

Shift

Data Centers and Social Impacts: What Matters for Financial Institutions /

Financial Institutions
Practitioners Circle



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Introduction /

Data centers have emerged as one of the defining infrastructure investments of the decade. The rapid deployment and uptake of AI is driving this global expansion of data center capacity, as governments and companies invest in the digital infrastructure needed to support its use. According to McKinsey, an estimated **\$6.7 trillion** will need to be invested in data centers between 2025 and 2030 to keep pace with growing demand for compute power. At the same time, the pace and scale of this build-out are prompting increasing scrutiny from regulators, investors and communities over the environmental and social implications of these projects. The questions – and sometimes open challenges – raised range from data center demand for energy, water and land to broader concerns about digitalization-induced job losses and/or rising inequality, for which data centers remain the most prominent physical manifestation.

Many of the environmental and social (E & S) issues associated with data centers are familiar to E & S practitioners within financial institutions. Like other large infrastructure and industrial projects, data center developments trigger concerns related to land acquisition, resource use, supply chains, biodiversity and meaningful community engagement. However, they also present some important distinctive features. The speed of deployment, the highly interconnected

nature of the AI value chain, evolving community concerns linked to downstream uses of AI, and rapidly changing technology and regulatory landscapes create challenges that can frustrate traditional environmental and social due diligence approaches.

On June 22 & 28, 2026 Shift convened environmental and social practitioners from financial institutions to explore what the surge in data center developments has meant for their due diligence efforts.

While the challenges are prominent and making headlines, insights emerging from these discussions suggest there are significant transferable learnings that can be drawn upon from other sectors, such as mining and renewable energy, to support due diligence. Accordingly, there are important opportunities for banks to use their leverage to encourage better practice on the part of data center developers to deliver better outcomes for local communities, as well as mitigate financial risks to these investments. This paper explores the **five key challenges** identified by practitioners, with an emphasis on the social perspective, and offers practical insights into how practitioners can ensure that their due diligence is focused, fit for purpose and decision useful (see Summary in Table 1).

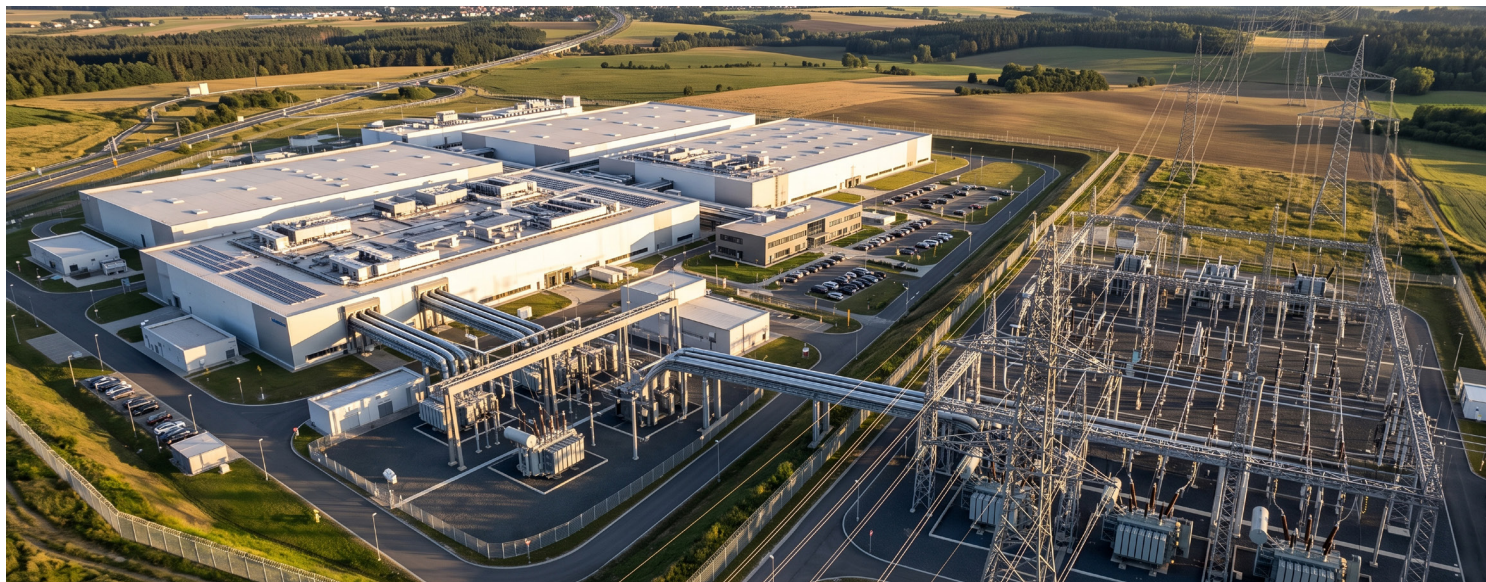


Table 1. Summary of key challenges faced and potential responses

Challenges	What banks can do
 Social issues are increasingly recognized as an important blind spot in data center due diligence	• Understand where social risks arise along the data center value chain • Take an integrated climate-nature-people approach • Recognize and apply transferable learnings from other sectors
 Community opposition has become a financial risk for data centers	• Build and communicate the business case for action • Recognize diversity of community concerns • Assess the quality of clients' community engagement • Critically evaluate whether community engagement is influencing project decisions/outcomes
 Data center developers and project sponsors are less familiar with international E & S standards	• Clearly communicate expectations and reinforce accountability • Use expertise to build client understanding • Build leverage through collaboration
 Banks' E & S due diligence requirements, including those related to stakeholder engagement, are facing increased scrutiny or resistance in some jurisdictions	• Articulate the benefits of robust due diligence • Connect impacts on people and planet to financial risk • Recognize community engagement as a financial risk management tool
 Speed of data center transactions and timing/nature of bank involvement	Within a single transaction: • Build the business case for meaningful community engagement • Build leverage with other lenders • Focus on the issues with the greatest severity of impact on people • Use leverage before walking away At the portfolio level • Strengthen internal capability • Disclose clear commitments and client expectations • Participate in and shape relevant industry initiatives • Engage clients outside the transaction context



Challenge #1:

Social issues are increasingly recognized as an important blind spot in data center due diligence /

Through our discussions with environmental and social practitioners from financial institutions, Shift has observed that data center due diligence within banks is often dominated by concerns around energy demand, water use and greenhouse gas emissions. This is understandable given the attention these issues receive from regulators, investors, the media and the public.

However, a value chain lens on data center developments suggests that the impacts and risks associated with data centers are more nuanced and varied. Impacts and risks rooted in social and human rights issues are often overlooked and yet are often those that can affect project viability.

In addition to a range of issues upstream and downstream of a particular data center, communities are particularly concerned about

issues relating to land acquisition and use, noise, local socio-economic impacts (such as housing and electricity prices), access to natural resources and cumulative impacts affecting local communities. These issues frequently underpin community opposition and can lead to project delays, litigation and reputational harm. At the same time, these are not unavoidable risks that represent an inevitable cost of doing business. Instead, the **existence, timing, and quality of community engagement are often decisive in determining whether such impacts remain manageable or escalate into disputes that create financial harm.** Water, land and energy-related issues – often the focus of public debate – can become financially material for many reasons, including, frequently, because of their impacts on people.





What banks can do:

- ✓ Understand where social risks arise along the data center value chain
- ✓ Take an integrated climate-nature-people approach
- ✓ Recognize and apply transferable learnings

Figure 1: A simplified value chain



A. Understand where social impacts and risks arise along the data center value chain:

Effective due diligence starts with understanding where the most salient social and human rights issues arise across the data center value chain. Figure 1 provides a high-level summary of relevant key issues that have social implications. The **Annex** to this paper, provides a more detailed breakdown of key impacts and risks along the value chain.

B. Take an integrated climate-nature-people approach:

Data centers illustrate why an integrated approach to identifying and addressing impacts across the climate, nature and people pillars can help practitioners identify risks earlier and at their roots. Impacts associated with land, water, energy, biodiversity and greenhouse gas emissions are rarely environmental alone. They can affect livelihoods, health, access to essential resources and community rights across the data center value chain. An integrated lens helps financial institutions identify these connections, understand who may be affected and uncover common underlying drivers that siloed assessments can miss. This, in turn, supports earlier intervention and more coherent mitigation before impacts intensify or become harder (and more expensive) to address.

C. Recognize and apply transferable learnings:

Financial institutions do not need to reinvent the wheel. Many of the social and human rights issues associated with data centers have been encountered and addressed in sectors such as mining, renewable energy and other large infrastructure projects. Practitioners can build on established approaches and adapt them to the specific context of data center financing. While some issues are specific to data centers, many are shared with other sectors. Practitioners should distinguish between these and draw on the extensive guidance, tools and lessons already available. In the accompanying **Annex**, for key potential social and human rights issues that could arise in the data center value chain, we:

- highlight sectors where analogous risks have been encountered;
- provide a representative selection of relevant resources from which practitioners can draw to support their due diligence, and;
- offer some initial insights about which risks are idiosyncratic to these particular types of transactions.



Challenge #2:

Community opposition has become a financial risk for data centers /

Community opposition to data center developments is growing rapidly and is increasingly influencing project viability. In the United States alone, Data Center Watch has identified **142 organised advocacy groups across 24 states** opposing new data center developments. The organisation estimates that community opposition contributed to **US\$156 billion** in projects being cancelled or delayed during 2025, demonstrating that local acceptance is becoming a critical factor in project delivery. This trend is not unique to the United States, with a growing number of cases of communities opposing data centers globally, including in **Chile**, **Uruguay**, the **United Kingdom**, the **Netherlands**, **Japan** and **Australia**.

In looking more closely at the growing number of cases, it is often this community opposition that poses the greatest risk to project timelines, the social license to operate and even project viability. Community concerns relating to land acquisition, meaningful stakeholder engagement, cumulative impacts, access to natural resources and the distribution of project benefits often underpin these disputes. If left unaddressed or if ineffectively addressed, these concerns can result in financially material consequences for project proponents.



What banks can do:

- ✓ Build and communicate the business case for action
- ✓ Recognize diversity of community concerns
- ✓ Assess the quality of clients' community engagement
- ✓ Critically evaluate whether community engagement is influencing project decisions/outcomes

A. Build and communicate the business case for action:

Making the business case is often key to securing support for meaningful stakeholder engagement. Practitioners should use evidence, including from Shift's **Community Engagement, Nature and Financial Materiality** publication, to help internal stakeholders and clients understand that **poor quality engagement can lead to project delays, cost overruns, legal disputes and operational disruption**. Conversely, where community engagement is early, inclusive and embedded into project design and implementation, it can help reduce operational friction, support permitting and investor confidence and strengthen the conditions for projects to meet or exceed financial

expectations. Early identification of community concerns can help to inform changes to project design that are far less costly at an early stage than later in the project lifecycle. Building an understanding with internal stakeholders and clients around potential downside risks of poor-quality engagement and opportunities for meaningful engagement can strengthen support for, and likelihood of, early, inclusive and continuous engagement, with the intent of supporting better financial decision-making.

B. Recognize diversity of community concerns:

There is no one-size-fits-all approach to managing community impacts associated with data center developments. Community priorities vary from

place to place, making meaningful stakeholder engagement essential to understanding local concerns and navigating trade-offs. Project sponsors should engage affected stakeholders early, maintain engagement throughout the project lifecycle, and build trusted relationships that ensure community perspectives meaningfully inform decisions.

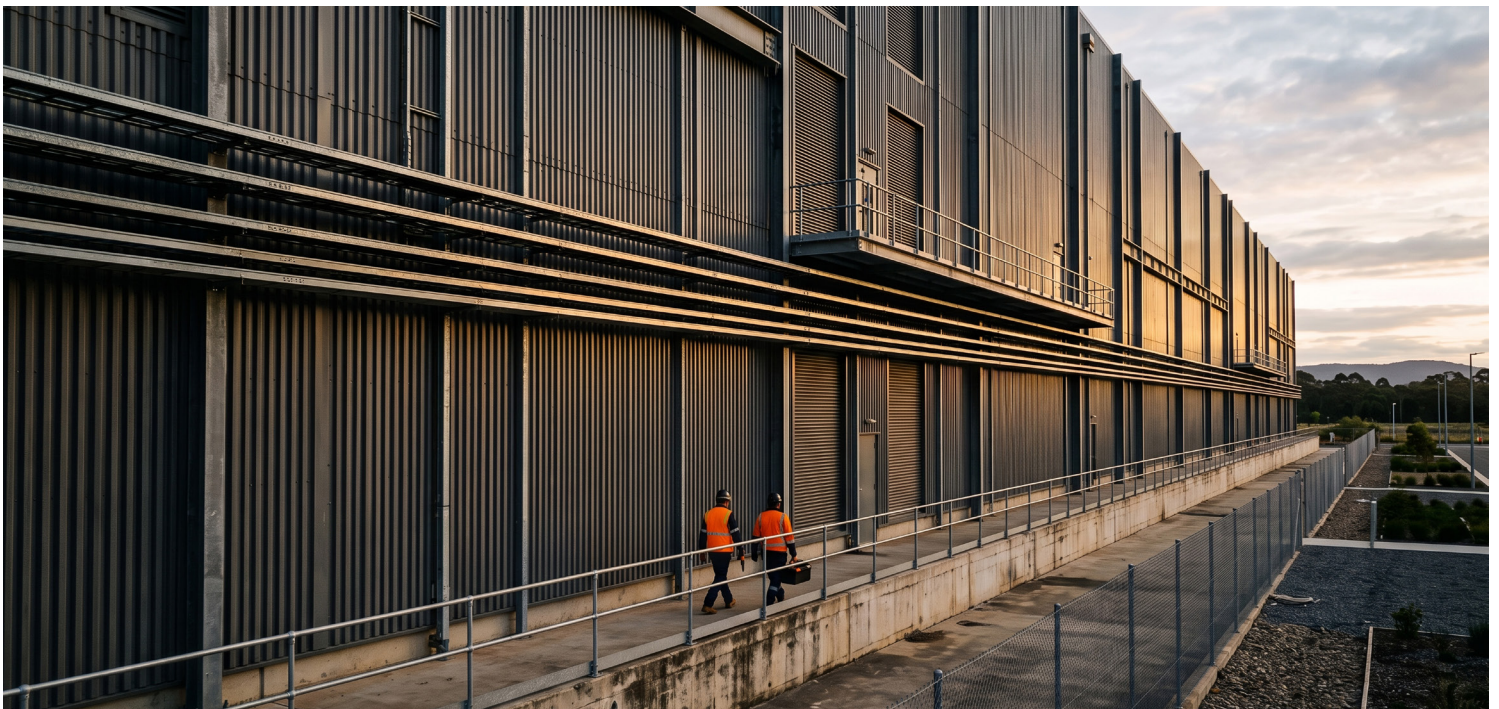
C. Assess the quality of clients' community engagement:

For financial institutions, the quality of community engagement should be a core component of environmental and social due diligence. Rather than simply confirming that consultation has taken place, banks should assess whether engagement was inclusive, started before key decisions were made, was transparent about project impacts and alternatives, reached potentially vulnerable or underrepresented groups, responded to concerns raised, and demonstrably influenced project design or mitigation measures. These expectations should be consistently reflected in client engagements (no matter which financial institution representative is present) and in client financing requirements, where possible. Where Indigenous Peoples may be affected, **Shift's paper on Indigenous rights and financial institutions** provides guidance on respecting Indigenous Peoples' right to free, prior and informed consent (FPIC). Although FPIC applies specifically to Indigenous Peoples, the paper

also offers valuable insights into good practice in working with local communities, including addressing power imbalances, enabling meaningful participation and approaching engagement as an ongoing process.

D. Critically evaluate whether stakeholder engagement is influencing project decisions/outcomes:

Managing community concerns may require technical measures such as reducing water demand or improving energy efficiency. In many cases, these measures should be complemented by ongoing dialogue with affected communities to ensure that project responses reflect local priorities and address impacts that technical measures alone cannot. Financial institutions should therefore look for **evidence that stakeholder engagement has meaningfully influenced broader project decisions and outcomes**. This may include changes to project siting or relocation, project design, mitigation measures, monitoring arrangements or construction plans. Where appropriate, it may also result in mutually agreed community benefit agreements, community ownership or participation models, or other benefit-sharing mechanisms. These outcomes can demonstrate that engagement has moved beyond consultation to genuine dialogue and can help build trust, reduce the risk of conflict, and strengthen the long-term resilience of the projects.





Challenge #3:

Data center developers and project sponsors are less familiar with international E & S standards /

The rapid expansion of data centers has attracted a broad range of project sponsors, including technology companies, real estate developers and new market entrants, many of whom have limited experience managing complex environmental and social risks and impacts. As a result, sponsors are often relying exclusively on domestic regulatory and permitting frameworks, which may not adequately address some of the most material issues with which they are confronted in advancing their data center development plans, such as impacts to land and water, strain on and access to infrastructure and services (e.g., housing, water, electricity pricing), cumulative impacts (e.g., related to energy, electricity, water, land and housing) and climate-related impacts.

Where domestic regulatory frameworks do not adequately address material environmental and social risks, financial institutions should look to international standards to guide their due diligence, including the UN Guiding Principles on Business and Human Rights. For project-related transactions undertaken by Equator Principles

Financial Institutions (EPFIs), this expectation is reflected in EP4, which requires the application of the IFC Performance Standards or their use as guidance, depending on where the project is physically located¹. EP4 also reinforces the importance of assessing human rights risks in line with the UN Guiding Principles on Business and Human Rights, with the depth of assessment proportionate to the project's risk profile.

Providers of capital and civil society stakeholders have told us that many data center sponsors, who may have had limited experience with large scale infrastructure projects, are unfamiliar with these international standards and may have limited understanding of why they need to be applying them or how they apply in practice. In these circumstances the role of the bank in signposting – and requiring – better practice is both crucial and mutually beneficial for bank and client (see also Shift's FI Circle publication on **Using Leverage with Clients to Drive Better Outcomes for People**).



1 Equator Principles 4 – Principle 3 –

- “For Projects located in Non-Designated Countries, compliance with the applicable IFC Performance Standards on Environmental and Social Sustainability (Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines)”; “Non-Designated Countries are those countries not found on the list of Designated Countries on the Equator Principles Association website.”
- “For Projects located in Designated Countries, the EPFI will evaluate the specific risks of the Project to determine whether one or more of the IFC Performance Standards could be used as guidance to address those risks, in addition to host country laws.”



What banks can do:



Clearly communicate expectations and reinforce accountability



Use expertise to build client understanding



Build leverage through collaboration

A. Clearly communicate expectations and reinforce accountability:

Financial institutions should communicate their expectations early in the transaction, making clear where they extend beyond compliance with domestic law, why they are relevant to the financial success of the project and how clients will be held accountable for meeting them.

B. Use expertise to build client understanding:



We have heard that in many cases, financial institutions have significantly more experience than data center project sponsors in applying international standards for responsible business conduct.

Banks should use this expertise to explain the business rationale for meaningful stakeholder engagement (see Challenge #2) and other good practices, helping sponsors understand how these approaches can reduce project risk and improve outcomes for both communities and the project. Financial institutions should also help sponsors understand that international standards are intended to support sound decision-making, rather than simply to create obstacles to projects when challenges arise. They can help sponsors

explore early whether and how a project can proceed successfully, identify and address risks, and improve project design and outcomes. They should also inform ongoing decision-making, including whether plans need to be adapted or reconsidered as new challenges arise.

C. Build leverage through collaboration:

Where possible and appropriate, financial institutions can work collaboratively with financial sector peers outside of individual transactions (see Challenge #5), as well as in syndicate/club transactional contexts to build client understanding and encourage alignment with international standards, including the UN Guiding Principles on Business and Human Rights. Outside a particular transaction, this could include developing common expectations within or external to existing standards (e.g., EPs, IFC Performance Standards, other). In the context of a specific transaction, this could mean agreeing common expectations for success of the project across lending groups, coordinating messages to clients and the sector at large, developing time-bound action plans to address identified gaps, and using ongoing engagement to support implementation throughout the life of the financing.



🚩 Business Model Red Flags: Key Lines of Inquiry

Shift's **Business Model Red Flags** explore features of dominant and emerging business models that may give rise to risks to people. Each red flag outlines these risks to people, illustrates the financially material consequences when they are left unaddressed, and highlights company efforts to mitigate them, as well as alternative models and due diligence lines of inquiry. Several of these features may arise in data center transactions. Relevant lines of inquiry that can be useful to FIs as they engage with clients in the context of data center due diligence include:

❓ Questions related to project timelines:

- Do the company's project plans allow sufficient time for meaningful community consultations?
- Does the company understand the local context and the potential ways in which the project can impact on people?
- Does the company know which stakeholders they need to consult and how to structure the consultations to make them meaningful and accessible?
- Do those responsible for community engagement have the requisite skills and experience for engaging with affected stakeholders, including Indigenous Peoples?
- Does the company measure and/or have they accounted for the cost of conflict with local communities?

❓ Questions related to depletion or pollution of natural resources:

- How does the company assess whether their use of resources could impact vulnerable populations?
- Does the company include in its assessments the potential for contributing to harm through cumulative impacts?
- Does the company understand the degree to which climate change or the low carbon transition could interact with or intensify their use natural resources?

❓ Questions related to land use in geographies where ownership is contested:

- Does the company have ongoing processes in place to engage with local communities in order to understand any land-related impacts that may arise from their activities?
- How does the company integrate issues raised by communities into company decision-making?
- Does the company have mechanisms for hearing, processing, and settling any grievances of local communities? How confident are they that communities trust those mechanisms and feel able to use them in practice?

Challenge #4:



Banks' E & S due diligence requirements, including those related to stakeholder engagement, are facing increased scrutiny or resistance in some jurisdictions /

Financial institutions are increasingly undertaking environmental and social due diligence in a more complex and contested operating environment. In some jurisdictions, expectations for robust due diligence, including meaningful stakeholder engagement, are facing increased scrutiny or resistance. For example, political opposition

to ESG-related practices in parts of the United States and evolving regulatory approaches in China have created uncertainty about the extent to which financial institutions can/should request or rely on environmental and social information beyond domestic legal requirements.



What banks can do:

- ✓ Articulate the benefits of robust due diligence
- ✓ Connect impacts on people and planet to financial risk
- ✓ Recognize community engagement as a financial risk management tool

A. Articulate the benefits of robust due diligence:

Where environmental and social due diligence is subject to increased scrutiny, financial institutions should distinguish between politicized debates surrounding “ESG” and the practical need to identify material environmental and social impacts that can also create business risk. Practitioners should clearly articulate how these impacts can affect project viability, financial performance (see Challenge #2) and affected people, and explain how international standards complement, rather than replace, domestic legal requirements.

B. Connect impacts on people and planet to financial risk:

An integrated lens can help financial institutions trace the causal pathways through which impacts on climate, nature and people can lead to financially material impacts to a project, company or its financier. As Shift's research shows, the quality of community engagement can help determine whether environment-related impacts

and dependencies become sources of trust and resilience or opposition and loss. For data centers, poorly understood or inadequately addressed concerns about land, energy and water can translate into delays, disruption, project redesign, legal or regulatory action, reputational damage, higher financing costs or stranded investment. Understanding and articulating these connections helps practitioners build a compelling case for how impacts on people and planet can translate into financially material consequences for projects, companies and their financiers, providing a basis for action in any jurisdiction.

C. Recognize community engagement as a financial risk management tool:

Financial institutions should view meaningful community engagement, aligned with international standards, as a core risk management tool for identifying concerns early, strengthening project design and reducing the likelihood that issues escalate into costly disputes.



Challenge #5:

Speed of data center transactions and timing or nature of bank involvement /

Environmental and social practitioners within financial institutions often face practical constraints that can limit their ability to undertake effective, decision-relevant due diligence.

The rapid pace and scale of data center financing can compress due diligence timeframes, while practitioners are frequently engaged only after key project decisions, such as site selection, design or permitting, have already been made. As a result, opportunities to identify risks early, influence project design or encourage meaningful

stakeholder engagement may be significantly reduced.

These challenges can be compounded by transaction structures. Multi-project facilities or portfolio-level arrangements give practitioners limited visibility into the characteristics, location or risk profile of individual projects. This can make it more difficult to determine where enhanced due diligence is warranted, assess project-specific environmental and social risks, or monitor whether risks are being effectively managed over time.



What banks can do:



Within a single transaction:

- Build the business case for meaningful community engagement
- Build leverage with other lenders
- Focus on the issues with the greatest severity of impact on people
- Use leverage before walking away



At the portfolio level:

- Strengthen internal capability
- Disclose clear commitments and client expectations
- Participate in and shape relevant industry initiatives
- Engage clients outside the transaction context

Within a single transaction:

A. Build the business case for meaningful community engagement:

Help clients understand how meaningful community engagement can reduce opposition and other financially material risks (see Challenge #2 & Challenge #4) and that it is worth their time and money.

B. Build leverage with other lenders:

When transaction timelines are tight, coordinate with lending partners to seek additional time for due diligence, align expectations and reinforce priority messages about project success to the client through collective influence.

C. Focus on the issues with the greatest severity of impact on people:

If time or timing is a concern, then effort should be focused on the most severe impacts on people. Often these are the issues that are most likely to also materially impact project outcomes (e.g., through community opposition).

D. Use leverage before walking away:

Use the bank's influence to convince partners that taking the necessary time to undertake due diligence that effectively identifies and addresses the most severe impacts and risks is an opportunity to improve project outcomes, with financially material consequences. Look to discourage reactive disengagement without efforts to address the issues.

At the portfolio level:

If a financial institution is consistently evaluating data center financing opportunities and consistently being asked to turn around these transactions at lightning quick speeds, it may be beneficial to take portfolio-level actions outside individual transactions. These actions can strengthen internal capability, improve the quality of due diligence and support more informed decision-making when transactions arise, particularly when there is pressure for quick decision-making. Such actions could include the following:

A. Strengthen internal capability:

Build internal expertise on stakeholder engagement and other emerging risks associated with data center developments, or ensure the organization has ready access to appropriate external expertise where needed.

B. Disclose clear commitments and client expectations:

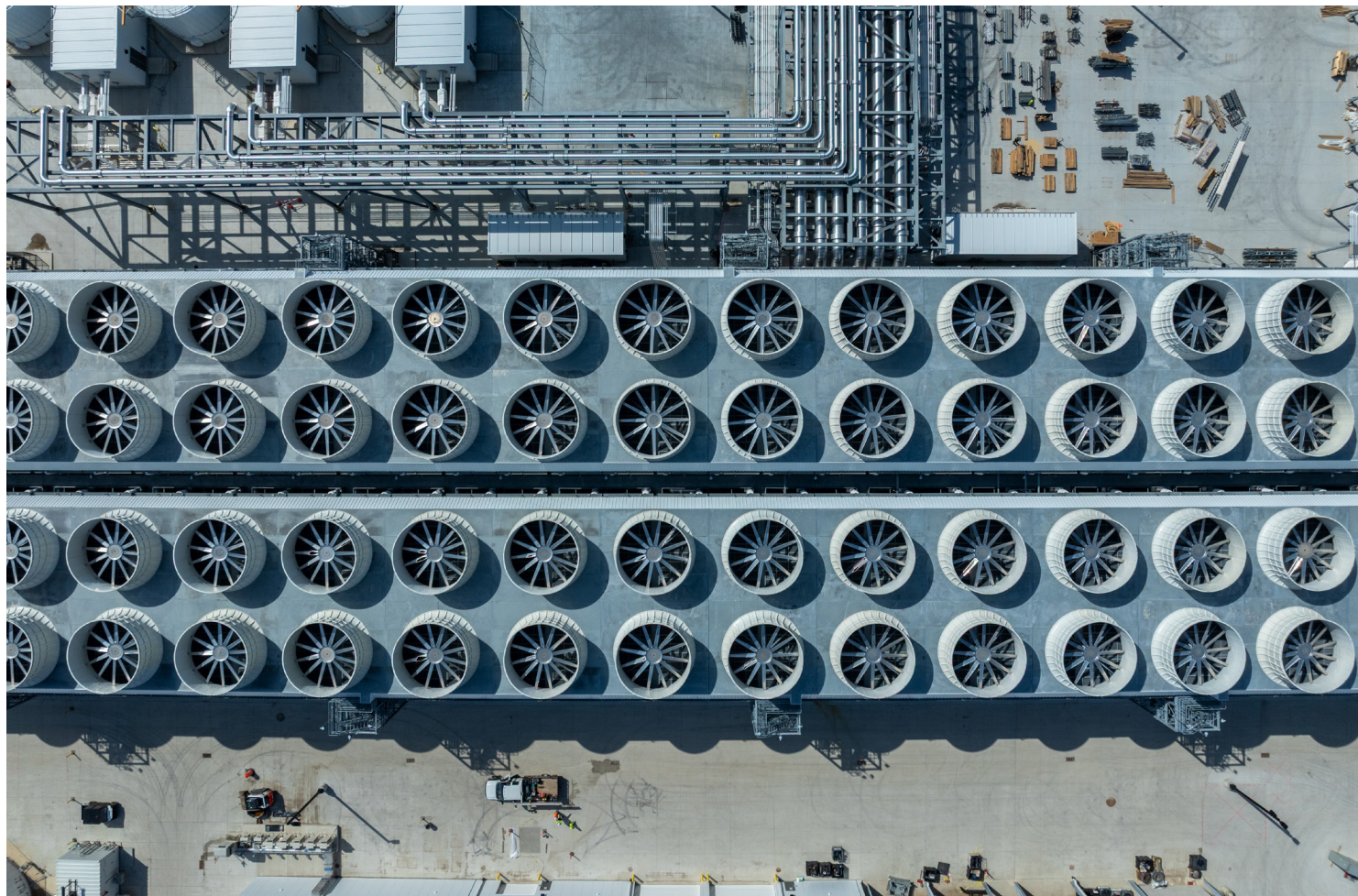
Publicly communicate expectations for meaningful stakeholder engagement and alignment with international standards so that clients are on notice.

C. Participate in and shape relevant industry initiatives:

Participate in relevant peer groups, standard-setting efforts and other collaborative initiatives focused on data center development. Financial institutions should ensure that these initiatives give adequate attention to social and human rights impacts alongside environmental concerns, where relevant, and use their influence to promote approaches aligned with international standards, including the UNGPs and the OECD Guidelines. Developments of interest to financial institutions include, for example, the Equator Principles' sector-specific guidance for data center projects and emerging initiatives such as the Greening AI Data Centres Coalition.

D. Engage clients outside the transaction context:

Discuss emerging risks and expectations with clients who may be involved in or considering getting involved in data center or data center-related transactions outside any individual transactional context to articulate expectations and encourage stronger practices before financing is sought.



Conclusion /

Taken together, these challenges and potential bank responses point to the need for a more deliberate approach to data center due diligence that draws on relevant insights and experience from other sectors. It is increasingly evident that social issues should be considered, in an integrated way, alongside environmental factors when evaluating data center-related transactions.

As elaborated in this document and informed by insights from members of Shift's Financial Institutions Practitioners Circle, banks can draw on a range of strategies and tools to integrate these considerations into their evaluation of data center transactions and steer prospective and existing clients toward more responsible practices and behaviors.



About the Financial Institutions Practitioners Circle

The Financial Institutions Practitioners Circle

(FIs Circle) is a network of practitioners from private banks and export credit agencies – led by Shift experts – to foster insightful conversations, co-create innovative approaches and ultimately advance leading practice across the financial sector. For more information or to apply to join, contact ashleigh.owens@shiftproject.org

Upstream

Stakeholder type	Impacts & risks	Sectors facing analogous challenges	Existing guidance & resources	Idiosyncratic factors relevant to data centers
Value chain workers	- Labor rights & Occupational Health & Safety risks linked to component manufacturing (e.g., semiconductors, chips, servers, other electronics). - Forced and child labor in critical mineral supply chains (e.g., cobalt, nickel, rare earths). - Supplier workforce impacts linked to cost, speed and procurement pressures - Climate change-induced heat stress, lost working hours for workerssemiconductors, chips, servers, other electronics)	- Renewables - Automotive - Mining - Apparel - IT/electronics	UNEPFI Human Rights Toolkit – Renewables UNEPFI Human Rights Toolkit – Digital Economy OECD DD - Batteries OECD DD - Electronics Common framework for Responsible Purchasing Practices IRMA standard Engaging with companies on just resilience Know the Chain – ICT Investor Briefing Transition Minerals Tracker 2026 Shift's Business Model Red Flags – Commodities – 14 & 19	- Geopolitical dynamics - Rapid ramp-up in demand for certain components - An increasingly interconnected and mutually dependent value chain in which firms often act simultaneously as suppliers, customers, investors and infrastructure providers.
Communities	- Community health and safety (pollution/resource extraction) - Land acquisition & displacement - Community and Indigenous Peoples' rights	- Renewables - Food & beverage - IT/electronics - Large infrastructure - Extractives	- Shift's FI Circle publications Indigenous Rights and Financial Institutions Human Rights Defenders and Shrinking Civic Space SBTI Stakeholder Engagement UNEPFI Human Rights Toolkit – Renewables UNEPFI Human Rights Toolkit – Digital Economy Know the Chain – ICT Investor Briefing Transition Minerals Tracker 2026 IRMA standard OECD-FAO Responsible Agricultural Supply Chains EP4 & IFC Performance Standards Shift's Business Model Red Flags – Land & Resource use/pollution – 12 & 13	- Rapid delivery timelines - Lagging regulatory frameworks - Project sponsors less familiar with international standards

Construction & Operations

Stakeholder type	Impacts & risks	Sectors facing analogous challenges	Existing guidance & resources	Idiosyncratic factors relevant to data centers
Workforce*	- Labor rights - Occupational health and safety <i>*includes employees and non-employee</i>	Many sectors	- EP4 & IFC Performance Standards <u>ILO Occupational Safety and Health: International Labour Standards</u> <u>ISO/DIS 45001 Occupational Health & Safety</u>	- Rapid delivery timelines - Relatively less dependent on workers for operations compared to other land-intensive activities
Communities	- Land acquisition & use, displacement - Water quality & use, energy demand, noise, traffic, waste removal & disposal, and visual impacts - Community health and safety including dust & other emissions, traffic safety, noise & vibration - Cumulative impacts where multiple projects are concentrated in a region - Housing, cost-of-living, electricity costs impacts associated with large projects - Contribution to climate change, depending on electricity grid composition - Interaction with physical climate impacts (e.g., water availability, extreme weather events) - Community opposition, potentially Indigenous rights	- Renewables - Mining - Oil & gas - Heavy Industry - Agriculture - Large infrastructure	- Shift's FI Circle publications <u>Indigenous Rights and Financial Institutions</u> <u>Human Rights Defenders and Shrinking Civic Space</u> - SBTI Stakeholder Engagement <u>Nature Conservancy: Enabling a community-powered transition</u> - EP4 & IFC Performance Standards - EP Guidance – Data Centers - EP Guidance – Climate Change <u>Risk Assessment</u> - ERM Community Permission <u>IFC Cumulative Impact Assessment & Management</u> <u>Investor Water Toolkit</u>	- Rapid delivery timelines - Lagging regulatory frameworks - Project sponsors less familiar with international standards - Geopolitical and competitiveness considerations - Less location-dependent than many other land-intensive activities

Downstream

Stakeholder type	Impacts & risks	Sectors facing analogous challenges	Existing guidance & resources	Idiosyncratic factors relevant to data centers
Workers	Workforce displacement associated with digital transition	Low carbon transition (e.g., coal, oil, gas)	- TISFD Beta Framework Just Transition Landscape Mapping - Shift's Just Transition metrics - Shift's Business Model Red Flag 21 on Rapid digitalization	- System-level risk - Geopolitical dynamics - Relative to previous industrial transitions, generative AI is likely to impact different groups disproportionately, such as workers engaged in information-based tasks (e.g., coding, data analysis, legal drafting, and content creation) or customer support roles (which are increasingly automated, with differentiated impacts across gender, race, socio-economic status)
Consumers & End-users	Range of potential downstream impacts, depending on the use of data, including infringements on the rights to privacy, non-discrimination, freedom of opinion and expression, health, life	- Defense & dual use technology - Telecommunications providers - Cloud service providers - Oil & gas exploration - Financial service providers	Global Network Initiative Dual use technology Human rights due diligence in the financial sector - ESRS Business Model Red Flags AI and Data lens.	Data center operators may not: - Control end-user applications. - Know all future uses of computing capacity. - Have significant leverage over future tenants

About **Shift**

Shift is a non-profit, mission-driven organization working globally to embed respect for human rights into business. We leverage the UN Guiding Principles on Business and Human Rights to shape the standards, incentives and practices that are needed for a fairer economic system in which everyone, not just the few, can thrive.

Visit shiftproject.org and follow us at [@shiftproject](https://twitter.com/shiftproject).

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