DISCUSSION PAPER – DRAFT FOR COMMENT

INEQUALITY: MIND THE GAP

1.0 PROJECT SUMMARY

With the last phase of negotiations for the United Nations Sustainable Development Goals (SDGs) in sight, the question of implementation is starting to dominate. At the Green Economy Coalition (GEC), we believe that for the SDGs to be transformative they need to be both relevant to and managed by multiple stakeholders beyond the UN system. As such, the targets and indicators attached to each Goal must be practicable at different levels of decision making – international, national, and corporate. However, our hypothesis is that the principal measurement, management and reporting frameworks are misaligned, and data is becoming increasingly fragmented. If we fail to consider the links between current and proposed frameworks then there is every risk that the SDGs will be confusing, or worse – irrelevant.

From September 2014 the SDG negotiations moved from the macro goal topics to focus on their associated **targets and indicators**. This provides us with an opportunity to focus on the question: **how to ensure alignment between different measurement frameworks?** To aid the process of alignment, the GEC and partners are producing a set of discussion papers focused on the question of alignment. This paper focuses on **inequality**.

Scope and definition

Concern about inequality implies that there is a problem about the rich as well as the poor – it suggests that poorer people are disadvantaged not only through poverty but also by the pressures put on them by the relative wealth of the rich, perhaps in a way that skews what the market produces, creates unfair impacts, or causes distributive injustice.

Definitions and Dimensions

Inequality is defined here as the situation in which some people have more income, wealth, rights or better access to resources and opportunities than other people.

Linked concepts: inequity, fairness, inclusion and justice. A recent international meeting at IIED concluded that there is little substantive difference between these terms when used by international development organisations. For example, ODI considers inequity to be an 'unfair and avoidable inequality, and its definition is embedded in the value system of the society that is defining it.'

Other connected concepts: Social and Human capital, Wellbeing, Prosperity for All, Capability approach.

Dimensions
From the literature and analysis of proposals, the main dimensions for inequality include: as **uneven access to resources** (water, food, land, energy, housing); **access to services** (education, health); **access to law or justice**; and **participation in economic or political activities** (voice, jobs, income) and can arise due to factors such as **location, ethnicity, religion, gender, disability or social status**.

Aims

This paper aims to answer several key questions:

- How is inequality being measured by international institutions, national governments and corporations?
- How far do existing measurement frameworks align?
- If they do not align, what are the opportunities for alignment?

It then poses some consultation questions about how this might be done.

Conclusions

In summary, in this paper we conclude that:

- Indicators of inequality are, in general, poorly aligned and integrated. The inequality SDG (Goal 10) is wide-ranging and some of its important targets are difficult to measure.
- Yet, two areas where alignment and usage are strongest across corporate, national, and international levels are income inequality, and gender inequality**.** Here the opportunities for progress are greatest.
- For gender inequality, much more research is needed on the indicators in use at each level before a case for alignment can be built. We hope to undertake this work, but guidance is needed.
- For income inequality, our analysis shows that although it is used as a key proxy for equality across all levels, alignment at the level of specific indicators is still weak for the most part.
- Pay/income ratios offer a starting point for closer alignment across the levels, but further work is needed to build a more complete package of indicators.

The inequality agenda is fast moving and further research is needed to connect the inequality indicators to rapidly evolving concepts of Social and Human capital, Wellbeing, and Prosperity for All. While the requirements of different stakeholders necessarily differ, in this paper we propose that forging stronger links between different frameworks, targets and performance metrics will allow **all stakeholders and governments to better manage their shared assets, risks, opportunities and responsibilities** in relation to inequality, ultimately promoting progress.

We make recommendations and pose key questions on this basis in section 5.0. We welcome your input.

2.0 INTRODUCTION

Economic policy has traditionally been dominated by a small set of indicators, such as gross domestic product (GDP) and the inflation rate. However in the last few decades the quantity of statistics available has increased significantly – partly as a result of criticisms made of this standard set of indicators.

The new mass of statistical indicators has itself created a new problem: they are often unconnected with each other, inconsistently defined, and poorly prioritised. With little agreement between stakeholders about what the key indicators are, the pressure on decision-makers to take notice of particular indicators is weakened – they can simply select those that favour their current views and policies.

The GEC believes that the lack of consistency and clear links between indicators at the international, national, and corporate levels could impact successful shared management of the issues they define. However, we also believe that the SDGs offer an opportunity to forge better alignment and shared responsibilities, leading to successful outcomes.

This discussion paper focuses on **inequality**. This issue has many dimensions, such as uneven access to: resources (water, food, land, energy, housing); services (education, health); law or justice; and participation in

economic or political activities (voice, jobs, income). Inequality can arise due to factors such as location, ethnicity, religion, gender, disability or social status.

Though we recognise extremely important debates about whether or why inequality matters and what degree of inequality is acceptable are taking place in other appropriate fora, we are concerned here with **inequality measurement** and **the choice of appropriate measurement indicators** to drive more integrated decision-making.

3.0 WHAT IS THE CURRENT CONTEXT FOR ALIGNMENT?

At international level, the international focus on the SDGs brings the years-long debate on the merits of different indicators into sharp focus in 2015 and 2016. The SDGs are intended to guide the progress of the world community from 2015 up to 2030 – each of the 17 goals will have targets and indicators. So this is a particularly important time for getting indicators that will align to national and corporate reporting.

At SDG level, the draft Goal 10 seeks to: 'Reduce inequality within and among countries'. The first of its more specific targets is: '10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.' While this is the most directly relevant goal, inequality issues are relevant to many of the other proposed international goals and targets.

At national level, a great deal of the debate about choices of indicators has been fuelled by dissatisfaction with the limitations of using GDP and the national income accounting system which underlies it, and ideas about alternative indicators which can move 'beyond GDP'. Although largely driven by concerns about the environment and natural resources, this debate includes proposals to give far greater consideration to measures of inequality.

GDP is a total; GDP per head is simply an average based on that total. Neither takes inequality in distribution into account. It is perfectly possible for a high average GDP per head to simply reflect very high incomes at the top end of the income scale, and for increases in GDP to reflect a situation in which only the comparatively rich are getting any richer.

Corporate-level reporting was highlighted at the Rio+20 conference in 2012 when it considered proposals to move corporate reporting beyond its traditional focus on financial reporting to also consider social and environmental outcomes and risks. This debate continues, with many companies adopting social and environmental reporting voluntarily, alongside a number of different proposals to make such reporting a legal requirement.

At all levels – international, national and corporate – the question of inequality is more politically prominent than ever before, largely because it appears to be steadily increasing in many parts of the world.

Benefits of connecting the levels and rationale for alignment

These indicator-related developments at international, national, and corporate levels have been taking place largely separately. Effective implementation will be strengthened by building links between them, creating shared priorities, and responsibilities. In particular:

(**1**) At the International level the SDGs should be supported by the alignment of indicators between global and national levels. This would allow national policies and developments to be assessed in the context of overall global goals and targets, giving the SDGs have the best chance of national implementation. This applies to all countries, regardless of income.

(**2**) National policy-making should be strengthened by taking into account the relevance of global goals and targets, and also the implications for companies, company law, and corporate reporting. All this would be facilitated by clear connections between the metrics being used at the different levels.

(**3**) Corporate value is increasingly moving towards 'stakeholder value' rather than the narrower 'shareholder value' —companies are starting to measure their value to (or impact on) society and the environment. The stronger connection between measuring corporate 'value to society' and international and national societal goals and targets will assist the successful implementation of the SDGs as well as helping define the wider value of a company.

A stock-take of current and proposed measures of equality

We now take a look across the three different levels at current used measures of equality. We start with the international level (SDGs and beyond), then national best practice, finishing with the corporate level.

International measures of inequality

In the SDGs, the concept of equality both within and among nations is found throughout the proposed 17 goals and their indicators. Whether using the terms 'inclusive', 'equitable' or 'equality', the concept of fairness runs through the SDGs as a whole very strongly — the proposed goals deal with a broad set of access issues including infrastructure, food, education, energy, health services and resources. Gender issues have a stand-alone goal (Goal 5), but are also strongly integrated throughout the SDGs, along with protection of other typically marginalised groups or those that are discriminated against due to characteristics such as age, sex, disability, race, ethnicity, origin, religion or economic or other status. Table 1 provides a summary.

TABLE 1: SDG PROPOSALS RELATING TO INEQUALITY

Goals	Targets relating to equality in development
Goal 1: Poverty	**1.4** by 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance **1.5** by 2030 build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
Goal 2: Hunger and Food Security	**2.1** by 2030 end hunger and ensure access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round **2.3** by 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment **2.4** by 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality
Goal 3: Health	**3.9** by 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination
Goal 4: Education	**4.7** by 2030 ensure all learners acquire knowledge and skills needed to promote sustainable development, including among others through education for sustainable development and sustainable lifestyles…

Goals	Targets relating to equality in development
Goal 5: Gender	**5.1** end all forms of discrimination against all women and girls everywhere **5.5** ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life **5.a** undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources in accordance with national laws
Goal 6: Water	**6.1** by 2030, achieve universal and equitable access to safe and affordable drinking water for all **6.2** by 2030, achieve access to adequate and equitable sanitation and hygiene for all, and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations **6.4** by 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from water scarcity
Goal 7: Energy	**7.1** by 2030 ensure universal access to affordable, reliable, and modern energy services **7.2** increase substantially the share of renewable energy in the global energy mix by 2030
Goal 8: Growth	**8.3** promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services
Goal 9: Infrastructure	**9.1** develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
Goal 10: Reduce inequality within and among countries	**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 by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. 10.4 Adopt policies, especially social, wage and social protection policies, and progressively achieve greater equality. 10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations. 10.6 Ensure enhanced representation and voice for 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 the 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 World Trade Organization agreements. 10.b Encourage social development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes. 10.c By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent.
Goal 11: Cities	**11.1** by 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums **11.6** by 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality, municipal and other waste management

Goals	Targets relating to equality in development
Goal 12: SCP	**12.2** by 2030 achieve sustainable management and efficient use of natural resources **12.4** by 2020 achieve environmentally sound management of chemicals and all wastes … and significantly reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment
Goal 13: Climate	**13.1** strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries **13.2** integrate climate change measures into national policies, strategies, and planning
Goal 14: Oceans	**14.2** by 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration, to achieve healthy and productive oceans **14.7** by 2030 increase the economic benefits to SIDS and LDCs from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism
Goal 15: Ecosystems	**15.9** by 2020, integrate ecosystems and biodiversity values into national and local planning, development processes and poverty reduction strategies, and accounts
Goal 16: Governance	**16.3** promote the rule of law at the national and international levels, and ensure equal access to justice for all **16.7** ensure responsive, inclusive, participatory and representative decision-making at all levels **16.10** ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
Goal 17: Global Partnership	**17.7** promote development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries… **17.14** enhance policy coherence for sustainable development **17.19** by 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement GDP, and support statistical capacity building in developing countries

Internationally, beyond the SDGs, inequality is addressed in a range of policy:

- Major international conventions, such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), ILO Convention No. 100 on equal remuneration (one of the most ratified ILO Conventions worldwide) and ILO Convention No. 111 on non-discrimination
- Many constitutions and labour laws. While these contain statements of equality of citizens, it is nonetheless challenging to shield citizens against inequalities, which often stem from indirect sources and have multiple dimensions.
- Four EU's directives: EU Employment Equality Framework Directive 2000/78/EC, Racial Equality Directive (2000/78/EC), Equal Treatment Directive on gender in employment (2006/54/EC), and equal treatment on gender in access to and supply of goods and services (2004/113/EC).
- The UK Equality Act 2010, which reflects the EU directives and further developed an Equality Framework which can be used to assess progress and formulate priorities against the act.

National measures of inequality

According to the human development approach, human development 'is about expanding the richness of human life, rather than simply the richness of the economy in which human beings live. It is an approach that is focused on people and their opportunities and choices'. The UNDP's Human Development Index (HDI) measures potential human development using indicators of life expectancy, education, and income. A modification of this — the Inequality-adjusted Human Development Index (IHDI) adjusts for inequality using the Atkinson index, and covers 130 countries to date.

In terms of Goal 5 of the SDGs (see Table 1), the relevant indicators to measure the specific, gender-related inequality targets are in some cases already collected at national level, meaning alignment in this area can be achieved by promoting best practice in collection methods. There is already strong gender-based data on school enrolment and completion rates, adult illiteracy, life expectancy and membership of parliaments. The UN Development Programme publishes a Gender Inequality Index, based on three components: reproductive health, empowerment (economic, social, and political rights), and the labour market. [1]

For Goal 10, the most relevant national indicators for the targets would appear to be those for inequality of income across households within each country. These can be calculated using the GINI coefficient or ratios between quintiles etc.[2]

Many countries also collect relevant labour statistics which are less closely linked to the SDGs. For example, there are figures for wage rates per hour, weekly wages, employment and unemployment rates, part-time and full-time employees, employed and self-employed work, and so on; and often figures which enable comparisons to be made on the basis of gender and ethnicity.[3] All this information adds more detail to the picture of inequality created by simply using income figures on their own.

However international comparisons of labour statistics are problematic. A great deal of work is undertaken outside of paid employment. This is true of domestic labour in all countries, but it is also often true of agricultural work, where family members may be involved on a seasonal basis. Retirement ages and ages of leaving full-time education also differ. Rules about welfare benefits may affect the definition and data for 'unemployment' (although the International Labour Organization produces national unemployment data on a comparable basis, often producing very different figures from those provided by national governments).

The national UK Equality framework is translated to the local level, in both the private and public sector. The Equality Framework for Local Government views the local government not only as an employer, but as a service provider — both roles which require promotion of equality. For example, 'Responsive services and customer care' is one of the five performance areas of the framework. Within this area, local governments must ensure that the public services they provide account for diverse local communities, vulnerabilities, and equality of outcomes. Equality analysis and human rights are two elements of this framework.

Furthermore, the UK has a newly developed National Equality Standard (2013) for businesses, which accredited its first company in 2014. Alongside this, there is an Association of Equality Scheme Providers (AESP) National Equality Framework for UK organisations, and a linked Equality Register (where organisations can register to have their equality status assessed and verified). Suppliers to local authorities and public bodies are required to register under the UK Equality Act 2010 (the act protects groups characterized by age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity). The National Equality Framework supports organisations in integrating equality holistically throughout their policies and practices, including internal activities such as recruitment and employment as well as their responsibilities, service delivery, and external relationships. The application of equality to service delivery in both the Equality Framework for Local Government and the AESP National Equality Framework for UK organisations makes a link to the SDGs in terms of access to services such as education, health, energy, capital, water and sanitation, and safe environments.

Corporate measures of inequality

[1] United Nations Development Programme Gender Inequality Index data: http://hdr.undp.org/en/content/gender-inequality-index

[2] See United Nations University UNU-Wider database: http://www.wider.unu.edu/research/Database/en_GB/wiid/

[3] See ILOSTAT (International Labour Organization) database: http://www.ilo.org/ilostat/faces/help_home/data_by_subject?_afrLoop=436947383126234#%40%3F_afrLoop%3D436947383126234%26_adf.ctrl-state%3Dmwrfsvfe3_270

At corporate level, some companies already report on gender ratios at different staff levels, which will speak to the targets of Goal 5. Corporate-level measurement is vital: while equal rights and equal access to, for example, financial services, energy, food, nutrition, education, water, health and sanitation may be granted by legislation, the reality hinges on whether the actions of the public and private sectors ensure access is delivered in practice. To be most useful, monitoring by private sector service and access providers should be done in a way that can inform national-level monitoring.

Globally, changes to reporting are coming from a number of sources, the largest of which include multilateral organisations and initiatives, along with governments, stock exchanges and securities regulators. According to the Sustainable Stock Exchange's 2014 Report on Progress, put out by the Sustainable Stock Exchange Initiative, 12 of the 55 exchanges reviewed, required some environmental and social reporting for some of all of their listed companies. In the G20 countries, 15 out of 20 member states require some environmental, social and governance (ESG) disclosure of companies. However, Securities regulators in almost half of the G20 member states have implemented regulation for ESG disclosure and in some countries other public bodies require disclosure.

We now look at a number of corporate reporting frameworks in turn.

The UN Global Compact has three principles related to equality: Principle 6 (elimination of discrimination) and Principles 1 and 2 (human rights). The leading international corporate reporting framework, the Global Reporting Initiative's G4 reporting guidelines cover a broad range of indicators related to equality. Here, indicators relate to issues of income and gender equality, as well as issues of access which also link with gender issues, including retention rates after parental leave, supplier screenings with specific criteria, and community impact of operations (which could be in the form of increased access to services). In terms of gender equality, GRI looks not only at the income issue, but also participation, with indicators of gender breakdown in governance bodies and employees.

The 2010 World Economic Forum Survey on the corporate gender gap asked companies for the gender composition at all staff levels, including critical assignments. It also went farther in work-life balance indicators, looking at the positioning of the returnee after parental leave, recognising leave for other caregiving, as well as the existence of flexible scheduling and childcare facilities. In relationship to education, they inquired about mentorship, networking and training opportunities.

Global Impact Investing Rating System (GIIRS), an independent third-party rating organisation for companies in the 'impact investment industry', uses indicators that look beyond gender diversity to breakdowns according to 'underrepresented populations.' This is also reflected in their indicators related to job creation: percentage of workers from chronically underemployed populations, percentage of workers residing or working in low income communities, and percentage of suppliers located or creating employment opportunities in low income communities. Their indicator set also includes indicators on work-life balance — although paid parental leave is for all companies, additional indicators related to job flexibility are related to developed markets only.

The Natural Step´s Future Fit Business Benchmark, for which key performance indicators (KPIs) are being developed thematically to focus on living wage and equal pay and benefits for equal work, measures Tier 1 suppliers as well the company itself. It also covers the employee and the community in terms of human rights, and in terms of health and safety (where customer is also covered). 'Access to services and the community' is an area where indicators are not often specified, but similarly to the UK equality frameworks (which specify equality in terms of provision of services), such an indicator could link with access to services in the SDGs.

The financial sector has also been a dynamic source of ESG reporting guidelines. While the Investor Network on Climate Risk (INCR) *Investor listing standards proposal: Recommendations for Stock Exchange requirements*

on Corporate Sustainability Reporting (2014) did not, in the end, list KPIs (due to investor discomfort with pinning down KPIs during the proposal developing process), it did propose a list of 10 ESG categories, including diversity, employee relations, human rights, and communities and community relations (indigenous issues).

However, some regional and national guidelines focus on general principles, while others include specific KPIs. The Australian Securities Exchange amended its listing rules in 2014 to include more ESG information in its required disclosures. However, it structures the requirements in terms of eight principles and 29 recommendations where disclosure should explain how the recommendations are followed, or if not, why. One of the Recommendations (1.5) includes an assessable diversity policy, specifying the proportions of men and women on the board, in senior executive positions and across the organization. Companies are also required to report against the 'Gender Equality Indicators' defined in the Workplace Gender Equality Act, which applies to private sector companies with 100 or more employees. They note that while the recommendation focuses on gender, diversity and discrimination should be looked at more broadly. Principle 3 covers Ethics and Responsibility and covers 'creating a safe and non-discriminatory workplace' and respecting human rights and requiring the same from business partners. Principle 8: Remunerate fairly and responsibly only deals ensuring sufficient and transparent with directors and senior executives.

The Hong Kong Stock Exchange (HKEx) also revised in 2013 its Listing Rules to include a code provision (subject to 'comply or explain') related to boardroom diversity. Prior to 2013, they already had KPIs related to four ESG areas (Workplace Quality, Environmental Protection, Operating Practices and Community Involvement) of reporting. Under Workplace Quality, the rules ask for policies, standards, and rules related to including compensation, dismissal, recruitment, promotion, working hours, equal opportunity, diversity and other benefits and welfare (A1.1) workforce statistics disaggregated by employment type, age, and geographical region, (A1.2) turnover by age and geographical region recognising international legislation relating to discrimination (race, sex, family status, disability, etc) and worker compensation.

In 2014, the EU Parliament adopted a directive (2014/95/EU) requiring mandatory reporting from EU companies with more than 500 employees. This includes disclosure on issues in respect of human rights as well as board diversity. The format for reporting is left up to the company. The voluntary reporting guidelines on the integration of ESG into Financial Analysis and Corporate Valuation (2010) by the European Federation of Financial Analysts Societies, while it does include specific KPIs, requires very little information disclosed related to equality. Although it has three levels of detail for reporting, none of them require any data to be disaggregated according to gender. The KPIs which do provide equity related information are the maturity of the workforce (number of full-time equivalents per age group), and wage distribution (number of full-time equivalents who received 90% of bonuses, incentives and stock options.

In 2013 The Securities and Exchange Board of India (SEBI) required disclosure of ESG in mandatory annual Business Responsibility Reports. The requirements are broken down according to Principles, which Principles 3 (wellbeing of employees), 4 (respect of stakeholders, esp. those who are disadvantaged, vulnerable, and marginalised), 5 (respect of human rights) and 8 (support of inclusive growth and equitable development). This framework highlights the role of the company within the community and in respect to the disadvantaged.

The status of inequality measurement

Overall, the evaluation of the equality indicators across levels shows that although there is thematic and even indicator alignment, especially within the theme of gender equality and income equality, work needs to continue — not only in creating alignment, but also building the case for disclosure. For example, even though GRI includes indicators on gender disaggregated wage data within the corporation (G4-LA13, G4-EC5) which align with the SDG 8.5 Target related which includes 'equal pay for work of equal value', companies rarely

disclose this information[4]. In recent months, a majority of eBay shareholders followed a board recommendation to reject a proposal to disclose data related to the gender related pay gap at the company. Though eBay does disclose other gender diversity data and claims to PRIORITISE workforce diversity, experts claim that the lack of disclosure can negatively affect company performance. Wage gaps can erode a company's ability to recruit and retain female employees, thus affecting their diversity and innovation. According to the BlackRock report on Gender Diversity among Hong Kong Boards, 'The overwhelming majority of this research supports the business case for diversity generally in the form of increased returns, reduced risk, more effective decision-making and enhanced boardroom function. Additionally, a more diverse board allows a company to better represent and understand its own workforce, customers and geographic footprint, thus improving the delivery of strategy and future performance' In the UK, a private sector initiative — the 2020 Campaign, has as one of its targets no all-white boards amongst the FTSE 100 by 2019 due to the concern also for how the lack of diversity could put companies at a disadvantage in growing global markets[5].

Studies also show a correlation between gender equality and a country´s level of development, which according to the WEF Global Gender Gap Report 2009, supports the theory which links the empowerment of women with the added value derived from the efficient use of human capital on a national level. According to the World Economic Forum Gender Gap Report 2010, the way out of the downturn which still plagues much of the global economy is dependent on the creation of environments in which human talent and new ideas can thrive. This requires countries and companies alike to promote, develop, and be able to take advantage of its skilled workforce, which is increasingly made up of women. There is a role for both corporations and nations in facilitating this potential current and future source of value.

Gender diversity, but also ethnic diversity, along with wage inequality are the more measured areas of sustainability reporting. However, the area that is perhaps the weakest is how local level access to resources is being contributed to by organizations, both public and private.

3.0 OPPORTUNITIES FOR ALIGNMENT

In the previous section we explored the current context, from the international picture to the current national and corporate-level indicators and methodologies for data capture and reporting on inequality. From this, we can conclude that there is very little alignment in the frameworks used, as summarised in Table 2.

TABLE 2: ANALYSIS OF FRAMEWORK ALIGNMENT ACROSS LEVELS FOR ALL DIMENSIONS OF INEQUALITY

Inequality dimension/level	International	National	Corporate/Financial
access to resources – **WATER**			
access to resources – **FOOD**			
access to resources – **LAND**			
access to resources – **ENERGY**			
access to resources – **HOUSING**			

[4] Grosser, Kate, and Jeremy Moon. 2008. Developments in Company Reporting on Workplace Gender Equality: A Corporate Social Responsibility Perspective. Accounting Forum: Volume 32, Issue 3, September 2008, Pages 179-198.

[5] http://www.ey.com/UK/en/Newsroom/News-releases/14-12-19---Cable-welcomes-plans-to-increase-ethnic-diversity-on-FTSE-100-boards

Access to Services - **EDUCATION**			
Access to Services - **HEALTH**			
Access to law or justice			
Participation in economic or political activities - **VOICE**			
Participation in economic or political activities - **JOBS**			
Participation in economic or political activities - **INCOME**			
Participation – **GENDER**			

Source: GEC Inequality analysis

Framework usage key:

Weak	Moderate	Strong

A more hopeful picture that emerges when we consider that **gender** and **income** stand out as dimensions which are already being measured at all levels, and so would seem to offer the clearest opportunity for alignment in the near term. Both areas of opportunity are worthy of deeper analysis.

For brevity, analysis of frameworks for measuring gender inequality (and the potential for alignment) has not been undertaken in preparation of this discussion paper, although we hope to do so in future analyses. Here, we instead focus on a **stocktake of income inequality frameworks and indicators**, preparing the way for possible alignment of income indicators across corporate, national, and international scales.

Income inequality indicators: an analysis of alignment

As one of the clearest and most pervasive forms of inequality, enjoying a special significance in the minds of political leaders and international institutions, income inequality is worthy of focus. Since 2011, the World Economic Forum (WEF) has identified income inequality as a key systemic risk, often ranking it within its top five annual global risks[6]. Income inequality is also increasingly been linked with a range of negative impacts[7] including slower economic growth[8], poorer societal health[9] and environmental degradation[10].

For businesses, large gaps between the highest and lowest paid have been linked with increased loss of income due to industrial disputes, staff illness and higher staff turnover[11]. Despite the breadth of research into these effects, much more is needed to better understand the risks of income inequality for corporations, nations and the international community.

[6] http://www.weforum.org/reports/global-risks-report-2011
[7] https://www.dur.ac.uk/resources/wolfson.institute/events/Wilkinson372010.pdf
[8] http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf
[9] http://www.equalitytrust.org.uk/physical-health
[10] http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1108&context=peri_workingpapers
[11] http://highpaycentre.org/files/High_Cost_of_High_Pay1.pdf

Whatever the detailed impacts, the risks posed by rising levels of income inequality cannot be mitigated by one group or movement alone. Corporations, national governments and the international community are reliant on one another to manage and alleviate the risks that arise from inequality — without a more harmonised approach to measurement, inequality could remain an intractable challenge for the global community. Understanding the current level of alignment across frameworks measuring income inequality is an essential starting point if they are to rise to this challenge.

An overview of income inequality measures and usage

To understand the status of alignment, we analysed reporting guidelines and goal frameworks across seven broad measures of income inequality:

- GINI coefficient[12]
- Pay/income ratios
- Wage comparisons
- Top pay
- Lowest incomes
- Distribution of economic value
- Corporate local impact.

Table 3 summarises the approximate usage of each measure at corporate, national and international level. (See Appendix A for an overview of income measurement frameworks, and Appendix B for further details on usage).

TABLE 3: SUMMARY OF INCOME EQUALITY MEASURES AND USAGE

	GINI	Pay Ratios	Wage comparison	Top pay	Lowest incomes	Distribution of economic value	Corporate local impact
Corporate							
National							
Global							

Key	Strong usage	Moderate usage	Sparse usage	Not applicable	Alignment opportunity

In brief, there is substantial variation and misalignment in the measurement of income inequality in corporate, national, and global frameworks. While all seven measures were used to some degree, in many areas usage was sparse and incomplete. To certain extent this misalignment and the diversity of metrics reflected justifies the differences and idiosyncrasies in how income inequality is measured at each level — not all measurement frameworks can be effectively aligned. The GINI coefficient for example, can't be used reliably at the corporate level due to the typical small sample size[13].

[12] http://www.ons.gov.uk/ons/guide-method/method-quality/specific/social-and-welfare-methodology/the-gini-coefficient/index.html
[13] http://www.jstor.org/stable/3211637

Below, we summarise our detailed findings on the status of income inequality measurement at the international, national and corporate levels. If you are interested only in the broad opportunities for alignment, skip ahead to our key findings and opportunities for alignment.

International measurement of income inequality

At the international level, measurement is largely focused assessing overall income inequality ('the income gap') by using several core metrics: GINI coefficients[14], pay/income ratios, and — very roughly — purchasing power adjusted GDP per capita.

Despite being a very common measure of national inequality, the GINI coefficients have quite poor coverage at an international level. Of the four global measurement and reporting frameworks we cover here (the MDGs, the proposed SDGs, World Bank Shared Prosperity Indicator, and independent reports, e.g. Credit Suisse) GINI is only used in the emerging SDG monitoring framework. Further, it is only available for 173 of 214 countries in the World Bank Poverty and Inequality Database, and within this is available for at most 50 of 252 countries in any one year. This implies that, while GINI will become an increasingly viable metric for alignment as the SDGs are implemented, for now it offers little alignment advantage over the pay/income ratios that are used (to some extent) by the four global frameworks.

For now, pay/income ratios are the most consistently used measurement in the four global frameworks. In the SDGs these are, unsurprisingly, suggested as metrics for measuring Goal 10, which focuses on the inequality. Goal 10.1 aims to 'by 2030 progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average'. The target requires the income of the bottom 40% to rise faster than the average income, a key target identified by the World Bank. Various ratios have been suggested for the monitoring framework, including the increasingly popular Palma ratio[15], with the acknowledgement that more than one framework may well be need to capture both the top and bottom portions of income distribution.

The World Bank 'Global Database of Shared Prosperity' is another key measurement framework to make use of pay/income ratios. It provides figures for both the bottom 40% and the whole population of 72 selected countries where comparable data exists, for 2006-2011, for real per capita consumption or income. Derived from this, results are provided for the annual average growth rate for each of these figures. As well as comparing the bottom 40% with the overall average for each country, these figures provide a basis for making international comparisons.

National measurement of income inequality

At a national level, the income inequality measurement frameworks we investigated include:

- Standardised/World Income Inequality Database (WIID/SWIID)[16]
- Inequality-adjusted Human Development Index (IHDI)[17]
- OECD Income Distribution Database[18]
- Luxembourg Income Study (LIS - Europe) & Socio-Economic Database for Latin America and the Caribbean (SEDLAC - Latin America) [19]

[14] http://data.worldbank.org/indicator/SI.POV.GINI
[15] http://unsdsn.org/wp-content/uploads/2015/03/150320-SDSN-Indicator-Report.pdf
[16] http://myweb.uiowa.edu/fsolt/swiid/swiid.html
[17] http://hdr.undp.org/en/content/inequality-adjusted-human-development-index-ihdi
[18] http://www.oecd.org/social/income-distribution-database.htm
[19] http://www.lisdatacenter.org/ & http://sedlac.econo.unlp.edu.ar/eng/

- ILOSTAT & ILO Global Wage Report[20]
- Eurostat

As at international level, the frameworks share a strong focus on overall income inequality through consistent use of GINI and pay/income ratios. There are some additional forays into estimates of national high pay, minimum wages, and the distribution of economic value through ILO and Eurostat frameworks.

The SWIID[21] provides comparable GINI coefficients of gross and net income inequality for 153 countries for as many years as possible from 1960 to the present, along with estimates of uncertainty in these statistics. This database is used in academic literature on all aspects of inequality as the most up-to-date source of the GINI coefficient. A suggested improvement on the Human Development Index using the GINI coefficient (e.g. the Inequality-adjusted Human Development Index) is used by 130 countries.

As explained by the WIID, there is no standard design of income/consumption distribution data, preventing the clearest comparison of GINI coefficients across nations — or even within countries across time-series. For example, inequality calculations can be based on slightly different surveys, income/consumption assumptions, population concepts and weighting procedures. The SWIID, LIS, and SEDLAC initiatives are beginning to rectify these issues, but coverage remains incomplete.

Corporate measurement of income inequality

Corporate measurement of income inequality is distinct from national and international frameworks, partly due to its incompatibility with the GINI approach. Our analysis covered corporate frameworks including:

- Global Reporting Initiative (GRI)[22]
- Global Impact Investing Rating System (GIIRS)[23]
- Living Wage Foundation[24]
- Ethical Trading Initiative[25]
- Gold-standard Benchmark for Sustainable Business[26]

We also looked at voluntary reporting (WERS, public sector disclosure etc.)[27] and independent reporting on pay ratios (AFL-CIO, Corporate Knights, www.payscale.com)[28]. The broad focus of these frameworks is split between those focused on pay ratios/top pay (GRI and some independent reporting), and those with narrower remits focusing on lowest incomes and minimum wages. Of the frameworks examined, the GRI is the most developed and widely adopted.

Corporate pay ratios are currently reported either as the 'Ratio of the highest compensated or CEO to the median or average employee pay' (e.g. GRI, Corporate Knights 100) or the 'Ratio of highest compensated to lowest compensated worker' (GIIRS, WERS). This makes comparisons between companies challenging, as it is not clear which metric (average, median or lowest) has been used.

[20] https://www.ilo.org/ilostat/ & http://www.ilo.org/global/research/global-reports/global-wage-report/lang--en/index.htm
[21] http://myweb.uiowa.edu/fsolt/swiid/swiid.html
[22] https://www.globalreporting.org/information/about-gri/what-is-GRI/Pages/default.aspx
[23] http://b-analytics.net/giirs-ratings
[24] http://www.livingwage.org.uk/calculation
[25] http://www.ethicaltrade.org/
[26] http://futurefitbusiness.org/
[27] http://www.wers2011.info/
[28] http://www.payscale.com/

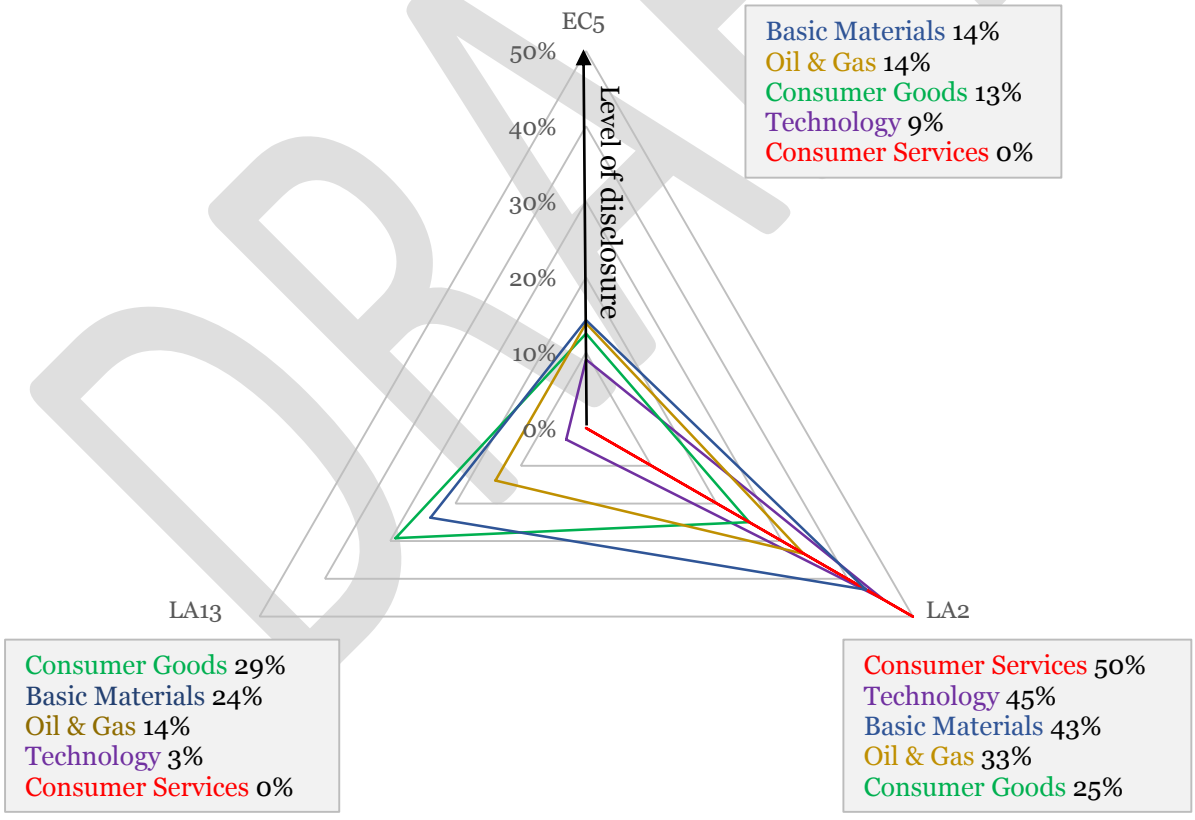
To go into further depth on corporate disclosures, we looked at income inequality reporting under Global Reporting Initiative (GRI) guidelines for 50 multinational corporations accounting for top global companies (by market capitalisation) across the technology, consumer goods, oil & gas, consumer services and basic materials sectors (see Appendix C for details). This sample had a combined wealth of $7324bn, or just under 10% of 2014 global GDP, making it quite representative of corporate reporting on inequality within the world economy.

Companies report against different versions of the GRI guidelines, and while the latest version (GRI 4) offers the most complete picture in terms of income inequality, we analysed disclosure against only the following three indicators common across GRI 3, 3.1 and 4 guidelines:

- **GRI4-LA2:** Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.
- **GRI4-EC5:** Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.
- **GRI4-LA13:** Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.

The results are summarised in Figure 1.

FIGURE 1: LEVELS OF DISCLOSURE AGAINST GRI INCOME INEQUALITY INDICATORS



The sample showed the lowest level of reporting was against gender relevant indicators (EC5 and LA13). This was due to companies largely declining to supply detailed data on gender composition, preferring to report locations as a single group. The companies cited business sensitivity/privacy concerns as a rationale for this limited reporting, preferring not to increase what they perceived as 'reputational risk' by reporting on a supposedly 'non-material' issue like gender–wage composition.

Meanwhile, reporting under LA2 (benefits provided to full-time employees) received the greatest coverage — an average level of 39% — as it gave companies the opportunity to disclose their non-financial benefit programs and demonstrate their commitment to corporate social responsibility (CSR). Income inequality is only reluctantly being considered a 'material issue' within corporate sectors and the GRI guidelines have been at the forefront of advancing this trend. There is cause for optimism for higher levels of reporting against GRI indicators 54 and 55 on internal pay ratios as businesses increasingly migrate to GRI 4.

Overall, complete measurement of corporate income inequality is not possible, primarily due to poor data coverage, which itself is down to a lack of transparency. This is in contrast to the challenges facing national and international reporting, which are caused by a lack of measurement tools and misalignment between reporting methodologies.

Key findings and opportunities for alignment

Our key findings on income inequality measurement can be summarised as follows:

1) Income inequality is being increasingly acknowledged as a pervasive threat to economic growth, social wellbeing, sustainability, and corporate performance.

2) There is extensive misalignment and a diverse range of metrics in use across corporate, national and international levels. Some of these differences are justified by the differences and idiosyncrasies in income data collection at each level, while others reflect a lack of communication between measurement communities at each level and the very different incentives faced by reporters at corporate levels.

3) That inadequate measurement of corporate income inequality is primarily an issue of poor data coverage due to inconsistent calculations/perceived reputational reporting risk, while for national and international levels it is a more straightforward case of poor and misaligned metrics.

4) Pay/income ratios are the most aligned measure of income inequality, with wide usage across the board. GINI's inadequacy at corporate level means pay/income ratios are likely offer the best chance at a 'cross-scalar' indicator of income inequality that works at corporate, national and international levels.

Looking at this essential picture, pay/income ratios seem to present an opportunity to move the alignment agenda forward.

Although in many countries corporations are not yet obliged to report income ratios, it is increasingly being demanded (this follows recent studies[29] highlighting the widening income gap and its impacts). If the alignment of income inequality measurement is to move forward, pay/income ratio measures could be the linking, cross-scalar indicator, if reported consistently and transparently.

Some changes would be needed to bring alignment of the specific pay/income ratios, but 'highest to lowest' could correlate to the 90:10 or 80:20 percentile ratios used at the national level by Eurostat, World Bank, LIS, SEDLAC, and Credit Suisse. This cross-scale comparison of pay/income ratios would require that the 'standard' statistics begin to use standardised definitions in their calculations. Moreover, cross-country comparisons would need to employ standardised assessments of the purchasing power parity available to contextualise income across countries, and translations between pay, income and wealth.

[29] https://www.globalreporting.org/information/news-and-press-center/Pages/a-closer-look-at-remuneration-in-G4.aspx and AFL-CIO; One Society and Equality Trust; Corporate Knights 100; High Pay Centre;Payscale

No single measure of income inequality can be sufficient for all contexts, but our research shows that stronger and consistent pay/income ratios are well placed to be part of the package of measures. In the consultation questions below, we ask for your input on the question of **what else is needed**?

5.0 KEY CONSULTATION QUESTIONS

To seize the current alignment opportunities, we pose a number of questions about how to move forward on **broader inequality alignment**, further work on **gender inequality alignment**, and next steps for **income inequality alignment**:

Inequality Alignment

1. Have we captured the full dimensions of inequality? If not, what is missing?
2. Is the case for stronger alignment of inequality between (corporate, national, international) levels clear?
3. Do income and gender inequality offer the best places to start the alignment work?
4. How can we make better connections between inequality and capitals/wellbeing concepts?
5. How strong is the consensus that inequality poses serious material risks to the operation of businesses, national economies?
6. Are these risks being suitably managed considered by the business/financial investment community and national governments?
7. Who needs to be involved to take inequality measurement alignment forward and into the process for national implementation of the SDGs?

Gender Inequality Alignment

1. Do we need a more detailed stocktake of gender measurement frameworks before alignment can progress?

Income Inequality Alignment

1. Have we missed any significant income inequality frameworks or metrics at corporate, national or international levels?
2. How can we shift incentives toward greater transparency in corporate reporting of income inequality? Do campaigns for 'living wages' have a role to play?
3. Do pay/income ratios offer the best opportunity for a cross-scalar indicator? And, which ratios should be used?
4. What are the challenges for having national statistical institutes encourage companies to report on pay/income ratios based on a standardized measurement framework?

APPENDICES

Appendix A: Common Income inequality reporting at different levels/scales

Business reporting initiatives	**National level reporting and databases**	**International community goals and associated reporting databases**
Reporting (micro level): • **Global Reporting Initiative (GRI)** - voluntary reporting framework with a number of disclosure items that deal with aspects of income inequality and distribution. Examples include the ratio of the basic salary and remuneration of women to men by employee category, the remuneration ratio of the highest-paid individual to the median for all employees, and the ratio of standard entry level wage by gender compared to local minimum wage, remuneration policies across income levels, among others. • **Global Impact Investing Rating System (GIIRS)**: voluntary comprehensive external assessment/ rating of companies, covers pay ratios, and local ownership (though this is not directly addressing income inequality).	Reporting (macro level): • **National labour statistics**: capturing the GINI coefficient, and income quintile share ratios across working population; may include indicators such as Income Distribution of Individuals and Income Inequality of Households. • **Efforts to collect standardized national statistics across regions**: - **UN Inequality-adjusted Human Development Index (IHDI)** for 130 countries. - **ILO Global Wage Report** and **Database:** Global Labour statistics database, by country, and annual report analysing global wage data to report wage growth, regional differences, minimum wage, comparative pay levels, gender pay gap. - **World Income Inequality Database (WIID)** contains national level information on income inequality in 159 countries, maintained by the United Nations University-World Institute for Development Economics Research (UNU-WIDER). - **Standardised World Income Inequality Database (SWIID)**: harmonized database of national statistics, making GINI coefficients as comparable as possible across 153 countries globally; **LIS** and **SEDLAC** are the equivalent databases for Europe and Latin America and the Caribbean respectively. - **OECD Income Distribution Database**: holding trends and levels in GINI coefficients before and after taxes and transfers, average and median household disposable incomes, relative poverty rates and poverty gaps, before and after taxes and transfers, etc. by measure and by country. - **Eurostat**: collection of national-level statistics including income quintile shares, GDP dispersion per inhabitant, population at risk of poverty.	Reporting (all levels): • **MDG reporting**: The most related of the three indicators for the extreme poverty and hunger goal is: 1.3 Share of poorest quintile in national consumption. • **SDGs** - The Sustainable Development Goals will build upon the MDGs in the post 2015 (post-MDG) era and are currently in final stages of development. The agreement to develop a set of international development goals was one of the main outcomes of the UN Rio+20 Conference (2012). Income inequality is proposed to be addressed in Goal 10, with elements in Goals 2, 5, 8 and 17. • **World Bank**: Related to proposed SDG goal 10.1, a new **Shared Prosperity Indicator** will track income growth among a nation's bottom 40 percent.

Assessing: • **Institutes certifying for Living Wage[30]:** - **SA8000 Standard (Social Accountability International)**: voluntary workplace standard, set up in 1997, "one of the world's first auditable social certification standards"; - **Living Wage Foundation:** voluntary certification/ standard (mostly UK and London at the moment); - **Ethical Trading Initiative:** international accreditation including payment of the Living Wage; - Natural Step **'Gold-standard Benchmark for Sustainable Business'**: (in development) a voluntary cross-cutting sustainable business performance rating system: income inequality only indicated in the social and equity goal in form of wages above living wage. • **National standards for pay reporting**: exist in some countries to improve transparency e.g. October 2013 UK legislation on executive pay reporting; Executive Compensation Disclosure (**British Columbia Public Sector**); proposed legislation in US. • **Examples of voluntary reporting of pay ratios**: - **www.equalitytrust.org**; - Business surveys carried out by national statistics services: e.g. in UK the **Workplace Employee Relations Survey (WERS)** - collecting at least information on employee earnings; • **Independent organisations** using business surveys and national statistics to compile pay inequality indices (ratio of the highest to that of the lowest earner in the workplace). E.g. the **High Pay Centre; Corporate Knights 100; www.payscale.com; AFL-CIO.**	Assessing: • **Asian Development Bank Income/ Expenditure Surveys**: funded standardized surveys by country e.g. Tonga 2009. This includes information on nature and distribution of household income.	Assessing:

[30] SA8000 definition: a Living Wage should allow a worker to "support half the basic needs of an average-sized family, based on local prices near the workplace"

Appendix B:

Level of alignment between corporate, national and global reporting guidelines and goal frameworks against income inequality indices. Green denotes that the framework explicitly considers a dimension of income inequality; red denotes that it is not explicitly considered; hashed indicates that the aspect is not materially relevant at that level. See Appendix B for indicator definitions and measurement criteria used for constructing table.

	GINI coefficient	Internal pay ratios *		Pay ratio by other measures	External wage comparison or standards**		Highest pay/ remuneration policy detailed		Lowest income		Distribution of economic value	Corporate Impacts on local economy/ inequality
		Highest to lowest	Highest to mean/ median		Entry level wage : local minimum wage	Highest/ mean/ lowest internal: external	Net salary	Total income	Living wage (based on actual cost of living)	Minimum wage (basic needs)		
CORPORATE REPORTING												
GRI							†	†				
GIIRS												
Living Wage Foundation												
Ethical trading initiative												
'Gold-standard Benchmark for Sustainable Business'												
Voluntary reporting, e.g. WERS, public sector disclosure etc.												

	GINI coefficient	Internal pay ratios *		Pay ratio by other measures	External wage comparison or standards**		Highest pay/ remuneration policy detailed		Lowest income		Distribution of economic value	Corporate Impacts on local economy/ inequality
		Highest to lowest	Highest to mean/ median		Entry level wage : local minimum wage	Highest/ mean/ lowest internal: external	Net salary	Total income	Living wage (based on actual cost of living)	Minimum wage (basic needs)		
Independent reporting on pay ratios (e.g. AFL-CIO; Corporate Knights, www.payscale.com)												
NATIONAL REPORTING												
WIID/SWIID												
IHDI												
OECD Income Distribution Database												
LIS (Europe), SEDLAC (Latin America)	‡											
ILOSTAT, ILO Global Wage Report												
Eurostat												
GLOBAL REPORTING												
MDGs												
Proposed SDGs												
World Bank Shared Prosperity Indicator												

	GINI coefficient	Internal pay ratios *		Pay ratio by other measures	External wage comparison or standards**		Highest pay/ remuneration policy detailed		Lowest income		Distribution of economic value	Corporate Impacts on local economy/ inequality
		Highest to lowest	Highest to mean/ median		Entry level wage : local minimum wage	Highest/ mean/ lowest internal: external	Net salary	Total income	Living wage (based on actual cost of living)	Minimum wage (basic needs)		
Independent reports, e.g. Credit Suisse												

Notes:

*Internal pay ratios: within organisation/ country/ world between highest and lowest wages

** External wage comparisons or standards: between company and local community, or between one country and other countries

† G4 does not request details of net or total income, but do have a disclosure section for details of remuneration policies and processes

‡ LIS and SEDLAC also calculate and report the Atkinson and Theil coefficients for each country

Appendix C – List of companies in GRI sample

Technology	Consumer Goods	Oil & Gas	Consumer Services	Basic Materials
Nokia Oyj	Nestle SA	Exxon Mobil Corp	Wal-Mart Stores Inc	BHP Billiton Ltd
Hewlett-Packard Co	Procter & Gamble Co	Royal Dutch Shell PLC	Walt Disney Inc	Bayer AG
Apple Inc	Samsung Electronics Co Ltd	PetroChina Co Ltd	McDonald's Corp	RioTinto PLC
Microsoft Corp	Toyota Motor Corp	Chevron Corp	CVS Caremark Corp	BASF SE
IBM Corp	Anheuser-Busch InBev SA	BP PLC		SABIC SJSC
Oracle Corp	The Coca-Cola Co	Total SA		Vale SA
Qualcomm Inc	PepsiCo Inc	Gazprom OAO		China Shenhua Energy Co Ltd
Intel Corp	Unilever NV	Petrobras SA		
Cisco Systems Inc	Volkswagen AG	Eni SpA		
SAP AG	Ambev SA	Statoil ASA		
TSMC Ltd	British American Tobacco PLC	Ecopetrol SA		
	L'Oreal SA	ConocoPhilips		
	Daimler AG			
	LVMH SA			
	Inditex S.A.			
	Monsanto			