Inequality is multi-dimensional, extending beyond income and wealth. Inequalities compound over time, driving growth and reaping its benefits, and smaller cities and rural areas seeing the effects more acutely. Persistently high and rising inequality—such as rising geographical inequalities—has risen sharply, with larger metropolises seeing the worst of it. In addition, in most G7 countries and beyond, the backbone of a healthy economy—middle-income households—is no longer a reality for many. In fact, in many G7 countries and beyond, the share of people in middle-income households has fallen from 64% to 61% between 2000 and 2016, according to the OECD. The “middle class,” which is central to driving consumption, is shrinking. This undermines economic and business growth. Inclusive growth is good for business, and inclusive businesses will grow sustainably. Governments play a leading role in fostering inclusive growth through the stability and infrastructure they provide, regulatory environments they create, and education and social programs they administer. Business has a central role to play through the investments they make, the jobs they create, the products and services they provide, and the supply chains upon which they depend. It is time for our companies to embrace this role, and to work hand-in-hand with governments to reduce inequalities. We will show leadership by building a new narrative for inclusive growth and modelling it through our business practices. This is not just good corporate citizenship; it is the future of successful business. Companies benefit from inclusive growth through a more educated and engaged workforce, a larger middle class of consumers with greater purchasing power, more stable operating environments; and a high level of trust from employees, customers and stakeholders. For instance, expanding workforce opportunities and skills benefits our employees, but also drives performance. Advancing human rights within business operations and supply chains makes them safer, more secure and stable, and thus has the potential to boost productivity for all actors involved. Moreover, investors and financial markets are increasingly looking at corporate ESG performance as a way to best allocate resources and are developing impact investment to incentivize positive externalities. In short, inclusive growth drives long-term value creation, creating broad benefits for shareholders and other stakeholders alike.

Our commitment to inclusive growth

We pledge to play our part in advancing the G7 agenda to strengthen equality of opportunity; reduce territorial inequalities; promote diversity and inclusion; and reduce gender inequality. To this end, we will support a new model of growth by focusing our actions around the key pillars, which are fundamental to inclusive business:

- Advancing human rights in direct operations and supply chains by working to:
  - Combat child labour and forced labour;
  - Respect freedom of association.

- Building inclusive workplaces through:
  - Good jobs with decent wages;
  - Diversity and gender balance;
  - Progress toward achieving pay equity across equality areas (e.g. gender, ethnicity, disability, sexual orientation); and
  - Training, re-skilling and up-skilling to enable employees to adapt to the future of work.

- Strengthening inclusion in company value chains and business ecosystems by:
  - Expanding access to and affordability of basic products and services;
  - Working to provide workers in our supply chains with the opportunity to earn a decent income;
  - Strengthening inclusive sourcing; and
  - Supporting training and/or community development programs for vulnerable groups (e.g., unemployed youths and women) in territories where companies operate.

To help deliver on these pillars, we will work together to define actions or strategies that can trigger systemic change, activate them inside our own companies, and catalyse action in companies we work with and/or invest in. We will drive on-the-ground transformation by building, piloting and scaling models for inclusive business including through the B4IG incubator, and by developing a measurement framework that can be used to assess impact.

Our call for innovative public-private collaboration

Governments and businesses will be key allies in the battle against inequality. New models of public-private collaboration, including blended finance mechanisms, are needed to achieve systemic change, and ensure inclusion efforts on both sides are mutually reinforcing. We commit to partnering with G7 governments to better link public policies and business practices for inclusive growth and to accelerating on-the-ground initiatives that bring concrete results for people and places left behind.

To this end, we will work together in thematic workstreams, and at CEO level, to ensure B4IG is delivering impact and to engage with policymakers and other key stakeholders. Drawing on OECD’s expertise and research, we will use the B4IG platform as a multi-stakeholder forum to progress on policy, practice and innovation for inclusive growth.

BUSINESS PLEDGE AGAINST INEQUALITIES

Business for Inclusive Growth (B4IG), powered by the OECD, aims to pool and strengthen efforts by private companies to reduce inequalities linked to opportunity, gender and territory, and to build greater synergies with government-led efforts. Currently, there is no such initiative attempting to integrate the public and private sector responses to the challenge of creating inclusive growth.

Rising inequalities is a defining challenge of our time

Globalization and technological innovation have created tremendous opportunities for economic growth, prosperity and health. However, today an increasing proportion of the population in G7 countries and beyond has been left behind; the economic system has become bigger, but less inclusive. The “middle class” – the backbone of a healthy economy – is shrinking in most G7 countries, hitting the younger generation the hardest. In addition, geographical inequalities have risen sharply, with larger metropolises and urban areas seeing the effects more acutely. The “middle class” G7 countries and beyond has been left behind; the share of people in middle-income households has fallen from 64% to 61% between 2000 and 2016, according to the OECD. The “middle class,” which is central to driving consumption, is shrinking. This undermines economic and business growth.

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