

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 hardest¹. In addition, geographical inequalities have risen sharply, with larger metropolises driving growth and reaping its benefits, and smaller cities and rural areas falling behind.

Persistently high and rising inequality² **risks fracturing societies and undermining economic and business growth**. Growing numbers of citizens in G7 countries and beyond are therefore demanding a new economic growth model that puts people at the centre, delivering better outcomes and ensuring more inclusive societies.

Since this challenge is fundamentally about how value is defined, created and shared, we are convinced that business has a pivotal role in answering this call. Social businesses are already paving the way in many areas; however, there is an urgent need to mainstream inclusive business to expand and scale impact. This is crucial to delivering on the Sustainable Development Goals, particularly goals 1 (no poverty), 5 (gender equality), 8 (decent work and economic growth), and 10 (reduced inequalities).

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 our leadership by both 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

The G7 Biarritz Summit will give impetus to this effort, catalysing robust action in the private sector, and underlining the importance of strong public-private collaboration to address major economic and societal challenges in G7 economies. Collectively, current B4IG members have a large social and economic footprint, with over 3 million employees and USD 1 trillion in annual turnover.

Advancing human rights in direct operations and supply chains by working to:

- Combat child labour and forced labour; and
- 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.

*At Élysée Palace, Paris, France
Friday 23rd August, 2019*

¹ According to the OECD, the share of people in middle-income households fell from 64% to 61% between the mid-1980s and mid-2010s. Moreover, while almost 70% of baby boomers were part of middle-income households in their twenties, only 60% of millennials are today. This is significant because a strong and prosperous middle class is crucial to sustain consumption; drive investment in education, health and housing; and support social protection systems.

² Inequality is multi-dimensional, extending beyond income and wealth. Inequalities compound over an individual's life, framing the unequal opportunities of the next generation.

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