The Global Centre
for Social Justice & Advocacy Leadership

Enhancing ESG Reporting Through the Integration of Social Justice Principles

Policy Brief, August 2025

Introduction

As Environmental, Social and Governance (ESG) reporting increasingly becomes a central mechanism for corporate transparency and stakeholder engagement, its effectiveness hinges on the breadth and depth of the issues it addresses, and this is particularly important given the increasing impact of global warming and climate justice related issues. Traditional ESG frameworks emphasize environmental stewardship, corporate social responsibility, and good governance. However, many ESG disclosures—particularly within the social pillar—fail to meaningfully address systemic and structural social inequities. Integrating a social justice element into ESG reporting can fill this gap, fostering more fair, equitable, inclusive, and credible corporate practices, which respect principles of international human rights. It is an emerging imperative that reflects new expectations from corporate shareholders, and the broader society in general.

What does the 'Social' in ESG Reporting Currently Stand For?

Reporting on ESG's 'Social' pillar is often little more than a box-ticking exercise.

- In theory, the purpose of ESG reporting's 'Social' pillar is to require businesses to uphold human rights (PWC, 2022).
- In practice, however, social reporting is often a secondary consideration, with most ESG attention centred on the more prominent 'Environmental' pillar.
- In part, this is because the complexity and breadth of social issues – ranging from labour rights to community wellbeing – makes consistent reporting difficult (PWC, 2022).
- As a result, Australian organisations tend to adopt a box-ticking approach, reporting on a wide array of loosely connected indicators such as occupational health and safety, modern slavery compliance, and diversity and inclusion initiatives (UNSW, 2025).

Limited mandatory reporting has created a social blind-spot in ESG reporting.

- The only legislated social ESG reporting in Australia is for modern slavery, whereby companies that earn revenues of over $100 million are required to report on modern slavery risks in their operations under the Modern Slavery Act 2018 (PWC, 2022).
- Other social reporting remains voluntary and is generally guided by the Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB) reporting frameworks.
- It is widely acknowledged, however, that these frameworks have under-prioritised social issues, leading to a social gap, or weakness, in ESG reporting (Anthesis, 2022). This gap reflects a broader failure to meaningfully engage with the systemic and structural causes of social inequalities.

Moving Forward with a Social Justice Approach within the ESG Context

Moving beyond this social gap requires shifting from compliance-based metrics to a more meaningful engagement by applying social justice principles.

The addition of a social justice approach in the ESG framework would encourage corporations to develop policies and practices that promote:

- Equity and inclusion across cultures, languages, gender, ability, and socio-economic status.
- Community engagement and empowerment, particularly of marginalized and vulnerable groups.
- Labor rights and fair wages across global supply chains.
- Restorative practices that address historical injustices, including environmental degradation.

Systemic social justice goes beyond the more mainstream social inclusion concept to focus on joint responsibility to address systemic/structural poverty and inequality (UNSW, 2011).

Benefits of Integrating Social Justice Principles into ESG Reporting for Corporations

1. Enhanced Stakeholder Trust and Engagement

- Builds credibility with communities, investors, and regulators.
- Reflects alignment with broader societal values, such as fairness and human rights.
- Empowers consumers to make values-driven choices, enhancing brand loyalty.

2. Improved Risk Management

- Proactively identifies and addresses social risks such as labour violations, discrimination, or community opposition.
- Reduces reputational risks associated with "greenwashing" or superficial ESG claims.

3. Alignment with Global Standards and Regulations

- Supports compliance with emerging frameworks such as the European Corporate Sustainability Reporting Directive (CSRD), UN Guiding Principles on Business and Human Rights, and the Global Reporting Initiative (GRI) that increasingly emphasize equity and inclusion.
- Enhances attractiveness to ESG-focused investors who use SASB and other similar guidelines that favour socially responsible portfolios.

Challenges and Considerations

- Data collection may be limited by legal or logistical barriers, especially in global operations.
- Standardization of social justice indicators is in its early stages and is still evolving.
- Risk of performative reporting without substantive action must be prevented.

These challenges therefore necessitate a phased and thoughtful approach developed with transparency and in collaboration with human rights' advocates.

Conclusion and Recommendations

Incorporating social justice principles into ESG reporting transforms it from a compliance exercise to a credible tool for corporate accountability and paves the way towards achieving systemic and structural social change. It reflects a deeper commitment to inclusive, fair, and equitable global economic growth, which upholds human rights across borders.

Recommendations:

- Integrate social justice-based KPIs into ESG strategies.
- Engage stakeholders, especially marginalized communities, Indigenous communities, and communities impacted by climate change, in shaping disclosures.
- Align ESG frameworks with international human rights and equity standards.
- Provide education and training to ensure internal understanding of social justice principles.

Endnotes

1. Anthesis Group. (n.d.). *Environmental, Social, Governance. Why is the S in ESG so hard?* Anthesis Group. Retrieved July 24, 2025, from https://www.anthesisgroup.com/au/insights/why-is-the-s-in-esg-so-hard/ *Note: No author or publication date was listed; "n.d." used.*

2. Edwards, M., McAllister, G., Cripps, M., & Logue, D. (2025, June). *The state of "S" reporting in ESG: Locating opportunities for unlocking corporate social impact* [White paper]. UNSW Centre for Social Impact. https://www.unsw.edu.au/content/dam/images/business/csi/news/2025-06-missed-opportunities-in-social-impact-reporting/2025-06-The-State-of-S-Reporting-in-ESG-locating-opportunities-for-unlocking-corporate-social-impact.pdf Altiorem+15UNSW Sites+15Anthesis+15

3. Ho, L. (2011). "Occasional Paper #1: What is social justice?". National Pro Bono Resource Centre, UNSW. Retrieved July 24, 20205, from https://probonocentre.org.au/wp-content/uploads/2015/09/Occ_1_What-is-Social-Justice_FINAL.pdf

4. PwC Australia. (n.d.). *Spotlight on the "S" in ESG* [White paper]. Retrieved July 24, 2025, from https://www.pwc.com.au/assurance/esg/spotlight-on-the-s-in-esg.pdf