021 Climate Biennial Exploratory Scenario, Bank of England, 2022
49 Source: International Labour Organization, & United Nations Economic and Social Commission for Western Asia. (2026). Artificial intelligence and employment futures for the Arab region. International Labour Organization. https://www.ilo.org/publications/artificial-intelligence-and-employment-futures-arab-region
50 Source: Stress Testing Social Protection: A Rapid Appraisal of the Adaptability of Social Protection Systems and Their Readiness to Scale Up, World Bank, 2021
51 Source: Global Economic and Financial Implications of Artificial Intelligence: Lessons from a Scenario Planning Exercise (IMF Notes 2026/002), International Monetary Fund, 2026
52 Source: Stress Testing Social Protection: A Rapid Appraisal of the Adaptability of Social Protection Systems and Their Readiness to Scale Up, World Bank, 2021

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Organization-level analysis can inform decisions

Climate and nature examples show three practical uses: testing strategic resilience, examining potential financial effects, and identifying data or capability gaps.[53,54,55]

Test and strengthen strategic resilience. TNFD describes scenario workshops as a way to test, refine and stretch organizational thinking and planning.[56] A palm-oil lending case study used hypothetical nature-loss scenarios to compare company sensitivity and highlighted nature dependencies as a potential factor in credit-risk analysis.[57]

Improve strategic decision-making. Haleon reports that its qualitative and quantitative climate scenario analysis assessed potential effects on its business model and informed strategy and financial planning, including updates to underlying cash flows for planned climate actions.[58] AECOM's TNFD pilot screened infrastructure projects across Asia and identified potential benefits from using high-level nature-risk screening to inform project-site selection and the design of environmental impact assessments.[59]

Examine potential financial effects. BlackRock used climate scenario analysis to examine potential effects on the valuation of assets under management, associated management fees and operating margin; it also uses climate analytics to support portfolio-level analysis.[60] A comparable social analysis could explore how changes in workforce conditions, affordability, inequality or political pressure might affect business resilience and performance.

Uncover data and capability gaps early. The Bank of England's exercise exposed notable data and capability limitations while participating firms made progress in understanding and managing climate risk.[61] Identifying such gaps can guide improvements in data collection, expertise and risk-management processes before risks materialize.

Climate and nature therefore show how shared external reference conditions can support organization-specific assessments of resilience under system-level change. Inequality-related risks require a comparable, but distinct, approach.

[53] Source: Results of the 2021 Climate Biennial Exploratory Scenario, Bank of England, 2022
[54] Source: Guidance on Scenario Analysis, Taskforce on Nature-related Financial Disclosures (TNFD), 2023
[55] Source: 2025 Climate Report, BlackRock, 2025
[56] Source: Guidance on Scenario Analysis, Taskforce on Nature-related Financial Disclosures (TNFD), 2023
[57] Source: Guidance on Scenario Analysis, Taskforce on Nature-related Financial Disclosures (TNFD), 2023
[58] Source: Annual Report and Form 20-F 2025, Haleon, 2025
[59] Source: AECOM TNFD Pilot: Nature risk screening for multiple infrastructure projects across Asia, Global Canopy, 2024
[60] Source: 2025 Climate Report, BlackRock, 2025
[61] Source: Results of the 2021 Climate Biennial Exploratory Scenario, Bank of England, 2022

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



Applying scenario analysis to social and inequality-related issues

Social and inequality-related scenario analysis is not starting from zero

The IPCC's Shared Socioeconomic Pathways (SSPs) already combine narratives about climate change with assumptions about population, economic growth, urbanization and inequality. SSP4, for example, describes a future with high inequality within and between countries, persistent poverty and social tensions; the pathways help examine how exposure, vulnerability and capacity to adapt may differ across climate futures.[62]

One practical application would be to extend existing climate scenario analysis to consider how climate-related conditions affect people and inequality. Where an organization is already assessing a future with more frequent or severe extreme heat, it could add a social and inequality lens by considering effects on workers' health, working hours, earnings and wellbeing.[63] Better Work reports that heat stress can cause heat exhaustion, life-threatening heatstroke and other serious health effects, and can reduce worker productivity.[64] The organization could then explore how these impacts differ across groups, what they mean for operations, and how alternative adaptation measures distribute costs and benefits (SMA insight: Ramsha Ahmed).[65]

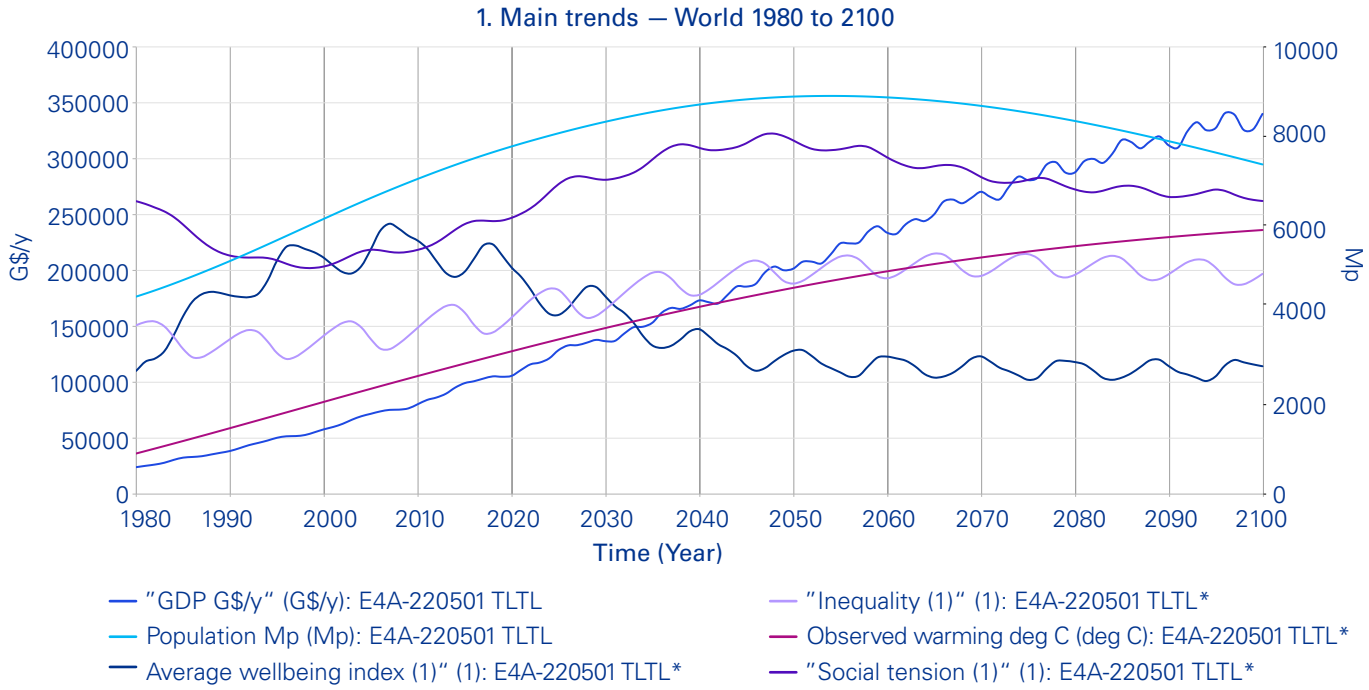
[62] Source: Managing Climate Risks, Facing up to Losses and Damages, OECD, 2021
[63] Source: Insight, Ramsha Ahmed, 2026
[64] Source: The Heat is On: How Heat Stress Impacts the Apparel Industry, Jobs, and Worker Health, ILO/IFC Better Work, 2025
[65] Source: Insight, Ramsha Ahmed, 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

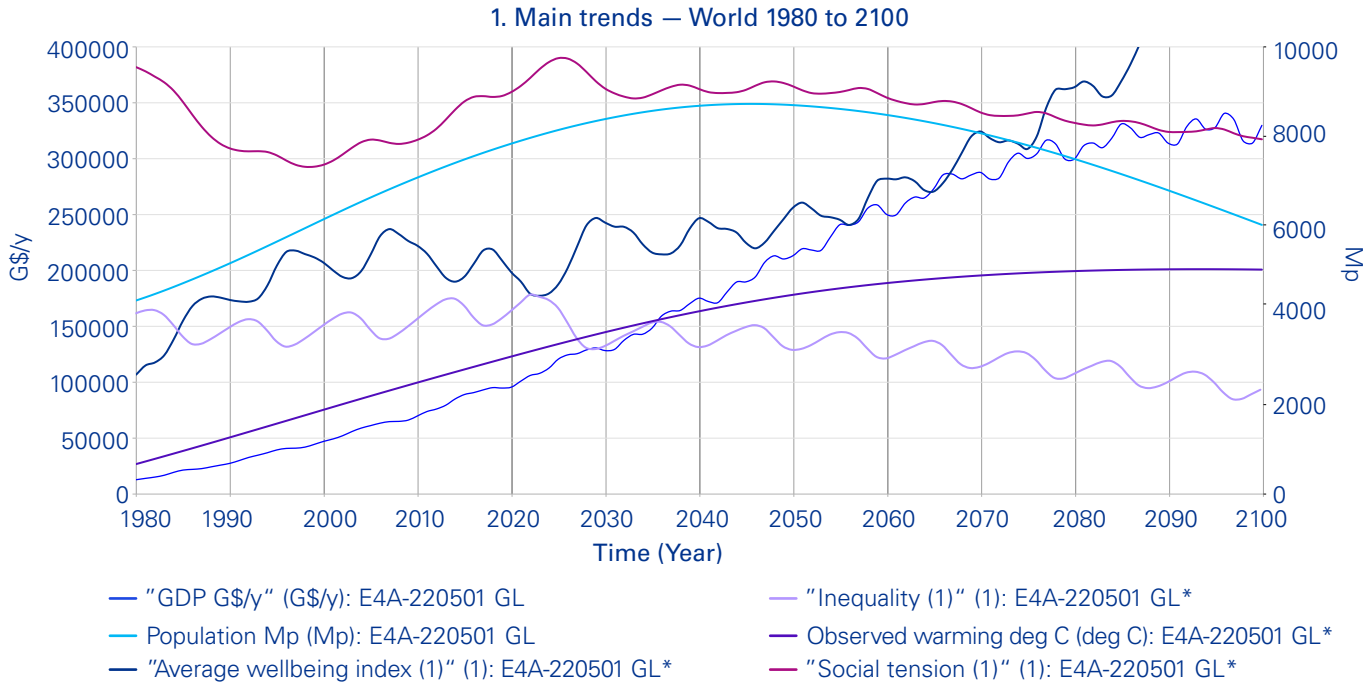
Other initiatives place social conditions closer to the center of long-term analysis

Earth4All uses a system-dynamics model to compare two futures to 2100. Its "Too Little Too Late" scenario assumes that societal decision-making and the scale of responses continue broadly along recent trends; its "Giant Leap" scenario assumes transformative action across poverty, inequality, empowerment, food and energy. The model links socioeconomic and environmental variables, including population, income, inequality, public spending, wellbeing and global warming.[66]

Too little, too late (TLTL) scenario



Giant leap (GL) scenario



Source: The Earth4All side: human wellbeing on a finite planet towards 2100, Stoknes, P. E. et al., Global Sustainability, 2025, www.earth4all.life

[66] Source: The Earth4All scenarios: human wellbeing on a finite planet towards 2100, Stoknes, P. E. et al., Global Sustainability, 2025

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Earth4All's Too Little Too Late and Giant Leap scenarios model inequality and wellbeing alongside economic, demographic and climate conditions to 2100, illustrating how social and environmental dynamics can be explored as interconnected elements of alternative futures.[67]

The Global Justice Project by the World Inequality Lab offers a more explicitly normative example. Its desirable and undesirable scenarios combine socioeconomic equality with planetary habitability and set out quantitative pathways for income and wealth distribution, working time, the allocation of working hours, across sectors energy use, land use and temperature through 2100.[68] Rather than forecasting a single future, the project makes explicit assumptions about conditions associated with stated justice and sustainability objectives, providing a basis for debate about the trade-offs and choices involved.

Earth4All and the Global Justice Project were developed for system-level analysis rather than direct application by individual organizations. They nevertheless show how inequality and wellbeing can be organized into coherent pathways alongside economic and environmental change. With further development, such approaches could contribute to shared reference scenarios for inequality-related analysis.[69,70]

Organizations are also beginning to consider social conditions in entity-level scenario analysis. Subject-matter advisers (SMAs) interviewed for this paper described organizations exploring external factors such as demographic change, labor availability and skills, affordability, social cohesion and inequality,[71] as well as internal factors such as culture and trust.[72] Depending on the exercise, these conditions may appear as assumptions, drivers of change or consequences within a scenario.[73]

Stakeholder engagement can strengthen scenario analysis

Quantitative analysis can explore the scale, direction and timing of change, but headline indicators and models may not capture how changing inequality is experienced across people and places or how those experiences shape trust and behavior.[74] Research on participatory scenario development shows that stakeholder involvement can bring different forms of knowledge and perspective into scenario-building.[75,76]

At the system level, developers of shared scenarios can draw on diverse perspectives to explore wider social and economic dynamics. At the entity level, businesses and investors can build on existing engagement with affected people and their representatives.[77] A balance of perspectives from inside and outside the organization, including internal teams, external experts, workers, consumers and communities, can identify effects that data or desk-based research may miss.[78]

These perspectives can shape assumptions, explore how people might respond under different future conditions and assess potential impacts on people, organizational dependencies, and related risks and opportunities. This is what makes social and inequality-related scenario analysis distinctive: credible resilience analysis must consider the people whose experiences and responses can shape organizational outcomes.[79]

Engagement should be tailored to the decision, potential impacts and gaps in understanding, complementing rather than replacing technical analysis. It does not require individual organizations to construct system-level scenarios. Stakeholder perspectives can instead help organizations apply shared scenarios to their own circumstances and test how changes in people's experiences, trust and behavior could affect strategy and resilience (SMA insight: Jan Klakurka).[80]

67 Source: The Earth4All scenarios: human wellbeing on a finite planet towards 2100, Stoknes, P. E. et al., Global Sustainability, 2025
68 Source: Defining the Target: Equality & Prosperity Within Planetary Boundaries in 2100, Global Justice Project, World Inequality Lab, 2026
69 Source: The Earth4All scenarios: human wellbeing on a finite planet towards 2100, Stoknes, P. E. et al., Global Sustainability, 2025
70 Source: Defining the Target: Equality & Prosperity Within Planetary Boundaries in 2100, Global Justice Project, World Inequality Lab, 2026
71 Source: Insight, Guille Benavides, 2026
72 Source: Insight, Matt Rooney, 2026
73 Source: Insight, Guille Benavides, 2026
74 Source: Insight, Jan Klakurka, Candice Chow and Ramsha Ahmed, 2026
75 Source: Participatory scenario development for environmental management: a methodological framework illustrated with experience from the UK uplands, Reed, M. S., Kenter, J. O., Bonn, A. et al., Journal of Environmental Management 128, 345–362, 2013
76 Source: Involving stakeholders in scenario-building: lessons from a case study of the global context of Norway's climate policies, Fæhn, T. and Stoknes, P. E., Frontiers in Environmental Science 11, 1048525, 2023
77 Source: TISFD Beta Framework v0.1, Taskforce on Inequality and Social-related Financial Disclosures (TISFD), 2026
78 Source: Insight, Shelley Morelli, 2026
79 Source: Insight, Shelley Morelli and Matt Rooney, 2026
80 Source: Insight, Jan Klakurka, 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



Challenges to advancing social and inequality-related scenario analysis

These practices provide a starting point, but methodological and practical challenges remain. Wider adoption requires common foundations and the ability of organizations to apply social scenarios to strategic decisions. The following challenges arise at both levels.[81]

Challenges in the broader enabling environment

Limited shared reference scenarios

Climate scenario analysis shows the value of widely recognized reference pathways. Shared scenarios give organizations a common starting point for exploring uncertainty and testing resilience while allowing adaptation to specific circumstances.[82]

[81] Source: Insight, Candice Chow, Jan Klakurka, Shawna Peddle, Matt Rooney, 2026
[82] Source: Insight, Ramsha Ahmed, 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

A small set of shared inequality-related reference scenarios could establish common assumptions, dimensions or reference conditions without prescribing a preferred future. Businesses and investors could adapt them to their sector, geography, workforce, communities and business context. This would preserve the exploratory nature of scenario analysis while improving consistency and comparability.[83]

Limited regulatory and policy expectations

Experience from climate and nature suggests that clear expectations can help integrate scenario analysis into risk management and decision-making.[84,85] Regulators, including central banks, can also use information generated through scenario analysis in their own work.[86]

For people- and inequality-related scenario analysis, the absence of comparable expectations can make organizational buy-in more difficult.[87] In Canada, OSFI's Guideline B-15 expects federally regulated financial institutions to use climate scenario analysis to assess the resilience of their business models and strategies and, where OSFI requires, to complete standardized climate scenario exercises.[88,89] Without similarly clear expectations for inequality-related analysis, organizations may be less likely to prioritize it or allocate resources to the necessary tools, data and capabilities.[90]

Non-linearity and socioeconomic tipping points

Social and inequality-related risks may develop non-linearly as changes in policy, technology, behavior and social conditions interact and reinforce one another. Rising inequality could, for example, reach a point at which it undermines social cohesion, demand or wider economic stability.[91] Scenario analysis can explore these dynamics, but identifying when, where and under what conditions a socioeconomic tipping point might occur remains challenging.

Non-linearity is not unique to social and inequality-related analysis: climate pathways can also be non-linear, and scenario exercises do not necessarily capture tipping points or interactions between hazards explicitly.[92] RAND has developed socioeconomic tipping-point pathways for climate-transition stress testing, while Pizziol and Tavoni examine social tipping interventions that could accelerate climate action.[93, 94] These examples show that thresholds and reinforcing dynamics can be explored, although methods remain emergent.

Organizations can test how drivers and feedbacks evolve and monitor indicators that may signal intensifying impacts by assessing whether underlying assumptions about the future continue to hold over time.[95]

[83] Source: Insight, Candice Chow, Jan Klakurka, 2026
[84] Source: Guidance on Scenario Analysis for Non-Financial Companies, TCFD, 2020
[85] Source: Guidance on Scenario Analysis, Taskforce on Nature-related Financial Disclosures (TNFD), 2023
[86] Source: Principles for the effective management and supervision of climate-related financial risks, Principle 18, Basel Committee on Banking Supervision, 2022
[87] Source: Insight, Shawna Peddle, 2026
[88] Source: Guideline B-15: Climate Risk Management, Office of the Superintendent of Financial Institutions (OSFI), 2025
[89] Source: Standardized Climate Scenario Exercise, Office of the Superintendent of Financial Institutions (OSFI), 2024
[90] Source: Insight, Shawna Peddle, 2026
[91] Source: TISFD Beta Framework v0.1, TISFD, 2026
[92] Source: Insight, Matt Rooney, 2026
[93] Socioeconomic Tipping Points in the Energy Transition: Expanding Climate Transition Risk Scenarios for Financial Stress Testing, RAND Corporation (2025). For more information: https://www.rand.org/pubs/research_reports/RRA3856-1.html
[94] Source: From niches to norms: the promise of social tipping interventions to scale climate action, 3, article 46, Pizziol, V. and Tavoni, A, npj Climate Action, 2024
[95] Socioeconomic Tipping Points in the Energy Transition: Expanding Climate Transition Risk Scenarios for Financial Stress Testing, RAND Corporation (2025). For more information: https://www.rand.org/pubs/research_reports/RRA3856-1.html

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Organization-level adoption challenges

Even where the broader conditions are more developed, organizations can face practical barriers to applying social and inequality-related scenario analysis.[96]

Fragmented responsibility can limit a joined-up response. Responsibility for people- and inequality-related considerations is often dispersed across human resources, risk, sustainability, procurement, legal, compliance, communications and government relations, with few mechanisms connecting these functions to a shared forward-looking business question.[97] Social issues may therefore be treated as human-resources, philanthropy or reputation matters rather than as conditions affecting enterprise strategy and resilience.[98]

Foresight and scenario-analysis capability is still developing.[99] Teams may already use projections, risk registers or climate scenarios, providing a foundation for questions that challenge familiar assumptions and explore interactions over longer time horizons. Applying these capabilities to social and inequality-related issues may require teams to distinguish scenario analysis from forecasting[100] and engage senior decision-makers in testing business-as-usual assumptions.[101] Organizations can build on existing capabilities rather than start from scratch.

Data gaps are a constraint. Relevant information may sit across different systems and may be incomplete, sensitive or not designed for forward-looking analysis. It can include data on affordability, consumer financial resilience, purchasing power, workforce and talent, while external datasets may omit or underrepresent some groups or parts of value chains.[102] Imperfect data should not prevent organizations from starting. Data availability and sophistication can improve as practice and demand mature.[103] Organizations can distinguish evidence from assumptions, focus on gaps that matter to the decision, use appropriate proxies and supplement quantitative evidence with entity- and context-specific insight.[104]

Stakeholder engagement requires time, trust and clear governance. Engaging affected groups, implementers and decision-makers can surface assumptions, priorities and experiences that may otherwise be missed, but these perspectives may not be represented by default.[105] Meaningful participation depends on identifying the right participants, making participation accessible, setting clear expectations for how input will be used and protected, and involving stakeholders early enough to shape the analysis rather than simply validate it afterwards.[106] Given the sensitivity of many social and inequality-related issues, weak trust or unclear governance can limit participation and undermine the analysis.[107] Practical tools, accessible guidance and credible information can help organizations begin.[108]

96 Source: Insight, Shawna Peddle, Candice Chow, Jan Klakurka, 2026
97 Source: Insight, Shawna Peddle, 2026
98 Source: Insight, Shawna Peddle, Candice Chow, Jan Klakurka, 2026
99 Source: Insight, Candice Chow, Jan Klakurka, 2026
100 Source: Insight, Candice Chow, Jan Klakurka, 2026
101 Source: Insight, Guille Benavides, 2026
102 Source: Insight, Shawna Peddle, Matt Rooney, 2026
103 Source: Insight, Matt Rooney, 2026
104 Source: Insight, Jan Klakurka, Matt Rooney, 2026
105 Source: Insight, Candice Chow, Jan Klakurka, 2026
106 Source: Insight, Matt Rooney, 2026
107 Source: Insight, Matt Rooney, 2026
108 Source: Insight, Shelley Morelli, 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



What can be done now: strengthen shared foundations while organizations begin

Advancing social and inequality-related scenario analysis requires action at both system and organizational levels. Public institutions, regulators, international organizations and investors can help create the conditions for more consistent and decision-useful analysis. Organizations can begin by using scenario analysis to explore the strategic questions they face today.

Strengthen shared foundations

At the system level, priorities include common reference conditions, shared parameters, stronger data and analytical methods, and clearer expectations for how social and inequality-related factors are considered in strategy, risk and investment decisions.[109] Shared scenarios can also provide a common language for discussing inequality-related risks and building understanding across stakeholders.[110]

Climate and nature provide a useful starting point because their reference scenarios, data infrastructure and institutional expectations can inform social and inequality-related approaches.[111] Individual organizations would not be expected to model system-level changes in inequality or rely on a single global social scenario. Instead, shared scenarios could provide external conditions that organizations adapt to their sector, geography, business model and affected populations, then use to test impacts, dependencies, risks, opportunities and resilience.[112] This approach could make assumptions more transparent, reduce the burden on individual organizations and support comparison where appropriate.

[109] Source: Insight, Candice Chow, Jan Klakurka, 2026
[110] Source: Insight, Guille Benavides, 2026
[111] Source: Insight, Ramsha Ahmed, 2026
[112] Source: Insight, Guille Benavides, 2026

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.



Start with focused, decision-relevant questions

Organizations do not need to wait for globally agreed scenarios. They can use focused, decision-relevant exercises to question the social and economic assumptions already underpinning their strategies.[113]

A practical starting point is to ask:

- What external social, economic or political changes could affect our strategy, value chain or financial performance? How have they affected us in the past, and how might they affect us over the short, medium and long term? [114]
- What decision are we trying to inform, and who will use the analysis? [115]
- What assumptions are we making about the future, and over what time horizon? [116]
- Whose perspectives are needed to understand how those changes may be experienced and how they could affect the business? [117]

This futures lens can bring strategy, risk, finance, human resources, procurement, legal and sustainability functions together around a shared issue. [118]

> “Over time, repeating the exercise can help organizations identify which assumptions remain robust, where resilience may need to improve and what emerging conditions require closer attention.”
>
> **Candice Chow**
> Assistant Professor, Strategic Management, McMaster University

[113] Source: Insight, Guille Benavides, Ramsha Ahmed, 2026
[114] Source: Insight, Guille Benavides, Ramsha Ahmed, 2026
[115] Source: Insight, Guille Benavides, 2026
[116] Source: Insight, Guille Benavides, 2026
[117] Source: Insight, Guille Benavides, 2026
[118] Source: Insight, Guille Benavides, 2026, Shawna Peddle, 2026

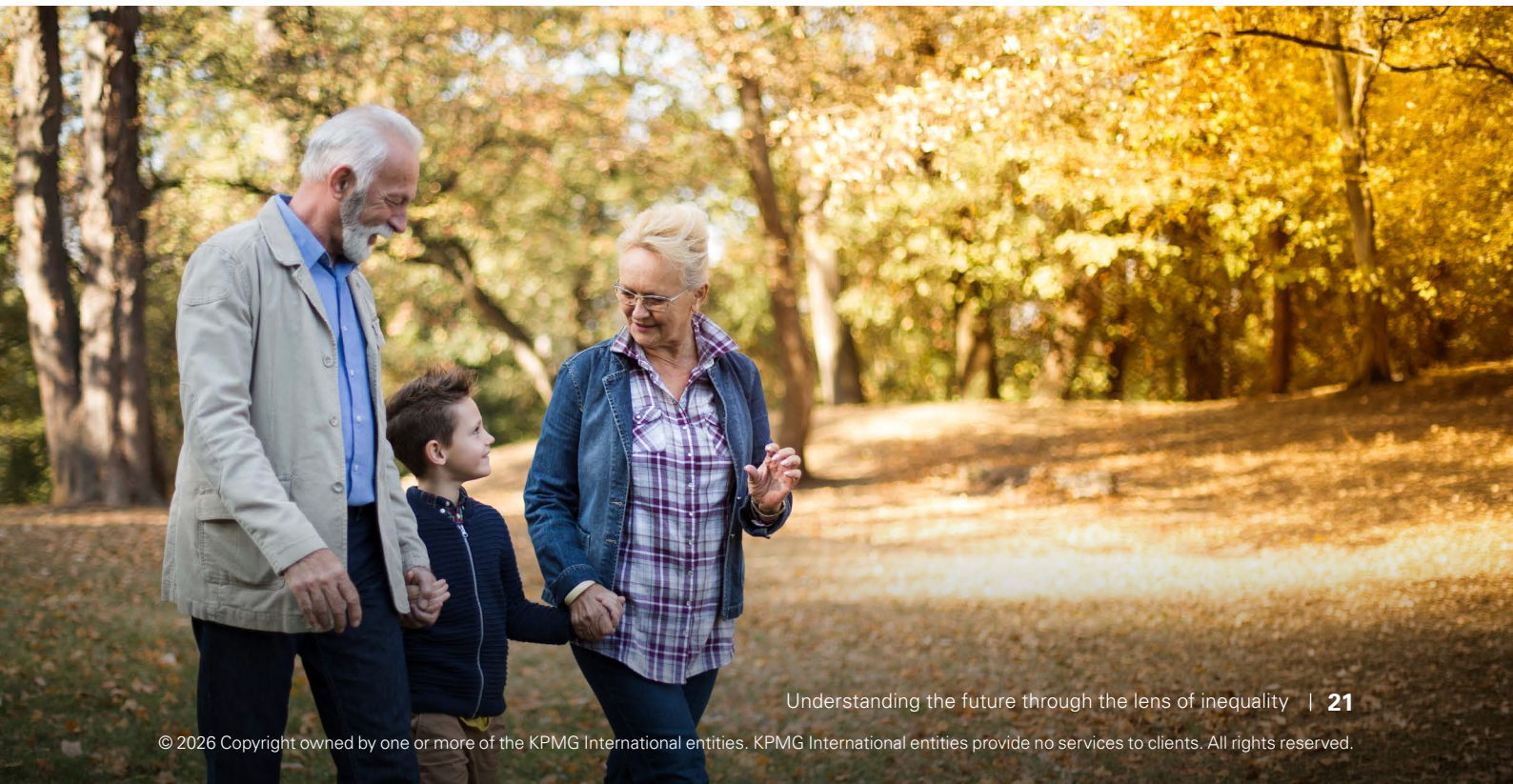
© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

From early practice to a shared approach

Organizations can begin now, but the practice will also need to mature. Climate- and nature-related conditions can affect people and inequalities, and those effects can in turn influence organizational resilience and financial performance.[119,120] Any shared approach should therefore connect people, climate and nature while remaining sensitive to context. Because social conditions are experienced differently across people, places and institutions, meaningful participation by affected people and other relevant stakeholders, alongside qualitative and quantitative evidence, is central to developing plausible scenarios and identifying implications that might otherwise be overlooked.[121,122]

Scenario analysis will not remove uncertainty. Its value is to help businesses and investors test whether strategy remains resilient under different plausible social and economic futures, identify emerging risks and opportunities, challenge assumptions and explore potential financial effects.[123] Advancing the practice will require practical testing by organizations and stronger shared reference scenarios, evidence, methods, stakeholder engagement and cross-functional capability, supported by standard setters, researchers and public institutions.[124] Organizations, standard setters, researchers, and public institutions each have a role in advancing this practice so that inequality-related scenario analysis can support more informed and resilient decisions.

[119] Source: Taskforce on Inequality and Social-related Financial Disclosures (TISFD) Research note, TISFD, 2026
[120] Source: Insight, Ramsha Ahmed, 2026
[121] Source: TISFD Beta Framework v0.1, TISFD, 2026
[122] Source: Insight, Shelley Morelli, Matt Rooney, 2026
[123] Source: Insight, Guille Benavides, Candice Chow, Jan Klakurka, 2026
[124] Source: Insight, Candice Chow, Jan Klakurka, Ramsha Ahmed, Shawna Peddle, Matt Rooney, Shelley Morelli, 2026



© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Acknowledgements

KPMG Authors

Silvia Gonzalez-Zamora, MILR
Global Social Sustainability and Sustainable Supply Chain Leader
KPMG Canada

Oriana Vaccarino, PhD
Director, Corporate Citizenship
KPMG Canada

Serena Honekin
Consultant, Corporate Citizenship
KPMG Canada

Simran Panchal, MSc
Consultant, Corporate Citizenship
KPMG Canada

Riddhi Dharod, MBA
Consultant
KPMG Delivery Network

Contributors

Ashley Lu, MIRHR
Consultant, Corporate Citizenship
KPMG Canada

Allison Tunnoch
Senior Manager, GRC
KPMG Global Marketing

Subject Matter Advisors

Ramsha Ahmed, SCR, PMP
Manager, Infrastructure Capital Projects & Sustainability
KPMG Canada Network

Candice Chow, DBA
Assistant Professor, Strategic Management
Director, Foresight Lab
DeGroote School of Business, McMaster University

Guille Benavides, PhD
Senior Fellow of Management Practice (Scenarios & Foresight) Saïd Business School University of Oxford

Jan Klakurka, C.Dir., CPA, CA, MBA, CMC, APF, Dip.WSET
Associate Professor & Past Chair, Management & Organizational Studies Huron University College

Matt Rooney
Director
Morelli Consulting

Shelley Morelli
Founder
Morelli Consulting

Shawna Peddle, MSc.
Associate Vice-President, Sustainability
Sustainability and Citizenship
The Co-operators Group Limited

TISFD

TISFD contributed its expertise on people-related impacts, dependencies, risks and opportunities to the development of this publication, supporting the integration of social and inequality-related considerations into business and financial decision-making.

Contacts

Gauthier Acket
Global Head of Sustainability
KPMG International
T: +33 6 20 43 92 23
E: gacket@kpmg.fr

Simon Weaver
Global Sustainability Advisory Lead
T: +44 7799 606529
E: simon.weaver@kpmg.co.uk

Shoto Mori
Manager, Sustainability
KPMG Japan
T: +81 90 8002 1304
E: shoto.mori@jp.kpmg.com

Silvia Gonzalez-Zamora, MILR
Global Social Sustainability and Sustainable Supply Chain Leader
T: +1 416 777 8123
E: sgonzalezzamora@kpmg.ca

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com



At KPMG, every idea starts with human ingenuity. KPMG professionals combine their insight and creativity with AI tools, applying them thoughtfully and responsibly under the KPMG Trusted AI framework to develop imagery and content.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more details about our structure please visit kpmg.com/governance.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Throughout this document, "we", "KPMG", "us" and "our" refers to the KPMG global organization, to KPMG International Limited ("KPMG International"), and/or to one or more of the member firms of KPMG International, each of which is a separate legal entity.

Designed by Evalueserve.

Publication name: Understanding the future through the lens of inequality | Publication number: 140652-G | Publication date: November 2026