



The B4IG Coalition pushes forward Living Wage as a Corporate Priority

Paris - June 21, 2021 – Launched by the French G7 Presidency in August 2019, Business for Inclusive Growth (B4IG) is a CEO-led coalition of major global companies fighting against inequalities of income and opportunity. Powered by the OECD as its Strategic Partner, B4IG coordinates with governments to advance inclusive growth at both local and global levels.

Co-chaired by Mathias Cormann, Secretary General of the OECD, and Emmanuel Faber, the coalition held its Board meeting on June 21. The members of the Board held several working sessions on key topics to promote inclusive growth and fight against inequalities. **The meeting culminated with a major decision that confirms B4IG's leadership on the social dimension of sustainability, the adoption of a statement calling to action on living wage.**

The B4IG coalition welcomes the Call to Action on Living Wage launched by IDH – The Sustainable Trade Initiative.

Addressing living wage is at the essence of the B4IG Pledge taken by all member companies. Companies can contribute significantly to alleviating poverty in their workplaces and their supply chains, by contributing to creating decent working conditions. Living Wage commitments will be decisive in tackling growing poverty, empowering women and ultimately in delivering the UN Sustainable Development Goals by 2030 in the "Decade of Action".

The unprecedented COVID-19 crisis the world is facing has exacerbated existing inequalities and vulnerabilities within our societies. **This crisis has reinforced the essential role of businesses in providing a decent standard of living as well as being a driving force in poverty eradication.** Addressing living wages is now more necessary than ever.

Implementing Living Wages is already on the agenda of change for many of the members of the B4IG coalition. Many of these companies have understandably first focused their efforts on ensuring living wage conditions in their operations and for their workforce. However, efforts should not be limited to own activities alone; companies should work with their suppliers, so they too provide living wages to their workers.

The right to a decent standard of living is a salient human right and it is the responsibility of businesses to provide living wages to their workers. From a business perspective, implementing a Living Wage is a commitment that is part of a company's robust approach to corporate responsibility and sustainability. A living wage is key for profitable, resilient, and durable businesses. Several studies have demonstrated that a company paying its employees a living wage improves productivity and talent retention. Additionally, an increasing number of investors and clients are taking the Living Wage into account when considering investing or starting a business relationship, making it a competitive advantage within a company's business ecosystem.

The B4IG coalition thus calls on corporations and business organisations to support efforts such as the Call to Action on Living Wage launched by IDH as a step towards a more equitable and more sustainable way to do business.

(Full text of the call to action in appendix)

Emmanuel Faber, co-chair of the B4IG board, said: *“Rising social inequalities remain a growing challenge in the current global situation. The COVID-crisis is likely to increase the number of workers below poverty and to shrink the middle class. By setting living wage as a corporate priority, members of B4IG confirm the coalition's leadership on the social dimension of sustainability and in the transition towards a more durable and equitable way of conducting business.”*

Alan Jope, CEO of Unilever said: *“Global inequality is one of the great challenges of our times. By sharing prosperity more equitably, businesses can help tackle entrenched social inequality and improve the lives of billions of people. Support from the Business for Inclusive Growth (B4IG) coalition to make progress on living wages is an important step towards a fairer and more socially inclusive world.”*

Nicolas Hieronimus, CEO of L’Oréal said: *“In the current difficult global context, companies, more than ever, can and must take action to alleviate poverty. One way we can help mitigate inequality is by applying a Living Wage policy. First, we must apply it to our workforce but then also extend the principle to our supply chains. Living Wages help to improve the livelihood of our communities and also to significantly reduce the gender pay gap since the poorest workers are mostly women. The engagement of B4IG members in this journey is a major step forward since we will need to work collectively in order to have a significant impact.”*

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About B4IG: Launched by the French G7 Presidency in August 2019, Business for Inclusive Growth (B4IG) is a global CEO-led coalition of major companies fighting against inequalities of income and opportunity. Powered by the OECD as its Strategic Partner, B4IG coordinates with governments to advance inclusive growth at both global and local levels. More information on www.b4iq.org.

Full text of the Call to Action by IDH– The Sustainable Trade Initiative:

BETTER BUSINESS THROUGH BETTER WAGES

Take action towards a living wage

Pervasive social inequality harms prosperity of economies and societies. The COVID-19 pandemic has shown how vulnerable our societies are, which is ultimately a threat to business success. We now have an opportunity to change the way business models operate to benefit wider society, breaking the cycle of poverty and strengthening the foundations of the global economy – while driving business growth.

Eradicating poverty wages makes business sense

The old business model looked to low wages as a profitability driver. The new model sees well-paid workers as an integral part of a profitable, sustainable and resilient business. Paying a living wage provides a decent standard of living for workers and their families. It has been shown to reduce worker turnover and improve motivation and morale, creating a virtuous economic growth cycle.

It's universally recognized that an adequate standard of living is a basic human right, which in turn unlocks other rights, including access to health, food and nutrition, housing and education.

Business plays a key role

Helping workers achieve a living wage is a responsibility shared across the entire supply chain. Yet we, the business community, must be the driving force. That's why we are committed to taking action and working together to have as a minimum a living wage for everyone in the workplace.

We call on other companies to do the same. Join us in the Roadmap on Living Wages, developing and scaling up solutions for workers in global supply chains with the ultimate goal of a living wage.

With the companies that join, we will form a working group under the umbrella of the Living Wage Roadmap. By joining,

- You adhere to the content of the Call to Action.
- You call upon other companies/businesses to take action towards closing the living wage gap (ten actions in the Call to Action).
- You recognize business alone cannot play a decisive role, and need some environmental change, and that governments, civil society, trade unions, financial institutions... have a role to play to support businesses. Those points are also listed in the Call to Action.
- You agree to use of your name & logo for publication.

Ten Actions

1. Identifying living wage gaps in our own operations and supply chains, with a specific focus on the gender pay gap.
2. Establishing shared frameworks with supply chain partners to close the gap, with concrete milestones.
3. Joining in multi-stakeholder partnerships that target areas with large living wage gaps.
4. Building awareness and understanding among consumers of how they contribute to better livelihoods.
5. Implementing practical solutions to remove barriers and close living wage gaps and share costs in an equitable way.
6. Supporting freedom of association with robust social dialogue and wage setting mechanisms.

7. Adopting sustainable procurement and trading practices, including living wage requirements as part of commercial specifications, sourcing policies and/or contractual clauses/purchasing agreements.

8. Ensuring that value created actually reaches workers.

9. Transparently reporting on progress towards a living wage.

10. Sharing learnings, challenges and solutions to inform and elevate all efforts as we find new pathways for reaching living wages.

Business cannot do it alone

Achieving a more sustainable, equitable approach to business will require creative approaches from all stakeholders, including government, civil society, trade unions, investors and more, to remove barriers.

This means:

- Opening up sector wide living wage discussions in a pre-competitive space conducted with appropriate sensitivity to compliance with competition laws.
- Creating tools to benchmark and measure wages that are aligned and accessible to all through public global databases on living wage benchmarks. • Aligning legal minimum wages that take the local economic and employment factors into account.
- Passing legislation that assures freedom of association and collective bargaining. •
- Categorizing living wage efforts as a value-driver and a way to reduce financial risks (e.g., stimulating effect of increased income on the economy, decreased employee turnover and positive impact on workers productivity).