

**BLUEPRINT  
FOR BUSINESS  
LEADERSHIP  
ON THE SDGS**

**10 REDUCED  
INEQUALITIES**



## 10 REDUCED INEQUALITIES



## How business leadership can advance Goal 10 on Reduced Inequalities



Equality is fundamental to a stable, just, prosperous, and peaceful society. In recent years, the benefits of economic growth have disproportionately favoured the world's richest. In OECD countries, income inequality is at its highest level in the past half century. In developing countries, it has increased by 11 per cent between 1990 and 2010. Further, while there has been a narrowing in the average incomes between developed countries and some developing countries, average incomes in other developing countries have fallen further behind those in developed countries. Many groups, such as women, racial minorities and indigenous populations, still do not have equal access to opportunities - facing exclusion from business ownership and corporate decision making and discrimination related to wages, employment, and access to financial services. Intergenerational inequality is also a critical challenge – ensuring that future generations do not inherit a far-more polluted planet.

Contrary to the perception of many businesses, the private sector has a crucial role to play in addressing the systemic challenge of reducing inequality. Business impacts inequality through the decisions it takes on how to distribute the economic value it generates, including by deciding whether it pays living wages and how it structures executive pay; by paying or not paying taxes (in different countries) that are essential for funding inequality-reducing social security and public investment in health, education, and infrastructure; through the way it uses its economic and political influence to shape the marketplace and its regulatory environment. At the same time, the systemic challenges underpinning attainment of this Goal illustrate the need for collaborative action bringing together all stakeholders, especially Governments. In support of these collective efforts, all companies should pay their fair share of taxes, practice non-discrimination, comply with social and environmental regulation, and respect and support human rights. Responsible tax practice also involves progressive alignment of economic activities and tax liabilities (tax planning), country-by-country reporting on tax-relevant information, and transparent and responsible engagement with tax authorities.

**Leadership takes these activities further. Leading companies can assess how they impact the distribution of economic value across stakeholder groups and implement policies and practices to make it more equal. They can support the establishment and expansion of social protection measures at the national level, where they may complement government efforts with their expertise and resources. Business can lead through the implementation of policies and practices to support equality of opportunity, treatment, and outcome for all across own and supply chain operations, and it can have a leading impact on the reduction of inequality through design and implementation of products, services, and business models that target the needs of vulnerable and marginalized populations.**

Reducing inequalities benefits businesses as it helps create a more stable and predictable business environment. It also introduces greater diversity of thought into the workplace, boosting innovation and profitability. Economic research shows that reducing income inequality boosts economic growth.

Action on Goal 10 is deeply linked to other Goals. Reducing inequalities can contribute to peace-building efforts (Goal 16), improve the condition of women (Goal 5), and foster stronger and more sustainable economic growth (Goal 8), which can in turn, help reduce poverty (Goal 1), hunger (Goal 2), and lack of access to education (Goal 4).

Definitions: equality of opportunity means equality of access and life chances; equality of treatment means equality in how people are treated in day-to-day affairs and zero discrimination based on sex, race, gender and other non-work related characteristics; equality of outcome is equality of income and wealth.



## 10 REDUCED INEQUALITIES



# Business Actions in Support of Goal 10

## Targets of Goal 10

**10.1** Achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

**10.2** Empower and promote the social, economic and political inclusion of all, respective of age, sex, disability, race, ethnicity, origin, religion or economic or other statuses

**10.3** Ensure equality opportunity and reduce inequalities of outcome

**10.4** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

**10.5** Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

**10.6** Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

**10.7** Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies

## Business Actions

1

Assess the distribution of economic value across stakeholder groups and implement policies and practices to make it more equal

2

Support the establishment and expansion of social protection measures at the national level

3

Implement policies and practices to support equality of opportunity, treatment and outcome for all across own and supply chain operations

4

Design and implement products, services, and business models that explicitly target the needs of disadvantaged and marginalized populations

**10** REDUCED INEQUALITIES



# Do your actions satisfy the Leadership Qualities?



**Guiding Questions** to apply to the Leadership Qualities to your business

## Intentional

- Is your company committed to supporting the achievement of Goal 10? Have you developed a holistic strategy that reflects this commitment, covering end-to-end operations and the wider community?
- Are you committed to learn from your actions and do you have processes in place to improve them accordingly?
- Is your strategy supported by the highest levels of management, including the Board of Directors?

## Ambitious

- Do your actions achieve long-term outcomes that greatly exceed those resulting from current industry practice?
- Are your actions aligned with what is needed to achieve Goal 10?

## Consistent

- Is support for Goal 10 embedded across all organizational functions?
- Are staff and board incentives aligned with achieving Goal 10?

## Collaborative

- Do you proactively look for opportunities to partner with Governments, UN agencies, suppliers, civil society organizations, industry peers and other stakeholders to inform how to advance Goal 10?

## Accountable

- Do you publicly express your commitment to advance Goal 10?
- Do you identify, monitor, and report on impacts, including potentially adverse impacts?
- Do you mitigate risks associated with your action?
- Do you remediate negative impacts associated with this action?
- Do you engage stakeholders in a meaningful way?

**Key Considerations** for Goal 10

Addressing inequalities may require action that implies a reduction in profitability in the short term. Top-level leadership and a strategic commitment are needed to successfully drive such action, and explain results to others.

Addressing inequalities may require action that implies a reduction in profitability in the short term. Top-level leadership and a strategic commitment are needed to successfully drive such action, and explain results to others.

Action on inequality should be consistently backed by all departments, especially where they concern changing internal and supply chain policies and practices (including related to adequate wages and pay gaps), and where intensive collaboration with Governments and other stakeholders are involved.

Inequalities are often due to systemic issues that cannot be addressed by one company alone. Collaboration, especially in multi-stakeholder partnerships including Governments, is key to successful delivery on the company's goals.

Companies should identify stakeholders that are most vulnerable to economic and social inequalities on which their action can have an impact, find ways to integrate their perspectives into actions, and be publicly accountable for outcomes – both positive and negative.



# How taking action on Goal 10 is interconnected with other Goals



**The Global Goals are inherently interconnected.** Action taken toward one Goal can support or hinder the achievement of others. Identifying and addressing these interconnections will help business to build holistic and systemic solutions that amplify progress and minimize negative impacts. To help build a greater understanding, we have illustrated some of the ways in which the Goals connect. These are not exhaustive, and we encourage business to consider how they apply in their own operations.



### Maximise likelihood of positive impact on:



Action to reduce inequalities is deeply linked to other Goals. Reducing inequalities contributes directly towards greater levels of gender equality (Goal 5). It also helps build more stable and peaceful economies (Goal 16) by abating the social tensions that emanate from inequality. Evidence shows that reduced inequality fosters stronger and more sustainable economic growth (Goal 8) because it helps unlock the population's working potential, increases diversity of thought, and creates a more stable environment for businesses. This in turn helps reduce poverty (Goal 1), hunger (Goal 2), ill-health (Goal 3), and lack of access to education (Goal 4). A reduction in inequality can also benefit planet-related Goals indirectly. For example, bringing marginalised communities into the formal economy can reduce their dependence on activities that are harmful for the environment such as logging and illegal poaching.



### Minimise risk of negative impact on:



In the short term there is a risk that efforts to decrease inequality contribute to environmental degradation. For example, increasing equality of access to energy resources using fossil fuel sources power can negatively affect efforts to combat climate change (Goal 13). For long-term success, action to reduce inequality should respect the environment. This will also contribute to inter-generational equity.

10 REDUCED INEQUALITIES



## BUSINESS ACTION 1

### Assess the distribution of economic value across stakeholder groups and implement policies and practices to make it more equal



Companies create economic value and distribute this to different stakeholders. All companies should recognize that shareholders are only one group, and that the interests of other stakeholders – and sustainable development more broadly – may need to be prioritized over short-term maximization of shareholder value. Responsible shareholders, in turn, recognize and act on the understanding that long-term maximization of returns may imply lower returns in the short term. Leading companies can critically assess the distribution of the economic value that they generate across stakeholder groups including employees (including in relation to adequate wages and pay gaps), investors, government, and communities, using the highest reporting standards for this purpose. Companies can use this information to distribute value more equally. This may be achieved through changing ownership structures to include communities and small suppliers, or distributing profits above a certain threshold to community and environmental benefit funds. Leading companies can also identify and include businesses in their value chain that distribute greater value to workers and communities, including suppliers with profit sharing agreements with workers, hybrid ownership models that give workers or suppliers a share of the business, or governance models that give greater representation to workers and communities.

#### Example practice

- A co-operative retail group which sells food, financial services and other products **applies GRI standard 201 to understand its economic value distribution**. This leads to several initiatives including significantly increasing sourcing of local meat, produce, and dairy from local farmers; and a membership scheme through which it returns value to its members and local communities. It is also recognized as abiding by a high standard of responsible tax practice and transparency
- A financial services firm undertakes an **objective gender pay gap audit** by a qualified external party, publicly reports on the results and takes robust remedial action to ensure jobs of equal value are remunerated equally
- A consumer goods company allows an NGO to undertake a thorough assessment of one of its overseas factories to assess the distribution of economic value across workers; it publicly publishes the findings and works towards addressing the systemic issues that are at the heart of unequal distribution
- A chocolate company has an ownership structure which allows for **co-ownership by smallholder farmers**; it ensures that farmers get a **share in the profits and a voice in company decisions**; it also **guarantees a minimum Fairtrade price** to protect farmers from the volatility of the market

- A Scandinavian company has an employee-owned structure which **distributes profits fairly amongst workers**; it puts a **cap on executive pay**, ensuring that compensation is fair and, proportionate to experience and contribution
- A global food producer works to **strengthen women smallholder farmers' linkages with market actors**, thus helping to improve equity in societal relationships
- A food company **tracks five domains of empowerment, that is, production, resources, income, autonomy and leadership for employees across its business** to assess whether action to further equality is effective. It takes robust remedial action in cases where inequality problems are found
- A US consumer goods company **becomes a certified benefit corporation in order to align its mission to generate social value through its hiring, products and operations with its legal status**. By doing so, the company's social goals and accountability to all stakeholders are legally protected, alongside obligations to shareholders



#### Consider the leadership qualities and interconnectedness of your action, including...

**Intentionality:** value distribution is a key area for decision making of executive management and most corporate governance structures include a board that holds management to account for its performance. Intentionality behind the commitment to address inequality must be ingrained in, and thereby enabled by, the governance structure. This allows management to explain its long-term value creation strategy to all stakeholders and act on it with full support.

**Interconnectedness:** a more equal distribution of value can support all of the Goals. It can directly impact incomes of people (Goal 1) and, through applying a gender lens, increase gender equality (Goal 5). It can indirectly allow other stakeholders including government, businesses, and local communities to take better care of themselves (Goals 2, 3, 4 and 6) and be better stewards of the planet (Goal 11, 12, 13, 14, 15).

10 REDUCED  
INEQUALITIES

## BUSINESS ACTION 2

### Support the establishment and expansion of social protection measures at the national level



Business is obliged to respect applicable laws regarding taxation and other contributions to social protections. These include tax evasion and avoidance; temporary, zero hour, and part time contracting; and paying salaries below living wages. However, leading business also engages proactively with government and other stakeholders to consider how legal reform can contribute to greater social equality at local, national and international levels. Leadership supports Governments in the establishment and expansion of social protection measures for the betterment of vulnerable and marginalized groups. This can include adopting responsible taxation, including transparency, practices; establishing global minimum standards for living wages and benefits for employees across end-to-end operations that can be adopted at the national level; and advocating for social reforms that contribute to equality, including through living wage reforms and provision for unemployment. Companies should be careful to complement and not undermine existing social protection initiatives by Governments.

#### Example practice

- A tax advisory company establishes an initiative involving a wide range of relevant stakeholders, including taxpayers, academia, media, government, global bodies, politicians, NGOs and tax professionals, to **inform thinking on what responsible tax behavior in a global context requires**
- A utility gets accredited by a not-for-profit organisation that certifies companies for responsible taxation practices and tax transparency. Along with other certified companies, it actively advances the mission of the initiative by **calling on government to put responsible taxation at the heart of its policy agenda**
- A consumer goods company works with labour unions to **implement a living wage throughout its supply chain**, as well as ensuring collective bargaining and Freedom of Association for all employees
- A garment company participates in a **global framework agreement** with international brands, retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment supply chain
- A consumer goods company reviews its hiring practices to ensure that any hiring of workers on temporary or short-term contracts happens only when essential, due to seasonal changes and not to avoid social benefits regulations



#### Consider the leadership qualities and interconnectedness of your action, including...

**Accountability:** companies should meaningfully engage with all stakeholders to best understand how they can take effective action that does not in any way countervail existing initiatives, and, instead, complement them

**Interconnectedness:** social protection can help advance all people-focused sdgs, including no poverty (Goal 1), zero hunger (Goal 2), health and well-being (Goal 3), quality education (Goal 4), and gender equality (Goal 5).

10 REDUCED  
INEQUALITIES

## BUSINESS ACTION 3

### Implement policies and practices to support equality of opportunity, treatment, and outcome for all across own and supply chain operations



Companies have a responsibility to adopt policies and practices in support of equality of opportunity, treatment, and outcome for their own employees. Leading companies extend their action to their supply chain and work with suppliers to do the same. Leading action on equality of opportunity can include working in own operations and with suppliers to provide opportunities for groups that have historically been discriminated. Equality of treatment can be promoted through the supply chain by building capacity for implementing and enforcing policies and practices to ensure non-discrimination such as recruitment, promotions, accessibility of the workplace, the quality of work that is offered, and addressing unconscious biases against certain groups. Including these factors in performance reviews can embed the practice. Equality of outcome can be supported with leading action to ensure businesses in the supply chain follow the principle of equal pay for equal work, for example helping to institute processes that ensure objective, merit-based pay. In relation to rapidly increasing data use and analysis, leading companies can set standards on reviewing use and protection of personal data and scrutinizing the processes and algorithms through which judgments are made that allow people access to products and services, to ensure that implicit biases in the data and its usage do not reinforce socio-economic inequalities within societies.

#### Example practice

- A consultancy implements **training workshops to help build suppliers' capacity to identify and rectify instances of wage discrimination and unfair treatment**
- A large accountancy firm **takes action to include members of the LGBT community** by offering benefits such as spousal equivalent recognition and gender transition coverage, and by raising awareness of inequities that LGBT professional face in the workplace. It also supports LGBT organisations through sponsorship, volunteering and board involvement
- A electric utility company, partners with an NGO to **empower semi-literate women from electricity deprived villages to install and maintain small photovoltaic systems**. This partnership develops the capacities of women entrepreneurs by providing them with technical training

- An international beverage company has a **dedicated program that provides targeted professional and personal growth opportunities to people with disabilities** through training, education, community events, networking etc. to ensure equality of opportunity
- A company reviews its use of big data to approve customers for store credit cards to identify whether the processes used are reinforcing the economic exclusion of vulnerable groups due to biases embedded in credit score rating methods



#### Consider the leadership qualities and interconnectedness of your action, including...

**Ambition:** ambitious action aims to address inequality issues for the long-term, which in many instances requires fundamental shifts in corporate cultures. This ambition must be driven from the top to be effective

**Accountability:** not all inequalities are at the surface. Meaningful engagement with stakeholders is often required to understand areas of need. Monitoring and reporting on inequality across own and supply chain operations can also help direct action to address inequality and hold the company publicly to account

**Interconnectedness:** action on addressing inequality across own and supply operations can advance all Goals where empowerment is a key driver of progress, including no poverty (Goal 1), zero hunger (Goal 2), health and well-being (Goal 3), quality education (Goal 4), and gender equality (Goal 5).



10 REDUCED  
INEQUALITIES

## BUSINESS ACTION 4

### Design and implement products, services, and business models that explicitly target the needs of disadvantaged and marginalized populations



Companies can lead by leveraging their innovation capabilities to create products, services, and business models that cater to the need of disadvantaged and marginalized populations. Products and services tailored for these groups can significantly alter their conditions and allow them to live healthy, fulfilling lives. New business models may be required in order to reach those groups with products and services. Examples include creating new, cheaper, and significantly improved technologies for everyday use in impoverished communities such as shelter, cooking, lighting, transport, and mobile telephony. Services and business models can include financial services for farmers, including microfinance and crop insurance.

#### Example practice

- A start-up in develops **feminine sanitary products that are sold at low price points** to increase affordability and help a greater proportion of women conduct activities as normal while menstruating. It **hires street vendors to distribute its products** across packed urban settlements
- A bank designs micro-loans with soft pay-back conditions, and **mobile-banking apps** to reach unbanked communities in rural Bangladesh. It collaborates with regional authorities to help increase the penetration of ID cards so that customers can easily verify their identity and access financial services
- A consumers goods company **designs a low-cost fridge** with sufficient functionality that the urban poor do not suffer from food-related health issues during summer
- A bank in Brazil uses **floating branches inside ships that travel rivers in an effort to reduce inequality of access to financial services**. During the visits to communities, staff hold meetings to increase financial education



#### Consider the leadership qualities and interconnectedness of your action, including...

**Accountability:** in designing products or services for vulnerable groups its important to consult them in order to understand their needs and perspectives. These products and services, just as any others, should be manufactured and delivered through supply chains that embed respect for human rights, such that products that help one vulnerable group do not do so based on the exploitation of another.

**Interconnectedness:** products, services, and business models that address inequality can advance all Goals where empowerment is a key driver of progress, including no poverty (Goal 1), zero hunger (Goal 2), health and well-being (Goal 3), quality education (Goal 4), and gender equality (Goal 5).

**10** REDUCED  
INEQUALITIES

# References

**SDG Compass**

**UN Global Compact Industry Matrix**

**Global Opportunity Explorer**

**Navigating the Goals: a business guide to engaging with the UN Global Goals**

**SDG Reporting - An Analysis of the Goals and Targets**

**Sustainable Development Knowledge Platform SDG 10**

**ILO Social Protection Platform**

**GRI 201: Economic Performance**