

The Church Commissioners for England believe that inequality represents a systemic risk that threatens our social systems and well-functioning markets, and as a responsible investor the Commissioners should be working to address. As part of the approach, the Commissioners have become an Ally of the Taskforce on Inequality-related Financial Disclosures (TIFD), under the Respect for People responsible investment pillar.

TIFD was created to meet the need for an explicit systemic risk management framework that can help reduce inequality created by the actions of the private sector. TIFD will provide guidance, thresholds, targets, and metrics for companies and investors to measure and manage their inequality-related risks, including a focus on how inequality affects company performance, how inequality contributes to market-wide system-level risks and therefore affects investor performance, and how private sector activity can exacerbate inequality.

Investors, civil society, business and academia are increasingly aware that inequality is a system-level risk that threatens well-functioning markets and investment portfolios. Inequality, like climate change, is an issue that can't be solved by divesting from certain assets; it requires investors to look at the bigger picture and to 'steward the whole system'. For institutional investors, reducing inequality can create positive social outcomes while reducing the systematic portfolio risk. For the Commissioners, transforming unjust social structures is also a part of the Church's Five Marks of Mission.

Government has a critical role to play, but government alone cannot address inequality; the private sector must be involved. While companies can be a force for good in reducing inequalities, they can also create or deepen inequalities, for example by engaging in wage theft. As such investors should be pushing companies to reduce their negative impacts that contribute to inequality. But as yet the tools to inform and enable investors are not sufficient. In the same way that the Taskforce on Climate-related Financial Disclosures (TCFD) had to be set up to help address the risk of climate change, the Commissioners hope that the Taskforce on Inequality-related Financial Disclosures will achieve a similar or greater impact.

Dan Neale, Social Themes Lead for the Church Commissioners for England, said:

"As a universal asset owner, we need the whole market to do well. As an ethical investor, we want to see unjust social structures broken down and inequalities reduced. The TIFD and any future disclosure frameworks are an important step in addressing inequality. If a TIFD wasn't already being set up, then we'd be pushing for one."

Read more about the Task Force, [here](#).