10 REDUCED INEQUALITIES

# Reduce inequality within and among countries

SDG Compass

## The role of business

Inequalities in income and wealth are severe and have been widening globally. The richest 1% of the world's population now control up to 40% of global assets, while the poorest half owns just one per cent. Income equality between countries is higher than that within a large majority of countries, such that individual incomes are still largely associated with a person's citizenship and location. Wide and often mutually reinforcing disparities are also evident within countries, including disparity in terms of: rural/urban disparities, household wealth, gender, ethnic minorities and indigenous people, migrant status, and disability.

Businesses are engines for economic growth, having the potential to create jobs, foster economic activity through their value chain, and contribute tax revenues for public services and infrastructure. However, business can also exacerbate inequality, and its structural drivers, including by being complicit in perpetuating biases and discrimination. All businesses have the responsibility to respect human rights. This includes adopting and implementing policies on respect for human rights including worker's rights (collective bargaining, decent work conditions, etc.). In supply chains, one area to pay particular attention to is when third parties, such as recruitment agencies, are used to source labor. Such activity may place migrant workers at risk of exploitation such as forced labor and human trafficking, including where recruitment fees are charged to workers and where identity documents are retained. Thus, in addition to addressing their own impacts, businesses should use leverage to try to address adverse impacts with which they may be involved through third parties such as suppliers. Such leverage can also be used to encourage changes in policies and practices that may exclude workers based on factors such as age, gender, religious beliefs, national origin, or ethnicity.

Companies should engage governments in a transparent and accountable way, and disclose payments to governments. Whether through public policy dialogue or tax revenue, relationships between companies and governments are increasingly recognized as having a significant impact on human rights, which may exacerbate or improve inequality outcomes.

In addition to avoiding contributing to inequality, companies can also have a positive impact on addressing inequality through inclusive business models that provide empowerment for marginalized groups in the workplace, marketplace and community.

## Key business themes addressed by this SDG

- Availability of products and services for those on low incomes
- Access to financial services
- Equal remuneration for women and men
- Capacity Building
- Diversity and equal opportunity
- Economic inclusion

## Examples of key business actions and solutions

*The below examples are non-exhaustive and some may be more relevant to certain industries than to others.*

- Develop products and services tailored for poor customers (e.g. mobile based money transfer services for unbanked consumers).
- Improve access to basic goods and services for people living in poverty (e.g. through core business, policy dialogue, social investment).
- Recruit, train and employ local community members, including those living in poverty, and integrate them in your value chain (as producers, suppliers, distributors, vendors).
- Invest in business-driven poverty eradication activities (e.g. develop living wage policy).
- Partner with civil society networks to provide education and entrepreneurial skills training.

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## Examples of key business indicators

- UN Global Compact-Oxfam Poverty Footprint, PF- 20.10: Does the Company system have policies/programs promoting equal opportunities (regardless of gender and other diversities) that explicitly extends to the entire value chain?
- GRI G4 Sustainability Reporting Guidelines, G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation
- GRI G4 Sustainability Reporting Guidelines, G4-EC8: Significant indirect economic impacts, including the extent of impacts
- GRI G4 Sustainability Reporting Guidelines, G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation
- Women's World Banking Gender Performance Indicators: Percent of women clients accessing two or more distinct types of voluntary financial products

*The complete overview of business indicators can be found at [www.sdgcompass.org](http://www.sdgcompass.org)*

## Examples of key business tools

- UN Global Compact-Oxfam Poverty Footprint Tool
- Progress out of Poverty Index
- Corporate Human Rights Benchmark (CHRB)

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## The SDG targets

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average

10.2 By 2030, empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3 Ensure equal opportunity and reduce inequalities of outcome, including through eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and actions in this regard

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

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

10.6 Ensure enhanced representation and voice of 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 implementation of planned and well-managed migration policies

10.a. Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with WTO agreements

10.b. Encourage ODA and financial flows, including foreign direct investment, to states where the need is greatest, in particular LDCs, African countries, SIDS, and LLDCs, in accordance with their national plans and programs

10.c. By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%

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