

# ROUNDTABLE: ROLE OF CEOs IN ADDRESSING INEQUALITY

Inequality is one of the most pressing challenges facing our society today. Our current distribution of opportunity, income, wealth, and wellbeing leaves hundreds of millions of people struggling to meet their basic needs and to live well. We are also seeing increasingly large swathes of people dissatisfied with their circumstances and pessimistic about their futures. Social cohesion is breaking down, trust in key institutions is eroding, and civil and political conflict are spreading.

For business, inequality is a great source of risk and missed opportunity. It limits productivity and innovation, constrains consumer spending and growth, destabilizes supply chains, breeds political instability, and jeopardizes license to operate. Inequality also acts as a threat multiplier, making other problems worse.

Although business has fueled innovation, wealth creation, and rising living standards over the course of centuries, in recent decades big business - driven by our current model of capitalism - bears its share

of responsibility for the inequality we face today. Under pressure to increase profits and maximize shareholder returns, many companies have adopted business practices that have widened social and economic gaps. At this critical juncture, business can - and must - play its part in closing these gaps. This Council Member Roundtable provided an opportunity for business leaders to discuss the role of CEOs in helping to steer company efforts to take action in this critical area.

## KEY TAKEAWAYS

- Social divides are widening not narrowing, leading to inequality within countries all over the world.
- Inequality destroys trust in institutions and creates fractures in society as well as holding back economic progress. Businesses can only prosper if the communities and societies that they serve prosper. Businesses will lose their license to operate if inequality isn't fixed. There is a clear imperative for leadership in this space.
- There is now a convergence of governmental, investor, consumer and employee interest in tackling inequality – all calling for enhanced business engagement in this field.
- Business action in this area is not about charity but enlightened self-interest and long-term license to operate, innovate and grow.
- To create the conditions under which people and planet thrive, a just and regenerative mindset is necessary – not just focusing on doing no harm but repairing both environmental and social damage that has been done historically.
- Respecting human rights and implementing the UN Guiding Principles on Business & Human Rights is a must do in the context of tackling inequality; if we respect people's rights and dignity, this is one of the most equalizing things we can do. All companies must do more to enhance the effectiveness of their human rights due diligence efforts.
- There are also substantial opportunities for business to commercially innovate business models that drive more inclusive access to key products and services.

- Climate action, nature action, and tackling inequality must be addressed together, not separately. It will be important to ensure a just transition as we sift towards more sustainable business practices, ensuring that people remain at the center of decision-making.
- This is a complex agenda with many different issues to tackle, including topics such as diversity and inclusion, living wages, pay equity, responsible tax policies, etc. However, companies and CEOs should not be overwhelmed or put off by this complexity; it is fine to start with one or two key issues such as paying a living wage or supporting gender equity. The important thing is to start taking action now. WBCSD will be working to support companies in engaging with this agenda moving forward.

## WAY FORWARD

WBCSD announced the launch of the Business Commission to Tackle Inequality (BCTI) earlier this year as an initiative to mobilize the global business community to address escalating levels of inequality globally and generate shared prosperity for all.

The BCTI aims to bring inequality up to par with climate change in terms of attention and action from business. Drawing on WBCSD's experience and broader work to understand the drivers of systems change, the BCTI will seek to put a number of key enablers for business action in place. implications of the planetary emergency.

### More information

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